FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4080

DATE FILMED 10-14-97 CAMERA NO. 2

CAMERAMAN JMH

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SENSITIVE

COMPLAINT AGAINST "CALIFORNIA' REPUBLIC REPORTER", AKA "THE CALIFORNIA REPUBLICAN REPORTER", RONALD R. YATES; SUSAN BROOKS FOR CONGRESS COMMITTEE AND MRS. SUSAN BROOKS: REQUEST FOR EXPEDITED, INFORMAL EFFORTS TO SEEK CORRECTIVE FILINGS

by

Ronald M. Florance

September 29, 1994

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Oct 6 12 20 PM '94

RONALD M. FLORANCE
1025 VIA MIRABEL
PALOS VERDES ESTATES, CA 90274

September 20, 1994

Mr. Lawrence Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20453

Re: Complaint against "California's Republic Reporter", aka The Republican Reporter; Ronald R. Yates; Susan Brooks for Congress Committee and Mrs. Susan Brooks and Request for Expedited, Informal Efforts to Seek Corrective Filings

Dear Mr. Noble:

The following complaint is submitted pursuant to Title 2, United States Code, section 437g against the above-referenced proposed respondents. Complainant alleges the proposed respondents have violated the Federal Election Campaign Act, as amended ("FECA"), in the particulars set forth below. Complaint also requests that the Commission undertake expedited, informal efforts to seek corrective filings by the proposed respondents, so that the paramount goal of public disclosure is served, whether that action is taken pursuant to section 437g (4)(A)(ii) or otherwise.

Alleged Violations

1. Proposed Respondents California's Republic Reporter, aka The Republican Reporter, and Ronald R. Yates, the sole owner of this entity, was and is a political committee as defined in Title 2, United States Code, §431(4)(A) and violated §433 of the FECA by failing to register as a political committee as required by statute, during the period from January 1, 1994 through June 30, 1994. This failure to register as a political committee is a continuing violation.

2. Proposed Respondents California's Republic Reporter, aka The Republican Reporter, and Ronald R. Yates, the sole owner of this entity, violated Title 2, United States Code, §434 by failing to file reports as required by statute, for the period from January 1, 1994 through June 30, 1994. This failure to file is a continuing violation.

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violation of what he suspects is a prohibition on the use of such columnists' material in certain types of political campaign mailings.

Copies of solicitations by The Republican Reporter are attached as Exhibits D and E. Copies of solicitations by California's Republic Reporter of candidate gold, silver and bronze "candidate packages" are attached. For a Gold Candidate Package, a candidate or someone purchasing on his or her behalf would be entitled to (1) a front page lead story with heading, (2) a front page headline photo, (3) a full page profile story on p. 5, (4) a full page advertisement, (5) listed in full page selected candidate ad (the traditional slate list), (6) a letter to the editor on any subject. This package cost $3,995. The solicitation of Silver and Bronze Candidate Packages, offered slightly different packages, at correspondingly lower prices. As a consequence of receiving contributions and making expenditures in excess of $1,000 in connection with a federal election, California's Republic Reporter was subject to the reporting requirements of FECA, and in particular sections 433 and 434 thereof. By failing to file pre-election and regular mid-year reports for such activity between January 1, and June 30, 1994, the proposed respondent violated the FECA. (Id.)

B. The proposed Respondents did not put required disclaimers on campaign mailings in violation of 2 U.S.C. §441d(a).

The proposed respondent also caused to be published two slate mailers, in the form of tabloid newspapers, which failed to disclose who paid for the mailings and whether or not the payments were authorized by federal candidates, in violation of section 441d(a). Copies of the tabloids in question are attached as Exhibits F and G hereto.

C. The proposed Respondents were in fact an undisclosed, authorized committee of proposed Respondent Susan Brooks, in violation of 2 U.S.C.§431(6).

In the alternative, sufficient facts exist to contend that this political committee was so involved with the Susan Brooks for Congress Committee, and Susan Brooks, that by such concerted action, the political committee in fact was an undisclosed, authorized committee of Susan Brooks.

The Susan Brooks for Congress Committee is the principal committee of Susan Brooks, a candidate and now the nominee for the 36th District, U.S. House of Representatives.

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3. Proposed Respondents California's Republic Reporter, aka The Republican Reporter, and Ronald R. Yates, the sole owner of this entity, violated Title 2, United States Code, §§441b by accepting prohibited contributions from corporations.

4. Proposed Respondents California's Republic Reporter, aka The Republican Reporter, and Ronald R. Yates, the sole owner of this entity, violated Title 2, United States Code, §441d(a) by publishing advertisements which failed to state who had paid for them and whether or not the candidate had authorized the mailings.

5. In the alternative, California's Republic Reporter was a committee authorized by the Susan Brooks for Congress Committee, acting at her direction and in concert with the candidate, her agents, servants and employees, and proposed Respondents Brooks Committee and California's Republic Reporter violated Title 2, United States Code, §§431(6) and 432(e)(1) by failing to disclose this authorized committee relationship.

6. Proposed Respondents Susan Brooks and California's Republic Reporter, aka The Republican Reporter, an authorized committee of Susan Brooks, violated Title 2, United States Code, §§441a by accepting excessive contributions from contributors of more than $1,000 in connection with the June 1994 primary election.

<u>Proposed Respondents</u>

The following are the proposed Respondents:

California's Republic Reporter
1501 Sunnyside Terrace
San Pedro, CA 90732

Mr. Ronald R. Yates
1501 Sunnyside Terrace
San Pedro, CA 90732

Susan Brooks for Congress Committee
C00283481
3525 Pacific Coast Hwy
Torrance, CA 90505

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Mrs. Susan Brooks
3525 Pacific Coast Hwy
Torrance, CA 90505

A. **Respondents qualified as a "political committee" under 2 U.S.C. § 431(4)(A) but failed to register with the Federal Election Commission or file campaign reports.**

The California's Republic Reporter, aka The Republican Reporter, is a tabloid-style publication, not a newspaper. The California's Republic Reporter solicited and received contributions in excess of $1,000, and made expenditures in excess of $1,000 for the purpose of publishing slate mailers in connection with federal elections, specifically for candidates for the Republican nomination for U.S. House of Representatives, 36th and 38th Districts, California, namely Susan Brooks and John Duke, and candidate for the Republican nomination for U.S. Senate, Wolf Dalichau, during the period January 1, 1994 through June 30, 1994. The California's Republic Reporter is wholly-owned and operated by Ronald R. Yates. All of them are doing business at the same address in Rancho Palos Verdes, California.

As a consequence of receiving contributions and making expenditures in excess of $1,000 in connection with a federal election, California's Republic Reporter was subject to registering as a political committee under section 431(4)(A). By failing to do so, California's Republic Reporter violated the FECA. (See, e.g., FEC v. Californians for Democratic Representation, No. 85-2086-JMI (C.D. Cal. Jan. 9, 1986). See also Exhibits A, B and C, which are expenditure reports of the Brooks Committee and the Duke Committee which disclose such payments while purporting to characterize them as vendor services rather than contributions as required by the nature of the organization, which is not different than Californians for Democratic Representation in any material respect.

The California's Republic Reporter is not a newspaper, and not entitled to any claim of exemption from FECA as a bona fide newspaper. The respondent was established much like other campaign tabloids to look like a newspaper. Traditional elements of a "newspaper" such as opinion columns were offered to make the format seem more credible, in comparison with standard mass-mailed campaign literature. Rights to the use of local and national syndicated columnists may have been purchased from commercial sources. Complainant is unaware of whether the respondents acquired the rights to such syndicated columnists in

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On information and belief, proposed Respondents Brooks, the Brooks Committee, and California's Republic Reporter acted in such concert and coordination that in truth and in fact, California's Republic Reporter was a political committee authorized by Brooks, and the failure of either Brooks Committee or California's Republic Reporter to disclose this material fact on Statements of Organization of each violated section 431 (6) and 432(e)(1).

D. The proposed Respondents, by virtue of the allegations in part C above, may have received excessive or prohibited contributions in violation of 2 U.S.C. §441a or 441b.

The April 1994 and two June 1994 issues of the California's Republic Reporter also contain several paid advertisements from non-political enterprises, including the L.A. Rubber Co., 2915 E. Washington Blvd, P.O. Box 23910, Los Angeles, CA 90023-0910, telephone (213) 263-4131/(800) 464-2358, Joe Vilarino's Showcase, 1201 S. Pacific Coast Hwy, Redondo Beach, CA, telephone (310) 540-8444, and The Sea Dream, no address, (310) 436-7381. On information and belief, these advertisements may also constitute prohibited or excessive contributions.

On information and belief, such business entities are corporations or contributed "earmarked contributions" in excess of $1,000 in the primary election for the inclusion of Susan Brooks in the California's Republic Reporter slate mailings. As such, these contributions were prohibited under section 441b or excessive under section 441a with respect to the Brooks Committee.

The foregoing is true and correct and of my personal knowledge, except as to matters stated on information and belief, which I believe to be true.

Executed under penalty of perjury this 26th day of September, 1994 at Rancho Palos Verdes, California.

Ronald M. Florance

[notary public witness/seal]

Barbara Dorman

BARBARA DORMAN
COMM. #960373
Notary Public-California
LOS ANGELES COUNTY
My comm. expires MAR 15 1996

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EXHIBIT "A"

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ITEMIZED DISBURSEMENTS

PAGE 8 OF 10
FOR LINE NUMBER 17

...nditures

...MMITTEE(in Full)
...ooks for Congress Committee C00283481

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

Full Name Mailing Address	Purpose of Disbursement	Date MM/DD/YY	Amount
Postmaster 955 Deep Valley Dr. Rolling Hills Est, CA 90274-	Postage Disbursement for [X]Primary	02/04/94	$150.00
Postmaster 955 Deep Valley Dr. Rolling Hills Est, CA 90274-	Postage Disbursement for [X]Primary	02/22/94	$300.00
Postmaster 955 Deep Valley Dr. Rolling Hills Est, CA 90274-	Postage Disbursement for [X]Primary	02/28/94	$401.45
Postmaster 955 Deep Valley Dr. Rolling Hills Est, CA 90274-	Postage Disbursement for [X]Primary	03/15/94	$438.48
Postmaster 955 Deep Valley Dr. Rolling Hills Est, CA 90274-	Postage Disbursement for [X]Primary	03/25/94	$287.10
CA Republican Reporter Torrance, CA 90505-	Advertising Disbursement for [X]Primary	03/14/94	$1000.00
Stronghold Security P.O. Box 1851 Lomita, CA 90717-	Office Expense Disbursement for [X]Primary	01/02/94	$45.00
Stronghold Security P.O. Box 1851 Lomita, CA 90717-	Office Expense Disbursement for [X]Primary	01/25/94	$45.00
Stronghold Security P.O. Box 1851 Lomita, CA 90717-	Office Expense Disbursement for [X]Primary	03/10/94	$45.00

SUBTOTAL of Disbursements This Page.....> $2712.03

TOTAL This Period.....>

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EXHIBIT "B"

9704384245 9

SCHEDULE B
Operating Expenditures

ITEMIZED DISBURSEMENTS

FOR LINE NUMBER 17

NAME OF COMMITTEE(in Full)
Susan Brooks for Congress Committee C00283481

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

Full Name Mailing Address	Purpose of Disbursement	Date MM/DD/YY	Amount
Pac Bell 21281 S. Western Ave Torrance, CA 90501-	Telephone Expense Disbursement for [X]General	06/28/94	$595.21
Political Data 4000 Warner, Bldg #155 Burbank, CA 91522	Office Expense Disbursement for [X]Primary	05/19/94	$250.45
Political Data 4000 Warner, Bldg. #155 Burbank, CA 91522	Office Expense Disbursement for [X]Primary	05/27/94	$223.82
Political Data 4000 Warner, Bldg. #155 Burbank, CA 91522	Office Expense Disbursement for [X]Primary	06/03/94	$171.47
Political Data 4000 Warner, Bldg. #155 Burbank, CA 91522	Office Expense Disbursement for [X]Primary	06/07/94	$515.79
✓ California's Republic Reporter 1501 Sunnyside Ter. San Pedro, CA 90732-	Adv. Disbursement for [X]Primary	05/24/94	$1500.00
✓ California's Republic Reporter 1501 Sunnyside Ter. San Pedro, CA 90732-	Adv. Disbursement for [X]Primary	06/03/94	$1400.00
SCE P.O. Box 600 Rosemead, CA 91771-	Utilities Disbursement for [X]Primary	05/27/94	$145.41
SCE P.O. Box 600 Rosemead, CA 91771-	Utilities Disbursement for [X]General	06/28/94	$124.72
SUBTOTAL of Disbursements This Page.....>			$4926.87
TOTAL This Period.....>			

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EXHIBIT "C"

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CA/38

REGULAR MAIL

AUG 17 1993

1993 AUG 24 AM 11:02

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

STATEMENT OF CANDIDACY

(see reverse side for instructions)

1. (a) Name of Candidate (in full) John Bernard Duke

(b) Address (number and street) P.O. Box 164 ☐ Check if address changed

(c) City, State, and ZIP Code Wilmington, CA. 90748

2. Identification Number CA38054 NEW

3. Party Affiliation Republican

4. Office Sought U.S. House

5. State & District of Candidate California - 38th

DESIGNATION OF PRINCIPAL CAMPAIGN COMMITTEE

6. I hereby designate the following named political committee as my Principal Campaign Committee for the 1994 (year of election) election(s).

NOTE: This designation should be filed with the appropriate office listed below.

(a) Name of Committee (in full) John Bernard Duke for Congress

(b) Address (number and street) P.O. Box 164

(c) City, State and ZIP Code Wilmington, CA 90748

DESIGNATION OF OTHER AUTHORIZED COMMITTEES

(Including Joint Fundraising Representatives)

7. I hereby authorize the following named committee, which is NOT my principal campaign committee, to receive and expend funds on behalf of my candidacy.

NOTE: This designation should be filed with the principal campaign committee.

(a) Name of Committee (in full)

(b) Address (number and street)

(c) City, State and ZIP Code

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

Signature of Candidate John B. Duke

Date 18 AUG 93

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

CANDIDATES FOR THE OFFICE OF:

President mail to:
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

U.S. Senate mail to:
Secretary of the Senate
Office of Public Records
232 Hart Senate Office Bldg.
Washington, DC 20510-7116

U.S. House of Representatives mail to:
Clerk of the House of Representatives
Office of Records and Registration
1036 Longworth Office Bldg.
Washington, DC 20515-6612

For further information contact:
Federal Election Commission
Toll free 800/424-9530
Local 202/219-3420

FEC FORM 2

9704384246 2

9301504401 1

Sep 07.94 15:20 No.005 P.03 TEL:

MAR 29 1994
CERTIFIED MAIL

CA/38

156519

March 23, 1994

U.S. House of Representatives
Washington, DC 20515-6612
Campaign Division
Office of Records & Registration
Office of the Clerk

Dear Sir,

As required by law, this letter is to serve as my "April Quarterly Report".

From January 1, 1994 to March 1994, my campaign has not taken in $5,000.00, nor has it dispersed $5,000.00.

Just as soon as this campaign reaches the limit, I will submit (in full) the FEC Form 3.

This report is for: John B. Duke
FEC ID# C00283358
38th Congressional District
Los Angeles County

At this time, I also wish to submit a change of address:

John B. Duke
P.O. Box 20463
Long Beach, California 90801-3463

I hope this letter will suffice in lieu of the FEC Form 3.

Thank You,

JOHN B. DUKE
Republican Candidate
U.S. Congress
38th District

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This is everything that came in and went out from Jan 94 to June 8, 94.
My campaign is over - I did not win the primary.
I hope this satisfy the FEC's requirements for closing out my campaign records.
My FEC Identification Number is C00283358
If you have any questions please call me at (310) 519-9247
Thank You.

JOHN B. DUKE
John B. Duke
P.O. Box 20463
Long Beach, CA
90801
Candidate For
U.S. Congress
38th Dist -

P.S.
Please Terminate
My Registration.

9704384244 64

CA/38

REGISTERED

JUN 9 1994

RECEIVED

1994 JUN 13 AM 10 20

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

9 June 1994

To Whom it May Concern

156580

In keeping with the Federal Election Laws, The following is a complete Report of my Campaign Expenditures and Contributions —

1.) Filing fees $1,336.00 (my own money)

2) Contributions - A.) $250.00 from my employer Control Design Systems of Los Angeles, CA.

B.) $25.00 check from Larry Benson - return the check. -

C.) 10.00 check from Paul Whitehead - return the check -

3.) $2,495.00 News Paper advertisement - Republic Reporter.

4.) Miscellaneous Material, Out supplies - Copy paper, $300.00 (my own money) Copying flyers -

Total -

$1,336.00
$250.00
$2,495.00
$300.00
$4,381.00

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9 7 0 4 3 8 4 2 4 6 6

EXHIBIT "D"

'Building New Bridges of Cooperation
Between Candidates, Voters and Advertisers
Through Consistent Communication.'

- The Republican Reporter Mission Statement

1-15-94

Dear Bob,

It was nice meeting you at ~~the~~ Chamber mixer last week. Thank you for supporting Susan in her Congressional race. It is much appreciated!

Sincerely,

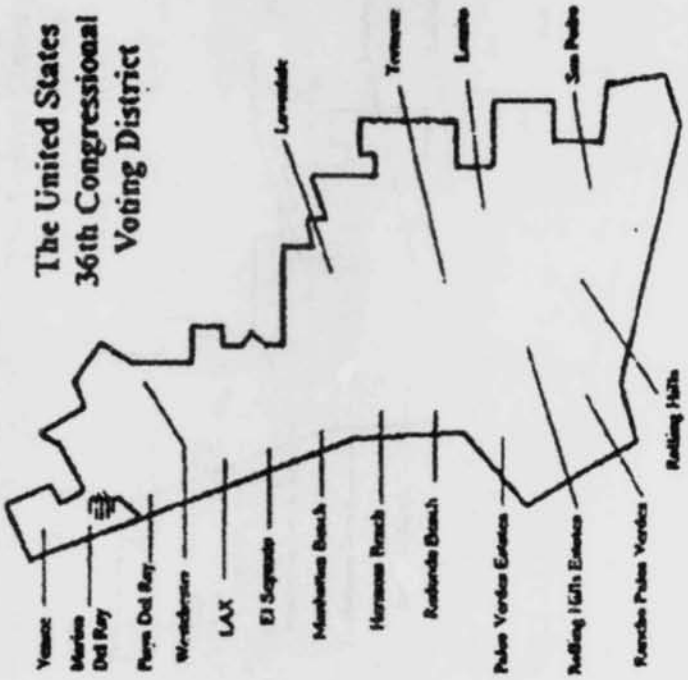
Ron Yates

Ronald R. Yates - Editor & Publisher

9704384224 67

Circulation

The *Republican Reporter* is published monthly and is directly mailed through the U.S. Post Office to the 100,000 Registered Republican voting households in the U.S. 36th Congressional District reaching more than 250,000 Republican readers who enjoy a cumulative net worth of over $100,000,000,000 (One hundred billion dollars).



The Republican Reporter News Bureau

1551 SUNNYSIDE TERRACE • SAN PEDRO, CALIFORNIA • 90732

Advertising & Editorial (310) 833-9441

Fax Communication (310) 521-8233

The REPUBLICAN REPORTER

Frequency:	Monthly
Delivery:	U.S. Mail
Target:	Reg. Republicans
Circulation:	100,000
Readership:	250,000
Net Worth:	$100,000,000,000

VOL 1, #1 • REPUBLICAN NEWS UPDATES FOR THE 36TH CONGRESSIONAL DISTRICT • APRIL, 1994

Editor & Publisher Says . . .

Thanks A Million!

San Pedro, Ca. - In a late breaking story, Ronald K. Yates, the editor & publisher of the Republican Reporter, was quoted as saying "Thanks a Million!" to those rallying their support.

"My thanks are directed to all of you who are supporting us in our efforts to make the Republican Reporter a reality," Yates continued. "Building new bridges of cooperation between candidates, voters and advertisers through consistent communication is the cornerstone of our efforts and is something that we will achieve with every single issue of the Republican Reporter!"

The Republican Reporter, an upstart San Pedro bas monthly newspaper will report Republican news updates f the 36th Congressional District and will be delivered by t U.S. Mail to the 100,000 Registered Republican househol in the 36th District. The tabloid will reach over 250,000 reade who *really* enjoy a cumulative net worth of ov $100,000,000,000 (One hundred billion dollars). This ve lucrative market of voters is attractive to both advertisers a candidates alike. Deadline for the 1st issue: March 15th, 199

(14)

California's

Ronald R. Yates
Editor & Publisher
Tel. 310-833-9441

REPUBLIC REPORTER

COUNTY, STATE, AND NATIONAL POLITICAL NEWS

SELECT REPUBLICAN CANDIDATE PAGE

For Statewide and National Candidates

The Select Republican Candidate Page is a Full Page Photo Feature which has been designed for statewide and national candidates to help their own campaign and the local candidates and groups as well. The Select Republican Candidate Page will be printed in all five issues of the *California's* Republic Reporter reaching a total of over 250,000 high-propensity Republican voters. The paper will be delivered into the homes of these targeted high-propensity Republican Voters by the U.S. Mail the week before the primary. The candidate may supply their own photo as well as the profile paragraph. Participation in this section not only helps the Statewide candidate get local exposure but helps the local candidates, and local Republican clubs by helping to defray the costs of publishing and mailing the newspaper in their district. As you can see by the prices below, they are the most cost effective way to reach these high propensity voters and the local goodwill that they will generate is priceless!

SELECT REPUBLICAN CANDIDATE ADVERTISEMENT

Price: $495 - 1 issue, $475 ea - 2 issues,
$449 ea - 3 issues, $425 ea - 4 issues
$395 ea - Full Run - 5 Issues

Cost: *Less than 1 cent per voter!*

Size: 4.75" w X 2.25" h (as shown here)

Deadline: Monday, May 16th

To Reserve your ad space please call California's Republic Reporter - 310-833-9441
Also ask about our Gold, Silver and Bronze Star Candidate Packages.

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(1B)

California's

RONALD R. YATES
Editor & Publisher
PH. 310-833-9441

1501 Stonepine Ter.
San Pedro, CA 90732
FX. 310-521-8[illegible]

REPUBLIC REPORTER

COUNTY, STATE, AND NATIONAL POLITICAL NEWS

'Special Edition' Packages

For Each Distribution District

Gold ★ Candidate Package - $3,995

1. Front Page Lead Story w/ Headline.
2. Front Page Headline Photo.
3. Full Page Profile Story on Page 5.
4. Full Page Advertisment.
5. Listed In Full Page 'Selected Candidate' Ad.
6. Letter To The Editor - Any Subject.

Silver ★ Candidate Package - $3,295

1. Front Page Story.
2. Front Page Photo.
3. Three-Quarter Page Profile Story on Page 7.
4. Three-Quarter Page Advertisment.
5. Listed In Full Page 'Selected Candidate' Ad.
6. Letter To The Editor - Any Subject.

Bronze ★ Candidate Package - $2,495

1. Front Page Story Lead-In (1 col x 3" box)
2. One-Half Page Profile Story on Page 9.
3. One-Half Page Advertisment.
4. Listed In Full Page 'Selected Candidate' Ad.
5. Letter To The Editor - Any Subject.

Only ONE OF EACH (Gold, Silver, and Bronze) 'Candidate Package' is available.
Each 'Candidate Package' is sold on a 'First-Come, First-Serve' basis.
Reserve Your Package TODAY! Call 310-833-9441.

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EXHIBIT "E"

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California's
REPUBLIC REPORTER
COUNTY, STATE, AND NATIONAL POLITICAL NEWS

... YATES
Publisher
833-9441
1501 S
San Pe
FX. 31

Friday, July 01, 1994

Congratulations on your victory on June 7th! As hard *(and expensive)* as it was to achieve, a victory on November 8th will be even harder *(and even more expensive)* against the deep pockets of the Democrats.

This is where *California's* Republic Reporter can be of service to you.

Starting September 1st, 1994, *California's* Republic Reporter will publish 10 customized editions of our new and exciting political newspaper and deliver them every two weeks (the 1st and the 15th) to over 1 MILLION registered Republican voters in Los Angeles County.

one of our 10 Distribution Districts in Los Angeles County which means that the cost of reaching your voters on a consistent and powerful basis can be lowered by as much as 95% !

Although saving money is important, winning is even more important, isn't it?

California's Republic Reporter has established a strong track record in the primary's: One of our featured candidates was outspent in the primary by her opponent 5-1 ($250,000 to $50,000), and was 13 points behind on election day (by absentee votes), but because she had the 'Power of the Press' behind her (delivered on June 3rd) she pulled out a victory (51-49) and her campaign has gained momentum against the Democrat incumbent ever since!

I look forward to discussing with you how *California's* Republic Reporter can help promote your candidacy <u>more effectively</u> and for <u>a lot less money</u>. Call m and we'll put the 'Power of the Press' to work for you and your campaig...

Sincerely,

Ronald Yates
Publisher & Editor-in-Chief

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EXHIBIT "F"

California's

SPECIAL EDITION

$2.50

VOL. 1, #1

JUNE, 1994

REPUBLIC REPORTER

CALIFORNIA REPUBLIC

COUNTY, STATE, AND NATIONAL POLITICAL NEWS

'Brooks For Congress' Gains Momentum

Susan Brooks, Republican candidate for the 36th Congressional District seat, is shown above at a recent press conference surrounded by a throng of supporters. Brooks, whose campaign has been gaining momentum as the June 7th Primary approaches, is readying a battle plan for Democrat Incumbent Jane Harman. Brooks, whose stamina and high energy on the campaign trail is legend, has picked up the endorsement of almost every major local Republican organization in the South Bay and Lyn Nofziger, President Reagan's former Press Secretary, has recently joined the Brooks campaign as her Senior Advisor. PHOTO BY RONALD R. YATES

Brooks Campaign Moves Into High-Gear As the June 7th Primary Approaches

"I'm Ready For Jane Harman."

by Ronald R. Yates

As the June 7th Primary Election approaches, the 'Susan Brooks for Congress' Campaign has moved onto high-gear, as the ground swell of support from most of the local Republican organizations and grass roots efforts has given her the all-important momentum that should propel her to victory at the polls.

Brooks, the Republican candidate for the 36th Congressional District seat, has been on the campaign trail for almost a year as she had drawn the battle lines early with Democrat incumbent Jane Harman.

"Jane rode in on a vote of disenchantment with the economic situation," Brooks said. "The complete failure of the Clinton Program will be her ticket out of town."

Susan is presently a Councilwoman for the City of Rancho Palos Verdes. She was elected as both Mayor Pro-Tem and Mayor. Prior to that Susan served on the City's Planning Commission. She has been very active in community affairs as both a volunteer and public relations professional. A former school teacher, Susan has been serving her community throughout her adult life. She is married to Jim Brooks, former aerospace engineer, currently a patent attorney. They have two teenage children.

Brooks believes that Harman's vote for the Clinton tax increase bill and many other actions in Congress are not representing the people of this district and she intends to take the battle right at her, but first, Susan needs your vote in the primary election on June 7th.

Harden To Cut Rates 50% By Ending Fraud

Candidate For Insurance Commisioner Has The Plan

by Ronald R. Yates

"You pay too much for your car insurance," says Jack Harden, candidate for State Insurance Commissioner. "Because of overpayment of false and exaggerated insurance claims for the benefit of quacks, ambulance chasers and insurance companies. Over 50% of premiums paid for the mandatory minimum auto liability policy goes to fraud."

Jack has over forty years of experience as an investigator, adjuster for insurance companies and corporate clients. He worked with the public, governments, the business community and the insurance industry solving problems and combating fraud.

"I have co-authored the Harden/Furbee Claims Reform Act" and "Truth In Claims," which will stop fraud, repeal parts of Prop 103 and provide Free Market competition, thus lowering insurance premiums by 50%."

Jack has the plan, and you have the vote.

Jack Harden
Republican Candidate

BULK RATE
U.S. POSTAGE
PAID
R.C.B.M.

CALIFORNIA'S REPUBLIC REPORTER
28729 S. WESTERN AVE. - BOX #173
RANCHO PALOS VERDES, CA. 90732

Featured Columnists In This Issue:

Tony Snow

Robert Novak

Deb Saunders

R. Tyrrell Jr.

Paul Harvey

California's
REPUBLIC REPORTER

California's REPUBLIC REPORTER
proudly printed on recycled newspaper
is published monthly and mailed
by Distribution District
in Los Angeles County within the
Great State of the California Republic
This newspaper is dedicated to deliver the
County, State and National Political News,
to inform and educate the voters of each district,
and to promote good citizenship through active
participation in the community. Our goal is to
Build New Bridges of Cooperation Between the
Voters, Candidates and Advertisers
Through Consistent Communication
Since this newspaper is to be used as a platform for communication of ideas between the candidates and the constituents, your comments, opinions, letters and articles are welcome. Please mail, or fax, to the address below. We reserve the right to select and edit submitted articles and at our sole discretion and for any reason may reject any article or advertisement from any writer, advertiser or agency for publication or distribution.

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Guest Columnists
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RICHARD POIRIER

All of our paper are published
in loving memory of
Frank J. Mooney,
Editor and Publisher of the Main Street Press,
known as Long Island's
'Dean of Journalism'
and Patchogue's 'Mr. Main Street',
who started his newspaper career in 1934 with
'a pencil, a piece of paper and integrity'.
Thanks, Grandpa, for showing me the way.
- Ronnie

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53rd DISTRIBUTION DISTRICT

The 53rd Distribution District covers the northern two-thirds of the 36th Congressional District, the entire 53rd Assembly and most of the 28th State Senate District. The boundaries for the 53rd Distribution District include: Santa Monica Bay on the West, Marina del Rey to the North, the San Diego Freeway (405) and the Harbor Freeway (110) to the East and Pacific Coast Highway to the South. Some of the cities in the 53rd Distribution District include: Marina del Rey, Playa del Rey, El Segundo, Manhattan Beach, Hermosa Beach, Redondo Beach, Lomita and Torrance.

This issue of *California's* Republic Reporter was delivered by mail to the approximately 50,000 registered Republicans in this district who have voted in most, if not all, of the primary and general elections since 1988. These are the voters who are the active participants in our local political process and we are proud to be able to deliver the county, state and national political news to this very important group of people before the 1994 Primary Election. We look forward to continuing this service on a consistent basis here, as well as in all of our other Distribution Districts in Los Angeles County.

Calendar Of Events

JUNE	*	Primary Election for federal and state offices, runoff for local offices
	*	California Republican Primary Night Party @ Westin Hotel, LAX. Call CRP 818-841-5210
	21	29 Day Report of Registration published by Sec/State
	27	Last day for legislative or initiative measure to qualify for Nov. ballot.
	30	Statement of Vote published by Sec/State
JULY	16	RPLAC Executive Committee & Full County Meetings
	19	Last day for ind. candidates to file declaration of candidacy and nomination papers
AUG.	12	RPLAC Executive Committee Meeting
	16	Change of Candidates ballot designation in writing by Sec/State & County Election Officials
	17	Randomized alphabet drawing for ballot position.
SEPT.	18	Candidates are certified.
	1	First day for counties to process special absentee voter applications
	9	18th California Republican Party Convention at T&C Hotel in San Diego 818-841-5210
	14	
	20	RPLAC Executive Committee Meeting.
OCT.	29	Counties mail sample ballots
	10	29 day Close of Registration. First day to apply for an absentee ballot. Appoint precinct boards and designate polling places.
	31	Last day to apply for an absentee ballot.
NOV.	8	General Election.

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Features Of This Special Issue

Articles, Columns & Features

RICHARD POIRIER

The White House in 1996

Guest Columnist Richard Poirier discusses what he feels it would take the Republican Party to regain the White House in 1996 *page 6*

SELECT CANDIDATES

CRR 'Select Candidates'

California's Republic Reporter offers information on a *select* group of candidates that are all worthy of your vote on June 7th *page 7*

BALLOT INITIATIVES

LACFRW Ballot Recommendations

The Los Angeles County Federation of Republican Women gives some guidance and insight on the different ballot initiatives that you will find at the voting booth on June 7th *page 9*

BOB DAVIS

'It's Time For Penal Reform'

Guest Columnist Bob Davis *(also a candidate for the 42nd Assembly)* shares with us his views on improvements that can, and probably should, be made to our penal system *page 15*

TONY BELL

'The History Of The Welfare System'

Tony Bell takes a look at the Welfare programs of the past to show us where we have been and where we might be heading. Part I. *page 17*

EDITORIAL

In My Opinion . . .

Ronald R. Yates, Editor-in-Chief of *California's* REPUBLIC REPORTER has just one question

'Do The Editors Of The Los Angeles Times Bother To Read Their Own Newspaper?'

Yates refers back to actual LA Times editorials written about Sen. David Roberti then, and now. What a contrast! What happened? Or is this just another fine example of their infamous "Weathervane of Journalistic Excellence"? *page 12*

LETTERS TO THE EDITOR

Get Involved!

This section is for everyone to be able to share ideas and solutions to the problems that we face. Your active participation in future issues will help make awareness prosper, and solutions a reality. *Page 13*

PAUL HARVEY

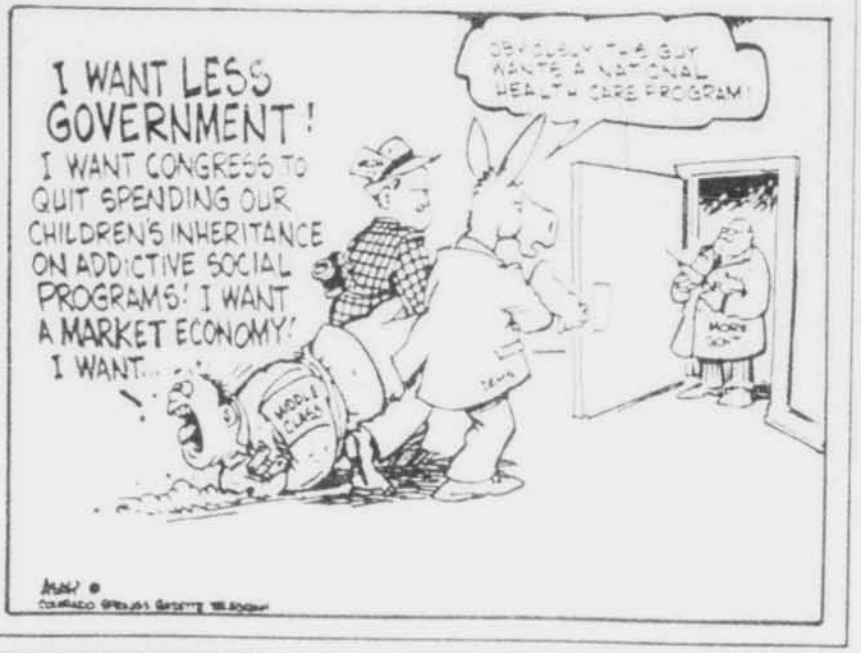
America's Most Unwanted

The most listened to man in America, Paul Harvey, takes a look at illegal immigrants and the effects that they have on us all. *page 18*

POLITICAL CARTOONISTS

Chuck Assay & Jerry Barnett

Throughout this paper, you will find the political humor of two of America's best conservative political cartoonists. Enjoy



Meet Our Columnists

Large, liberal daily news papers often buy up the rights to conservative political news writers and then *don't publish them!* In our effort to bring our readers the words, ideas and thoughts of the best and most revered of these writers, *California's* REPUBLIC REPORTER proudly presents our All-Star lineup

Tony Snow

Tony has been the Editorial page editor for three metropolitan daily newspapers, commentator for National Public Radio, Deputy Assistant to President Bush for media affairs, communications, and served as his Director of Speech Writing

Walter Williams

Dr. Walter Williams, the George Mason University Economics professor challenges his readers to understand the consequences of economic and social policy. His writing reveals a man of great courage, conviction and depth

Robert Novak

Robert Novak has been writing descriptively, accurately and concisely about American politics since the days of Eisenhower. He also appears on CNN's Evans and Novak, 'Capitol Gang' and is a frequent co-host of 'Crossfire'

Debra Saunders

Debra Saunders does not attempt to be a political pundit or legislative insider. Instead she plays the role of informed friend telling her beliefs directly to her readers in down-to-earth, everyday language that is accessible and personal

Paul Harvey

On radio, 'Paul Harvey News' encapsulates the nation's pertinent cultural news of the day in brief bits rarely lasting more than 30 seconds each. On paper, however, 'Paul Harvey News' expands and elaborates, giving the reader depth and insight into the subject and into Harvey himself

R. Emmett Tyrrell Jr.

Tyrell is the founder and editor in chief of The American Spectator, a political and cultural monthly. He appears frequently on 'The MacNeil Lehrer report', ABC's 'Nightline' and on PBS's 'Firing Line'. He is among President Reagan's favorite political columnists

Thomas Sowell

Currently a senior fellow at Stanford's Hoover Institute, Sowell has written a weekly political and economic column since 1984. He has been a professor of economics at UCLA, Cornell U., Amherst U. and Brandeis University, and has served as a consultant to three administrations

Club News

The PARADISE BUILDING, located at 9100 Sepulveda Blvd. in Westchester, is the new home to the Republican's Westside Center. For leasing information, please call H.B. Drollinger Co. at 310-417-8048.

Volunteers are urgently needed to help man the center and help in our efforts to register Republican voters during this very important election year. Volunteers are particularly needed during the day. To volunteer or get further information, please call Office Manager Mike Fournier at 310-670-6467. If you get a recording leave your name, address and phone number. If we get enough volunteers you won't ever have to worry about getting a recording. So please volunteer today.

The Republican's Westside Cen Re-Opens Amid Much Fanfa

The Republican's Westside Center had it's official Re-Grand Opening on Thursday, May 26th, 1994, at the PARADISE BUILDING, Suite 100 located on Sepulveda Blvd. in Westchester.

The Center is a cooperative Republican effort with a steering committee composed of one member from each local club and central committee, and is being provided for this election year through the gracious efforts of Howard Drollinger of H.B. Drollinger Co.

Use of the Center is being prov minimal charge to any Republica didate on the westside of Los A County. The center is also availa use by any Republican Club or C Committee simply by reserving when they want to use it. The ce equipped with an office which v open to the public, a meeting roo kitchen facilities, and a room earm for candidate use. Any candidate c the center simply by requesting it th the Office Manager.

During dinner, WDRRA President Jim McCutcheon welcomed candidate for Los Angeles County Sheriff, Gil Carrillo. Photos by Ro

Gil Carrillo

TAKING OUR STREETS BACK!

Gil Carrillo:

- Demanding Accountability from Department Members
- Building Trust
- Boosting Morale
- Bringing Back Integrity
- Building Effective Leadership
- Gaining People's Commitment
- Creating a Plan for the Future
- Will Gain Your Confidence by making himself Accessible and Accountable to All the People

Experienced, intelligent, and dedicated to public service, Gil now offers the people of Los Angeles County the opportunity to elect effective, visionary and tough leadership to the post of Los Angeles County Sheriff.

June 7, Vote For Gil Carrillo

L.A. COUNTY SHERIFF

JOHN SCHOCK FOR JUDG

Office # 93

Judicial experience: [illegible]

Upstanding citizen: [illegible]

Dedicated worker: [illegible]

Great experience: [illegible]

Enforcer of law: [illegible]

June 7th, Vote For John Schoc

Superior Court Office #9

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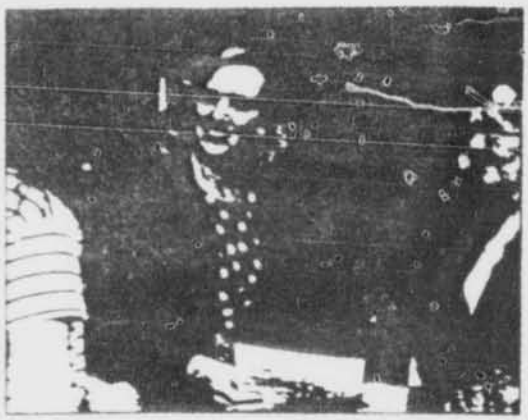
Republican Leadership That Works.

■ A Record of Successful Leadership

- Kept the police on the beat.
- Cut the city budget 20%.
- Cut bureaucratic fat 25%.
- Saved recreational programs through privatization.
- Made Rancho Palos Verdes the first Smoke Free city in the South Bay.



■ A Record of Community Service

- Professional advocate in Washington D.C. for disabled children and adults.
- Rancho Palos Verdes Mayor, Councilwoman and Planning Commissioner.
- Active member of the South Bay Juvenile Diversion Program and the Sheriff's Regional Law Enforcement Committee.
- Past Vice-Chair of the Palos Verdes Transportation Authority.
- Former Los Angeles County special education instructor.

■ Education

- State University College at Buffalo, B.S.
- Columbia University, M.A.
- University of Virginia, Post Graduate studies.
- George Mason University, Post Graduate studies.

Brooks For Congress

U.S. CONGRESS • 36TH DISTRICT

VOTE June 7th

PAID FOR BY THE SUSAN BROOKS FOR CONGRESS COMMITTEE • ID# C00283481

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Guest Columnist

The White House In 1996
Meaningful Communication Key

by Richard Poirier

If there was a way for Republicans to regain the White House in 1996, elect more federal and state Republicans into office, increase personal safety and prosperity, while at the same time lower taxes, reduce government and steadfastly maintain our Constitutional Bill Of Rights, would you be interested in learning how? Most Republicans would say "yes", but are baffled about how to achieve these goals.

Achieving political goals are not really that different from achieving other types of goals, personal or business. They all start with evaluating whether the goal is worthy and possible in order to justify the time and expense required to do the necessary work to overcome obstacles in the way of achieving the goal.

Suffice these goals are not only worthy, but necessary if this country is to remain free in the traditions of the brave individuals who founded it. These goals are also essential if this country is to remain a world symbol of the political and ethical philosophy of the unalienable rights of the individual with government acting as authorized agent of the free individual.

All of these goals have been accomplished in the past so it is reasonable to say they are possible and could be achieved again. As individuals and as a party we have demonstrated in the past we have the resources and initiative to do the work required to overcome obstacles that stand in the way of achieving goals that have stirred our passions.

So, given the fact we have worthy goals that can be achieved, what's the problem? Why are so many still in a daze not quite understanding why the Republican party lost the White House in 1992 and will not regain it in 1996 unless it changes its mode of operation.

First, let's review some of the major Republican mistakes that resulted in an unknown Democratic Governor winning control of the federal government. It started with George Bush's inability to make timely progress with the severe recession over a three year period. This resulted in Bill Clinton's unsubstantiated claim that a change (any kind of a mindless change) was better than maintaining the status quo. Many voters bought Clinton's arguments.

Next, Bush's unusual to drop Dan Quayle from the party ticket was perceived as arrogance by the public who clearly felt that Quayle was less competent to run the country than Bush if anything happened to Bush during his second term.

The American people will not tolerate illogical stubbornness masquerraded as loyalty. Americans want a candidate that makes sense. Someone who will implement solutions to major problems.

Another mistake was the abortion issue. Regardless of how one feels about abortion, the issue was not and is not worth losing the White House over and the possibility of losing your own house and personal possessions as a result of liberal Democrats not having the power to drive the United States out of bankruptcy. Many women and men who believe in the basic Republican philosophy refused to vote for Bush solely on the abortion stand.

Finally, Ross Perot was just what Clinton needed to assure him victory without a majority vote. Perot addressed the issues that the American people were concerned about. It is a sad commentary when a Third Party candidate articulates issues that Republicans lacked the courage to take on directly.

Now let's address what needs to be done to achieve our goals. The primary requirement is that all Republicans must engage in meaningful communication with the public, from your next door neighbor to the national press. It is ludicrous to represent the finest political doctrine and economic theory in virtual silence.

The Republican party is often thought of as the party for the rich and powerful, and the Democratic party as the party for the poor and downtrodden. When such an erroneous public perception exist, it is the responsibility of every Republican to correct this misconception. Political principles that support a conducive

continued on page 18

Richard Poirier

Poirier graduated with Highest Honors from [illegible] University's College of Communications, was an [illegible] Member of the Beverly Hills Bar Association's Entertainment Law Section, and the Hollywood Chamber of Commerce. Richard is fond of pointing out that he wasn't mean, just an attorney, however, [illegible] negotiating and resolving contractual disputes in the entertainment industry has favorably [illegible] Cases of [illegible] Law. Richard was [illegible] Dick Lavallee, Thomas Sim, Records and Thomas Home [illegible] International. He is President of Richard Poirier Associates, a business and talent management firm in Los Angeles, and is currently an Executive Committee Member for the Republican Party Central Committee, also a member of the 39 I.D. and 70th I.D. Committees. He is a member of the California Bar Association and the International Platform Association.

JOHN L. MORIARITY
FOR JUDGE

John L. Moriarity has 30 years of trial experience in the Courts of our County. He is a Commissioner of Narcotics & Dangerous Drugs for the County of Los Angeles and is a member of the Sheriff's board of Directors for the S.A.N.E. program. During 20 years in the Army Reserve and active duty, he rose to the rank of Colonel, was a Judge Advocate and then Supervising Judge Advocate for Arizona, So. California and So. Nevada.

John Moriarity is endorsed by: Hon. George Deukmejian, Los Angeles Police Commissioner Bert Boeckmann, Past D.A. of L.A. County Robert Philibosian, Sup. Mike Antonovich, Sybil Brand, Presiding Judge Alban I. Niles, Hon. Matt Fong, Michael Reagan, Chief Sen. Ed Davis, Asst. Chief Jesse Brewer, Asst. Chief Robert Vernon, Sen. Cathie Wright, Assm. Paula Boland, and the Honorable Dr. Turso Del Junco.

JUNE 7, VOTE TO ELECT . . .

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FOR JUDGE

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Paid for by Jack Harden for Insurance Commissioner

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California's
REPUBLIC REPORTER
COUNTY, STATE, AND NATIONAL POLITICAL NEWS

Select Candidates - Vote June 7th

SUSAN BROOKS

FOR CONGRESS

36th Congressional District

Susan Brooks has pledged to vote for no new taxes and will work to repeal the Clinton/Harman Tax Increase, including the higher tax on social security recipients. As Mayor and Councilwoman for Rancho Palos Verdes, Susan demonstrated strong leadership as she balanced the budget without raising taxes. Susan Brooks should be sent to Congress because she represents Republican leadership that works.

JOHN L. MORIARITY

SUPERIOR COURT JUDGE - OFFICE #2

John L. Moriarity is a Commissioner of Narcotics & Dangerous Drugs for the County of Los Angeles and is a member of the Sheriff's board of Directors for the S.A.N.E. program. During 20 years in the Army Reserve and active duty he rose to the rank of Colonel, and was a Judge Advocate and then Supervising Judge Advocate for Arizona, Southern California and Southern Nevada.

GIL CARRILLO

FOR SHERIFF

Experienced, intelligent, and dedicated to public service, Gil now offers the people of Los Angeles County the opportunity to elect effective, visionary and tough leadership as the post of Los Angeles County Sheriff. "It is my vision that all men and women of the Sheriff's Department be the best and not have anything less than the *pride, swagger and guts* that it takes to be a *good* cop." Put his 22 years of experience in the Sheriff's Department to work - elect Gil Carrillo as our next Los Angeles County Sheriff.

JACK HARDEN

INSURANCE COMMISSIONER

End Fraud - Cut Rates 50%

Since Jack ran his "Common Sense" campaign for Insurance Commissioner in 1990, he has not changed his "TRUTH IN CLAIMS" theme, nor diminished his determination to overturn Prop 103 with a new initiative which, by eliminating fraud, will reduce the cost of claims by more than 50%, reducing the cost of auto insurance by 50% for the average Californian. Jack has the agenda to save us money and deserves your vote.

JOHN SCHOCK

SUPERIOR COURT JUDGE - OFFICE #93

John Schock will be a tough, fair, and impartial judge based on his judicial experience in both Superior and Municipal Courts, his superior academic background, government experience with the criminal justice system and over 22 years as a trial lawyer. On June 7th please vote for John Schock.

WOLF DALICHAU

FOR U.S. SENATE

Wolf Dalichau believes it's time to try bold new ideas to regain our California dream. Wolf wants to get a handle on: 1) Illegal Immigration that threatens California's budget and sovereignty, 2) Middle-class survival, 3) Business engulfed in a sea of red tape, 4) Crime that imperils our school, streets and homes. Our war on drugs should be left to professional politicians who give us promises, promises, promises. If you seek change, Wolf would welcome your support at the polls on June 7th.

David Bohline

For 53rd Assembly

David Bohline is not a career politician. He's a working citizen like you and me who does not believe bigger government is the answer to our problems. He will support local government, local law enforcement and local schools rather than state or federal mandated programs. He will work to cut state spending, decrease taxes, end over-regulation and reform the workers compensation system. Count on David to make a difference!

NICK STANSFIELD

FOR TAX ASSESSOR

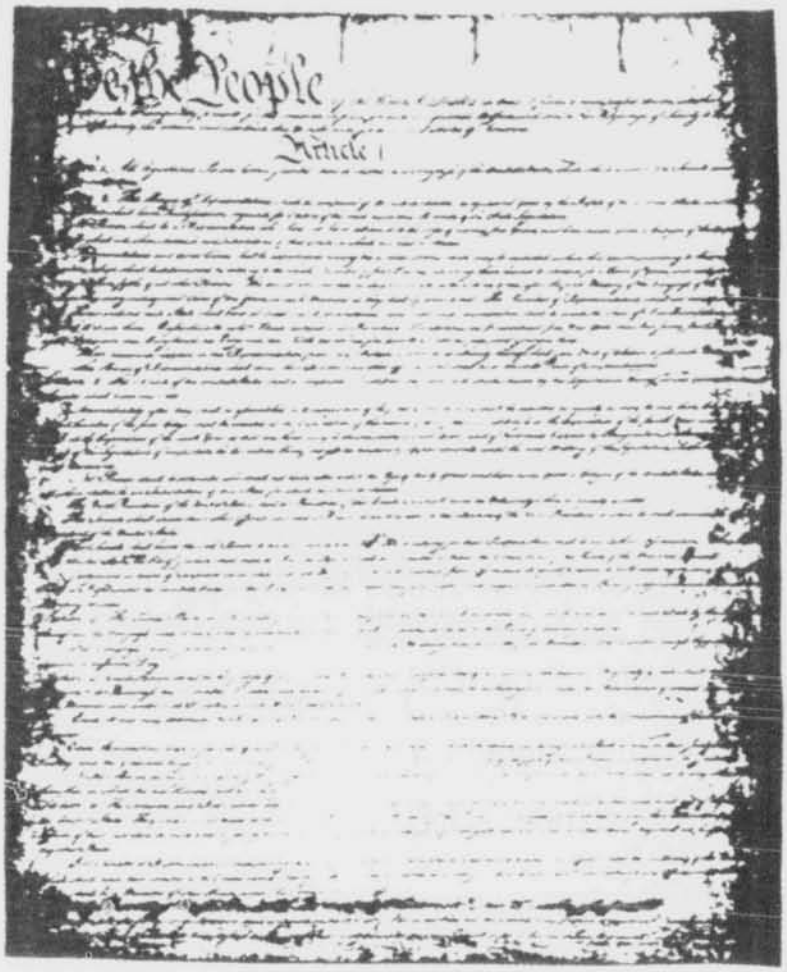
Nick Stansfield has 28 years of hands-on experience as a Los Angeles County Deputy Assessor. He feels that the position of County Assessor is a position of trust, that the people trust the Assessor to be treated fairly and not to have their paperwork mishandled resulting in late fees and interest. As your new Assessor, Nick will implement new procedures to see that all tax payers receive their bills in a timely, professional manner.

The History Of The United States

Constitution

William Galdstone, a nineteenth century British statesman, once observed that, "As the British constitution is the most subtle organism which has proceeded from the womb and the long gestation of progressive history, so the American Constitution is, so far as I can see, the most wonderful work ever struck off at a given time by the brain and purpose of man." Yet the Constitution was not created in a vacuum. Rather, most of its elements stem from the history and traditions of the American colonies. It was the happy blending of established forms with the keen political insight of the Framers of the Constitution which gave us the document which, with relatively few amendments, has proven so effective as a framework for governing the United States of America.

Two important questions, then, are what are the traditions which underlie the Constitution and how did the Framers create something new and great out of these traditions.


We the People
Article 1

Traditions underlying the government, including the Mayflower Compact (1620) and the various colonial charters issued at the discretion of the King were part of the government process in the American Colonies from the beginning. The settlers in the new World sometimes went beyond the original royal charter to set the rules under which they agreed to be governed. The Mayflower Compact is an example of such an agreement. In 1639 the freemen of several towns in the lower Connecticut, the first written constitution that nay American commonwealth framed for itself, and, according to Allan Nevins and Henry Steele Commager, the first such constitution anywhere in the Western world.

Bicameralism (a two-house legislature) and an emphasis on the power of the popularly elected "lower" house are important in the American tradition. The Constitution provided for a bicameral Congress, and all but one of the nation's fifty states (Nebraska is the exception) have a two-house legislature. Members of the United States Senate are popularly elected now, although the constitution did not require electi until passage of the S enteenth Amendment 1913.

The power of the c lonial lower houses serv as a check on the colon governors. It was the co trol exercised over appr priations by the low houses which was t most important weap against the governors bitrary exercise of pow The Framers had to co teract the preference fo weak executive, for r sons which are touch upon below. Nonethele the colonial past is still flected in the relat weakness of many stat governors.

The existence o powerful and extensive dicial system and of a s tem of "common law judge-made law) is a p of the colonial heritage turn derived from Eng tradition. Case by c judges contribute to understanding and ap cation of law and, ind of the Constitution, to

Another elemen the American polit heritage is the impor role of local governm Today thousands u thousands of local gov mental bodies - school tricts, counties, cities numerous others - form important part of American form of gov ment. Local government in Ame had its origins in the Colonial per Then as now, local government ser both as a training ground for lea and as an area for experimentation exploration of ideas about how to ern best.

Next Issue: The U.S. Constitut through Article I.

LACFRW BALLOT RECOMMENDATIONS

Los Angeles County Federation Of Republican Women Ballot Recommendations for June 7, 1994:

PROPOSITION 1A: Earthquake Relief and Seismic Retrofit Bond Act Of 1994
OPPOSE: The bond will cost taxpayers $4.5 billion to repay. Earthquake victims will receive less than half of what it will cost taxpayers. Earthquake repairs could be financed by previously approved unspent bonds.

PROPOSITION 1B: Safe Schools Act of 1994
OPPOSE: Half the State Budget goes to education already, and 60% of the amount budgeted does not reach the classroom. Voters have approved almost $7 billion since 1982 for school construction alone. Taxpayers cannot afford to pay for more indebtedness.

PROPOSITION 1C: Higher Education Facilities Bond Act Of June 1994
OPPOSE: Voters passed $900 million higher education bonds two years ago. We cannot afford more bond indebtedness. Higher education facilities have the options of using commercial buildings currently available for classrooms instead of costly construction.

PROPOSITION 175: Renter's Income Tax Credit. Legislative constitutional amendment that amends Constitution by allowing a credit to qualified renters against their net income tax.
OPPOSE: Acknowledging some merit in allowing income tax to renters, it is not prudent to lock specific refund amounts into the State Constitution. As the state's financial climate changes, the provisions of this amendment are best considered in the legislature.

PROPOSITION 176: Taxation of Non-Profit Organizations—Legislative Constitutional Amendment.
SUPPORT: The measure would protect the voluntary donations, gifts, etc. to tax exempt non-profit organizations. It would help to recognize the social benefits of these organizations. Schools benefit greatly.

PROPOSITION 177: Property Tax Exemptions, Disabled Persons' Access - Legislative Constitutional Amendment.
SUPPORT: The 1990 Americans With Disabilities Act required owners of public accommodations i.e. hotels, cafes, stores, theaters, etc., to improve access to, and use of their properties by the disabled. Businesses should not be assessed higher taxes for such mandatory improvements.

PROPOSITION 178: Property Tax Exclusion, Water Conservation Equipment - Legislative Constitutional Amendment.
OPPOSE: There is already financial incentive for farmers to install water conserving irrigation equipment because these systems use far less water which in turn would reduce water bills. Every non-farmer in the state will pay for this special interest tax break.

PROPOSITION 179: Murder Punishment. Legislative Initiative Amendment. Provides for a sentence of 20 years to life upon conviction of a second-degree murder that is committed by intentionally shooting a firearm from a vehicle at another person outside of the vehicle with the intent to inflict great bodily harm. **SUPPORT**

PROPOSITION 180: Park Lands, Historical Sites, Wildlife and Forest Conservation Bond Act.
OPPOSE: This is the biggest ever "something for everybody" bond issue. The cost to the taxpayer will be $3.6 billion over 25 years if sold at six percent. This package of over 400 projects statewide, and in Central America, includes many of questionable merit. We can neither afford them nor can we give them such high priority over other state concerns.

Vote ☑ *June 7*

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36th Congressional Candidate Ron Florance . . .

Republican Asset or Potential

Republican *Embarrassmen*

Ron Florance's Legal entanglements are potential cannon fodder for a wealthy democrat incum like Jane Harman. In a recent press conference, some of the 40 lawsuits against Florance anc companies were explained away by the candidate, but many were not. Voters on June 7th must de which candidate will stand the best chance against Jane Harman, Ron Florance or Susan Bro Both candidates agree on most of the issues, and the 36th Congressional District is a predomin Republican district, but one candidate has flawlessly served her community as a councilwoman mayor and the other will be testifying as a defendant in a business fraud lawsuit in October - ji few weeks before the general election. Does anyone in the Republican Party really believe that this little distraction will go unnoticed by the democrat incumbent that is worth almost a billion dollars? In her last election, Harman waged one of the dirtiest political campaigns in California history against her Republican opponent, often blowing things out of proportion, and often just making things up. Harman must be licking her chops just thinking about having an opportunity to face an opponent like Florance, with all of his legal entanglements, and carve him up. In fact, there is speculation that Harman supporters are actively supporting Florance, physically and financially in his effort against Brooks because the Harman Camp wants nothing to do with facing a candidate like Susan Brooks in the General Election in November. (Brooks is favored to win the Nov. 8th General election against Harman if she succeeds against Florance in the June 7th primary.) In America, a person is innocent until proven guilty in a court of law. At this time, Ron Florance is innocent of the fraud charges that were levied against him, and perhaps (and hopefully) he will be found innocent at his trial that is scheduled to take place in the middle of October. But what if he isn't? Can you imagine if Ron Florance wins the June 7th primary and is in the middle of a campaign against Jane Harman, two weeks until the election, and he's found guilty of fraud? He will be the Republican laughing stock from sea-to-shining-sea. And the Republican Party will not only have lost an excellent opportunity to regain this Congressional seat, but will have sustained one of the blackest eyes in memory. Can we afford to take this chance? Why, if Ron Florance is such a 'good' Republican, is he insisting in putting the Republican party at such risk? What is Florance's real agenda?

Ron Flora

The Ron Florance Record

In an interview at a press conference, Ron Florance told reporters that he has never been sued personally.

NOT TRUE.

Ron Florance has been personally named as a defendant, or co-defendant in at least 20 of his 55 lawsuits. He is at present being sued personally in Los Angeles County Superior Court for fraud, deceit and breach of contract - **Peninsula Wallace Partners, et. al. v. Wallace Ranch Associates and Ronald M. Florance,** Case No. YC 007195 (cross-complaint). The cross-complaints are seeking $5 Million dollars in damages from Florance.

Florance is also named personally as a cross-complaint defendant in another Los Angeles County Superior Court case, **Coast Construction Company v. Wallace Ranch Associates, Ronald M. Florance** et. al., Case # SWC 112594, which is going to trial on October 17, 1994 - just three weeks before the general election. Florance has been charged with fraud and/or misrepresentation by the cross-complaints. Florance settled with the original plaintiff, Coast Construction Company, for $900,000 in September, 1993 shortly after Coast filed papers with the Court accusing Florance of bad faith and asking the Court to preserve evidence of Florance's bad faith.

Florance is personally named in a third active lawsuit brought by his partners in the Wallace Ranch development to force an arbitration, **Esfahani et al. v. Ronald Florance and Carriage Realty,** Case No. YC 014684. Florance's partners contend that he had 'substantial individual liability' in the lawsuit brought by Coast Construction Company and is therefore responsible for the bulk of the $900,000 settlement with Coast. Florance's business partners also contend that he improperly refused to pay other obligations of the partnership. The arbitration session should be taking place in the near future.

Florance Tries To Charge His Campaign Interest!

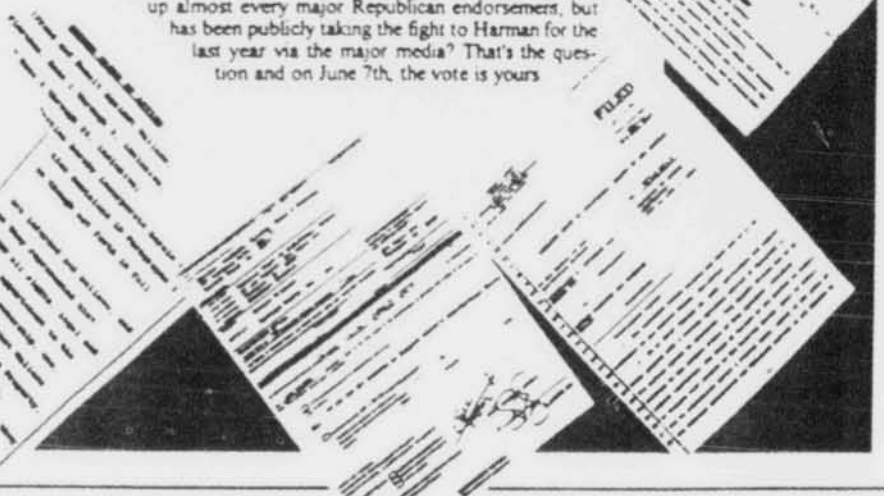
In a new twist to campaigns, politicians and money, Ron Florance admitted that he tried to charge his campaign contributors 10% interest on the personal loan that he made to fund his campaign!

A 10% interest charge on Florance's $150,000 loan to his campaign appeared in Florance's March 31, 1994 campaign finance report submitted to the FEC. A Florance spokesman said the interest charged to Florance's campaign was intended to offset the interest Florance lost from the bank when he transferred the funds from the bank to his campaign.

The interest would have been paid for by money raised by contributions to Florance's campaign.

After the interest-bearing loan was made public, Florance decided to waive the interest. Referring to Florance's attempt to charge his campaign interest, Florance's spokesman said "It's not a good political decision."

These lists go on, and on and on and on but the point is, should we as a Party take the risk? Should we vote for Florance and pray that nothing comes from any of these suits? Is this the right time for Ron Florance to be in a Congressional race? Or do we vote for Susan Brooks who not only has picked up almost every major Republican endorsement, but has been publicly taking the fight to Harman for the last year via the major media? That's the question and on June 7th, the vote is yours.



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In My Opinion . . .

by Ronald R. Yates - Editor in Chief

I've Just Got One Question:

Do the Editors of the L.A. Times Bother To Read Their *Own* Newspaper?

One would certainly wonder, considering the current position that the Times editorial staff has taken toward David Roberti for the last several months

For the past several years the Los Angeles Times has done their best to portray the current-Senator David Roberti as an overindulgent carpetbagger who at best is a liar, and at worst is a corrupt politician who was nimble enough not to get caught red-handed (as were his cronies.)

In issue after issue after issue after issue, the L.A. Times gave credibility to Roberti's nickname of 'Dirty'. Yep, 'Down and Dirty' Roberti always seemed to be just one step ahead of the law, and the Times always seemed to be just one step behind him, ready to pounce at any given moment.

For example:

1. **Los Angeles Times - Friday, November 29, 1991 - Page A30:**

"The biggest stain on **Roberti's** record as Senate leader is the corruption scandal that led former Sen. **Robbins (D-Van Nuys)** to resign earlier in this month and agree to plead guilty to racketeering and tax evasion charges. Former Sens. Montoya (D-Whittier) and Carpenter (D-Cypress) were convicted last year by federal juries on extortion and racketeering charges. **Roberti** acknowledged that he could not have become pro tem in 1980 without the support of the trio. After taking power, he **(Roberti)** rewarded all three with important positions. The Senate leader **(Roberti)** appointed Montoya as chairman of the Senate Business and Professions Committee, a post he used to extort honorariums and campaign contributions from people seeking legislative action before his committee. **Roberti** appointed Carpenter (who has since fled the *country*) to the Democrat caucus chairman, the number three position in the Senate. Carpenter was responsible for raising campaign money for Democrat legislators and used his post to extort money from interest groups pushing for passage of legislation in the Senate. Until Robbins resigned from the Senate, **Roberti** kept him in the post of chairman of the Senate Insurance, Claims and Corporations Committee. All three lawmakers had reputations for heavy-handed fund raising and sleazy back-room deals long before the FBI caught up with them. But **Roberti** took no action to limit their power. **Roberti** declined to discuss the cases of the three senators."

2. **Los Angeles Times - July 28, 1992 - Editorial Page - Editorials:**

Editorial Headline - "Oops - Changed My Mind" Sub-head -Five lawmakers, post-election, now say they'll take that pay hike'

"Candidates say one thing in public then doing something else in private isn't new in American politics. But the recent actions of five California incumbents offer new fuel for cynicism in an already angry electorate. Pointing to the state's $11 billion budget crisis, **the five lawmakers -including Senate President Pro Tem David Roberti (D-Los Angeles)**- publicly rejected pay hikes during their recent campaigns only to ask for the money when it was too late to affect the election results."

3. **Los Angeles Times - June 3, 1993 - Section A - Government Report**

Headline - "State paying for Security at Roberti's Residence" Sub-head- "He is the only lawmaker with a taxpayer-financed home system."

"State Senate President Pro Tem David A. Roberti for the last eight years has been granted the special benefit of a home protection system at taxpayers expense, The Times has learned." "The Senate Rules Committee in 1985 secretly authorized the system costing $10,500 at Roberti's Los Feliz-area house and three years later earmarked another $2,300 for a system at his Sacramento home, committee officials said."

Same Article - "Roberti acknowledged that the security equipment remains at his Los Feliz (Hollywood) house, even though he established a separate voting residence last year by renting a home in Van Nuys just to qualify to run in a special election in the San Fernando Valley. Roberti said he sometimes stays there during the day but hasn't slept there since November (1992)."

The Los Angeles Times took great pains to let the electorate know what kind of a guy Roberti really was. In just **these** three articles he was portrayed as 1. The leader of three corrupt, indicted, and convicted senators 2. Betraying the public trust by lying, saying he wouldn't accept a pay raise to get elected and taking it anyway. 3. Abusing the public trust by taking 'secretly given' taxpayer financed perks. (Do you remember the squabble that went on about North's tax payer financed security system? He was *crucified* by the m 4. Unabashedly carpetbagging to steal the 20th State Senate seat.

For years, the Times consistently painted such a good picture of a scu Roberti, that their readers actually believed it to be true, and as the went by their anger toward Roberti fermented into a rebellion.

Lately, however, the winds of change have been wafting through the E nal pages of the LA Times. The one-time 'Down and Dirty' Roberti has magically transformed into **'Saint David de la Sacramento'**. Rober become, in the eyes of the Times, Southern California's Golden Boy gu no wrong-doing simply because a *certain lobby* has helped the elector the district do what they could not do for themselves: help to bring ab recall election and try to finally get rid of the bum!

Here are a few recent examples:

1. **Los Angeles Times - February 9, 1994 - Editorial Page - Editori**

Headline - 'Roberti Recall: Taking Aim at Courage'

"To hear his opponents tell it, the campaign to oust longtime state David Roberti (D-Van Nuys) is an effort by grass roots reformers to cle corruption and cronyism in Sacramento. But make no mistake. The election scheduled for April grew out of a very different issue-gun co This is inarguable even though the campaign has picked up support assorted Roberti opponents who were unhappy with him for other reaso A recall election is intended to remove officials who violate the law, a the public trust or become to infirm to carry out their duties. It was meant to silence those who vote their conscience. Southern California a *savvy* veteran like Roberti in Sacramento."

2. **Los Angeles Times - Sunday April 3, 1994 - Editorial Page - Edit**

Headline - "How to Send a Strong Message" Sub-Head - 'Answerin absurdity of the Roberti recall April 12'

"Just eight weeks. The shortness of that period offers the best repres tion of how silly, vindictive and wasteful the recall election against Sen. D A. Roberti (D-Van Nuys) is the recall effort should not be ignor taken lightly. It should be used to send a message to any and all who bastardize the recall process because they disagree with an elected offic a single issue. It should be used to demonstrate that such juvenile antic not be tolerated by a sophisticated Los Angeles electorate."

So, the question keeps nagging at me:

Do the Editors of the L.A. Times bother to read their own newspa

It certainly appears that the long arm of 'Saint David', our savvy v politician, has come down from Sacramento and squeezed the grapes editors at the Times. Now, it seems, that L.A.'s booming baritones editorial pages have been reduced to squeaky sopranos, screeching and s ing a song FOR Roberti that is so out of tune with their very own which were published AGAINST him that. "such juvenile antics will tolerated by a sophisticated Los Angeles electorate." And these antic not be soon forgotten, for the wine from those 'squeezed grapes' that is served up to their readers is not only bitter to swallow, but it's backwas spilled down upon their journalistic reputation leaving an indelible stai won't easily be washed away.

My name is Ronald R. Yates, and that's my opinion. What's yours?

You are invited to send in your thoughts and comments for publication

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LETTERS TO THE EDITOR

'pride, integrity, and guts,'

Dear Editor,

On August 31st, 1993, after much discussion with my family, I decided to run for Sheriff of Los Angeles County because rampant disregard for human life and property are everywhere. It is shameful that law breakers are suppressing the rights of the law abiding. It is shameful that law breakers have created an environment in which we cannot accomplish even the simplest of tasks such as: filling your car with gas (car jackings), sending your children to school (drugs and gang violence), or just simply trying to watch TV in the sanctuary of your own home (drive-by shootings).

As a 22 year veteran of the Los Angeles County Sheriff's Department, I also know that there are many internal problems that have led to extremely low morale and minimal communication between management and the rank and file within the department.

I just can't sit back and watch anymore. There are too many problems that aren't being addressed and, if we don't get involved, it's going to get worse.

It is my vision that all men and women of the Sheriff's Department be the best and not have anything less than the pride, integrity, and guts that it takes to be a good cop.

It is my opinion that without change, today's cop will not possess the necessary zeal, vigor or desire which is needed to once again be proud of being a member of the Los Angeles County Sheriff's Department!

I believe I am the right person to bring about these changes in the Department, and that is why I am asking for your vote on June 7th for Los Angeles County Sheriff.

Thank You,

Gil Carrillo
Candidate For
L.A. County Sheriff

Tax Bills In The Trash?

Dear Mr. Yates,

The number one reason I decided to run for Assessor is to help Tax Payers who do not receive their bills. It is the continuing policy of the Assessor to trash tax bills which are returned by the Post Office, undeliverable because of a wrong name or address on the bill. This accounts for 50,000 "mysteriously missing" tax bills each year with the Assessor blaming the Tax Payer for the missing bills and thus justifying late penalties and interest. As an investigator for the Assessor I first brought this to the attention of John Lynch, the prior Assessor, in a ten page memo in 1987 (see attached memo, Don Paul park). I couldn't understand why the Assessor would allow frustrated Tax Payers to constantly be filling our offices and swamping our Public Service Counters when we could so easily avoid the whole problem by promptly correcting and re-mailing the bills. I continued to bring this to the attention of top management each year without success. When John Lynch was running for re-election in 1990, I personally confronted both John Lynch and his Assistant Assessor, Mr. Roy Sharman (both candidates in the coming June Primary) in an attempt to gain permission to correct and remail the returned tax bills. They did no permit me to work on the problem. I think this problem goes to the heart of the mammoth fiasco created by the Lynch administration. John has some good qualities but being a good listener doesn't seem to be one of them. In fact many employees think he is deaf. In spite of overwhelming evidence to the contrary, as Assessor he went blissfully right on his way failing to perceive that his empire was the first incumbent Assessor in 100 years to be voted out of office. Since I was unable to gain Mr. Lynch's ear privately, I had this issue printed in the L. A. Times by his opposition (copy attached). He issued a statement in the paper disclaiming all responsibility for undeliverable tax bills. What he failed to note is that on the back of every L. A. tax bill it states that the name and address on the bill is the Assessor's responsibility. Any tax payer can check his own bill for proof of this. Well, you know the story from there. John Lynch was voted out of office. Kenneth P. Hahn (not related to retired Supervisor Kenneth Hahn) was voted into office and now for the last four years Hahn has continued to trash the undeliverable secured tax bills in spite of my appeals, memo (attached), and conversation with him.

It is my firm belief that my campaign is going to be successful in improving the handling of badly addressed tax bills. It most certainly will be if I am elected.

Nick Stansfield
Candidate - County Assessor

Truth In Claims Vitally Needed

Dear Editor:

Your readers will all be interested in knowing how Jack Harden plans to save 50% on their auto liability policies and 30% to 40% on Workers compensation if elected Insurance Commissioner.

Our Truth-In-Claims initiative, by shining the light of truth on the phone bodily injury claims, will end the fraud that comprises more than half of the cost of liability insurance in California. These fraudulent injury claims could not exist, but for the fact that their perpetrators are protected from investigation until after they file the law suit within the one year statute and after they serve the defendant. This information barrier permits the dishonest claim to fester and grow, to accumulate bogus treatment bills and to incur phone disability losses. When finally allowed information through expensive discovery procedures, the defendant finds that the plaintiff has recovered, medical rebuttal is impossible, and the books have been cooked.

The Harden/Furbee claim reform crashes this barrier, forcing the injured to divulge medical and disability information within weeks and attend an examination and early settlement talk without the intervention of attorneys. Honest claims will receive the best ever attention, phony claims will be squelched.

While the prime factor of Work Comp fraud is much the same as auto (both driven by injuries which have no objective evidence), the fraud has arisen in a different cultural setting, due to the employer's right to information. The fraud in Work Comp arises from the acceptance by liberal judges of alleged pain disorder, mental stress, and occupational disease as valid, even when there is no objective medical evidence.

By deleting pain disorder, stress, and disease with no objective medical evidence from the definition of Compensable, Work comp rates in Oregon were reduced by 30%. They said, "This system is for workers and employers." Those with vested interests in the status quo, i.e. doctors, lawyers, and insurance companies, were left out of decisions. In our State, since we lead the world in fraud, we should best Oregon by 5% and reduce the cost of Work Comp by one third at least. As your Commissioner, that will be Jack Harden's goal.

Jim Furbee
Redondo Beach

What is a President?

Dear Editor,

A president is a person elected to lead a group, such as a nation. He or she should be of good character, honest, truthful, one who has integrity, a leader of the group skillful in handling matters affecting the entity he or she represents, and in matters involving relationships with other groups that may be involved with the larger organization, such as one nation and it's relationship with other nations.

He or she should be one that we can look up to, respect, trust, and have confidence in, whose background is one that is unquestionable as to morals, accepting a call to service, one who has set a good example for others to follow. I wish our country had a President.

Dan Falconer
Harbor City, CA

Dear Dan,

I think that is on everyone's wish list, but before we take back the White House in '96, let's take back Congress in '94!

R.R.Y.

Featured Columnists

Washington D.C.
The Inside Report

by Robert Novak

Anti-Dole Revolt

Back-bench Republican senators, unhappy with Minority Leader Robert J. Dole's handling of health care and Whitewater, are proposing a challenge against him for re-election as leader by a reluctant Sen. Trent Lott.

Grousing about Dole is strong among first-termers, particularly Sen. Paul Coverdell. Lott has not launched a campaign to oust Dole but was among members of the Steering Committee, the informal caucus of conservative Republican senators, who complained at a recent meeting that Dole has not been pushing for Whitewater hearings.

Sen. Alfonse D'Amato told the Steering Committee that he was ready to seek a Senate vote on hearings but was dissuaded by Dole on grounds that it would be to no avail. Sens. Ted Stevens and John McCain complained bitterly. An outside guest - Rep. Jim Leach, ranking Republican on the House Banking Committee - egged on the senators.

Quayle Making Enemies

Dan Quayle's memoir "Standing Firm," while intended to revive his political stock, has antagonized key Republicans - led by Jack Kemp and William J. Bennett - who defended him during his beleaguered vice presidency.

"I think he's finished," Bennett tells friends. The Quayle book rakes Bennett's performance as President Bush's Drug Czar. He is furious at receiving this treatment after, "we spent a lot of our effort to make sure that he (Quayle) be kept on the ticket."

Kemp, whose family has had a close relationship with the Quayles, was treated even more roughly. Quayle questioned Kemp's loyalty to Bush, adding that the President would have been justified in letting him go." When he learned of this, Kemp commented to Bennett in jest: "I'm going to hire Bob Bennett to file a defamation suit." Robert Bennett, Bill's brother, is a leading Washington criminal lawyer just retained by President Clinton.

Quayle's Backers

In the face of angry rebukes from former members of the bush administration over his vice presidential memoir, "Standing Firm," Dan Quayle received a warm endorsement from John Sununu.

Sununu was not exempt from Quayle's sniping, but he is saying that the book is "very accurate." He agrees with Quayle's assessment that there were sufficient grounds to fire Jack Kemp as housing secretary. What's more, Sununu confides that Quayle is best equipped of any Republican to become the next president.

That runs counter to advice Quayle is getting from Washington-based political operatives who in the past had been [illegible] to the former vice-president and are telling him to forget a presidential [illegible] 1996. In fact, they add, Quayle's [illegible] may well have also cooked a pos[illegible] campaign for governor of Indiana [illegible] year (which Quayle has ruled out [illegible] event).

The Honorable Dan Quayle, former President of the United States is [illegible] above displaying his good sense of h[illegible] during the forum, "Do Conservatives [illegible] a Sense of Humor?" which was held a[illegible] Ronald Reagan Center for Public [illegible] in Simi Valley on May 1, 1994.

Photo by Ronald R. [illegible]

'Vaporize Weird Pork'

by Tony Snow

John Kasich, the ranking Republican on the House budget Committee and a brightening orb in the GOP firmament, sits in his office, looking like the Fifth Beatle.

His hair droopies in a brown mop over his brow. He rocks as he speaks, faster and faster, until something propels him from his leather chair and he declares: "The American people know that the federal government just doesn't work!"

"In Washington, we've got to get rid of stuff that doesn't make any sense! We've got to let people make the decisions that they can make themselves."

Kasich may be the only person in America who would be as likely to start a bar brawl over the Congressional Budget Office's estimate of Medicare B expenditures as about the Pittsburgh Steelers. Half-nerd, half-jock, he has become a force on Capitol Hill by mastering the normally unintuitable federal budget.

The Ohioan has drafted a Republican alternative to the president's spending blueprint "for a second consecutive year, and Official Washington has beaten a path to this door. No sooner had he released his plan than he began receiving requests from such unlikely readers as White House Budget Director Leon Panetta and the editorial board of The Washington Post.

Inquiring minds want to see the [illegible] cause Kasich proposes something that [illegible] Reagan preached but never practiced: [illegible] would reduce taxes — and spending [illegible] deed, if his proposal has a theme, it is the Dumb Stuff.

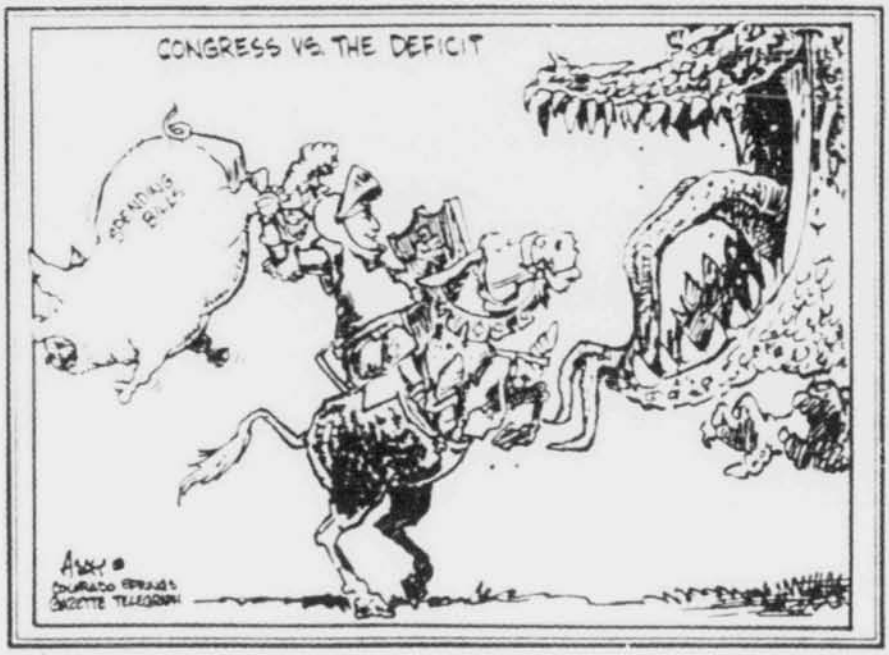
Kasich wants to cut $266 billion more [illegible] the administration recommends over the [illegible] five years, and he has persuaded fellow [illegible] publicans to support sensible slashes: [illegible] out subsidies to "operate" empty public [illegible] ing units. Send pink slips to the Legal [illegible] vice Corp. Stop pumping money into [illegible] rental housing, since many recently built [illegible] sit vacant. Shut down the Superconducting Supercollider and the Advanced Solid [illegible] Motor program immediately — rather [illegible] dragging out their deaths for two [illegible] more years. Turn the Federal Aviation Administration's air-traffic control [illegible] over to the air lines, and make them [illegible] Lump mass-transit and highway [illegible] together so politicians will have to make [illegible] about what kind of transportation [illegible] works best.

Fortunately, Kasich does more than [illegible] use weird pork. He also tackles [illegible] issues, such as the proper status of [illegible] and the need to cut overhead costs [illegible] departments and agencies.

His most impressive innovation [illegible] something nobody has done for ages: [illegible] Town, USA — lays the foundations for [illegible] tional reductions in the size and [illegible] the federal leviathan. While the Clinton [illegible] get contains dozens of seedlings for [illegible] relaunches, the Kasich alternative [illegible] long-term program of privatization. [illegible] the Buckeye pol demonstrates his resolve [illegible] the nicest touch of all, a moratorium [illegible] construction and acquisition of new [illegible] office buildings.

Since not every assault on common [illegible] takes place within the halls of Congress, Kasich also tracks down regulations and [illegible] demanding that their red tape produce [illegible] benefits than costs.

continued on page 15



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Guest Columnist

It's Time For Penal Reform

by Bob Davis

Crime is the dominant issue in this year's election. An overlooked aspect of crime is penal reform. Liberal candidates are afraid of the crime issue and don't wish to take on "Three Strikes", the death penalty or or the punishment issues. Instead they're suddenly fiscally responsible and concerned about the cost of prison and intent on addressing the "root causes" *(or should I say "rut causes"?)* of crime.

Conservatives should address these issues too. The left has exaggerated the cost of prison from the actual $21,000 a year per prisoner (per the Attorney General) for a total of $2.3 billion dollars up to $30,000 a year and "tens of billions" if 'Three Strikes' is adopted. The ACLU TV ads are sheer demagoguery. The facts are that out of 32 million Californians only about 0.3% (three tenths of 1%) are in prison. This incarceration rate is below the national average. If 'Three Strikes' is adopted there will be a slow increase in this number and expense topping out after 30 years at about $5 billion. We can't afford NOT to imprison repeat offenders. Several studies have been done to ascertain the savings to society of incarcerating violent and/or repeat offenders. The most reliable study added up all the costs of crime theft, damage, medical bills, police, prosecution, lost time at work, insurance costs, etc. etc. and came up with a savings of $425,000 per incarceration. THIS IS THE BEST RESULT FOR OUR MONEY IN GOVERNMENT SPENDING TODAY. If you multiply that figure by the 119,000 current inmates you find a savings of over $48 billion. Almost the entire State budget for the year!

We can look to significant reforms in the prison system that will help us save money and even more importantly contribute to rehabilitation. We should not scorn the goal of rehabilitation just because previous schemes have made a joke of it. We can, by a system of discipline, teach youthful offenders many of the things they need to learn to be a decent member of society.

The system should teach responsibility and consequences in a clear, unambiguous fashion. In prison all the convict should get is a bare bones cell—no TV, nor air conditioning, no luxuries. The Prisoner's Bill of Rights should be redone simply to prevent abuse of prisoners. To get any amenities he has to earn it as well as maintain good behavior. All prisoners will work a minimum of 48 hour a week at a paying job. This should be fair wage, mirroring those in private society. Prisoners who improve their output should be paid more and people should be promoted for doing good work. The idea is to be fair and to show them that working and improving ones' skills pays off. Then room and board are deducted from their wages. Victim restitution and child support are deducted where appropriate. After responsibilities such as these are met convicts may then buy amenities for their personal use—a TV, a CD player, etc. And finally a savings account is kept building towards the day of release. In short, these people earn their way, meet their responsibilities and buy their amenities—just as in life. Prisoners who do not cooperate with the process can remain in their bare cell. Hard time prisons would remain for the violent, incorrigible and uncooperative.

Bob Davis

In addition to the 48 hours of work all inmates will do at least 12 hours a week of education (educated felons might learn manual arts or substitute teaching for the education). To be eligible for parole one must achieve literacy in English, basic math, and one marketable skill.

For many youthful offenders boot camps are in order. We must study the states that have successful boot camp programs and emulate theirs. We can work with the federal government to acquire discontinued military bases that will be suitable for this purpose and we must look at supply jobs and supervision upon release from the program. The truth is this kind of experience appeals to the native psychology of men and can be used to turn youths from the paths of wickedness into those of righteousness. After boot camp they might spend more time in prison working and learning (depending on the crime) but when they are ready we assist them with job hunting and we monitor and assist them upon release. In short, a well run prison system can save money and be truly rehabilitative in nature. We CAN save many of our young men.

Its time to junk the touch-feely systems instituted 30 years ago that sounded good and return to principles that work.

Bob Davis is an Assembly candidate for the 42nd Assembly District.

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"Look at this!" he shouts, waving Exhibit "A" in his crusade.

"Here's something straight from the Federal Register. The Department of Transportation wants to create what it calls Transit Ambassadors. The Register Says:

"Ambassadors would assist (elderly and disabled citizens) in locating bus stops, understanding how the fare system works and identifying potential destinatoons, such as grocery stores, medical facilities, etc. Transit ambassadors would teach individuals how to use public transportation and how to read maps and time schedules."

What next? Rest-stop ambassadors to explain the mysteries of roadside hygienic appliances?

While critics accused Kasich of focusing solely on spending cuts last year, his latest production includes sections on international affairs, government reform, welfare reform, health care, crime fighting and "empowerment."

And it finishes with a flourish, offering the most ambitious pro-growth language since the 1981 Kemp-Roth tax cuts. Kasich recommends indexing the capital gains tax, letting businesses write off equipment, expanding the use of individual retirement accounts and giving families that earn less than $200,000 a year a $500 per child income-tax credit—something Bill Clinton promised during the 1992 campaign and dropped immediately after taking office.

The late Sen. Everett Dirksen may be known best for quipping, "a billion here, a billion there, and pretty soon you're talking real money." The iconoclastic Kasich may earn his place in GOP annals as the man who proved that a billion in cuts here and a billion in cuts there — and pretty soon, you've given Republicans a real philosophy.

'The Welfare Reform That Wasn't'

$15 Billion To Get People OFF Welfare?!?

by Debra J. Saunders

In case you needed a clue that President Clinton's welfare reform isn't, here it is. Any welfare reform that costs money isn't welfare reform. For those of you who learned math in Washington, I will explain in words of two syllables or less — please repeat after me: When people are working, instead of on welfare, it's supposed to cost less tax money.

How then is it that the Clinton administration is drafting a package that promises to get recipients off Aid to Families with Dependent Children after two years — or at least some recipients — at a five-year cost of $15 billion?

This week, stories revealed that the gang which couldn't cut straight is having problems finding corresponding cuts in a $1.5 trillion federal budge. There's talk of a tax on gambling revenue to pay for this so-called reform, cutting other benefits or scaling back the already scaled-back proposal. (The task force is tossing around the idea of limited work requirements to parents 25 years or younger.) Please scale back, Clintonia, scale back the whole thing. America can't afford the way you put people to work.

The premise of Reform a la Clinton flies in the face of Candidate Clinton's pledge to "end welfare as we know it." Voters expect this to signal a curb on American's growing dependence on government programs. So how does Team Clinton plan on delivering less government? You know it — with more government.

On this one, Democrats and Republicans are with Clinton. Neither party is impressed with current policy that provides Medicaid coverage for families for a year after parents get off the welfare rolls; both sides propose adding a plethora of training programs. (Program boosters never seem to ask whether taxpayers should trust someone to care for small children who can't find a job before the end of a two-year deadline.) The do-gooders' patronizing view of recipients as helpless people makes it a given that parents shouldn't be expected to find jobs without their patronage.

Washington used to believe that in this capitalistic democracy, workers could start at the bottom and work their way up. Now Washington puts its faith in government and jobs programs even after it has been demonstrated that they don't work. Spend more, the faithful figure, and then the programs will work.

Which is why the task force is having trouble coming up with cuts to make up for the extra $15 billion. The idea of not giving you tax dollars to somebody has the administration up a tree. For example, The Washington Post reported that the task force considered cutting off Social Security Income (SSI) benefits for legal immigrants, three-fourths of whom are elderly immigrants sponsored by their children, with a one-year grace period for current recipients. The five-year savings: $21.3 billion. The number of non-citizens receiving SSI increased fivefold from 1982 to 1992.

In Thursday's press conference, the president rejected this suggestion. Clinton should listen to Rep. Dave McCurdy, D- Okla., a supporter of this cut who told Associated Press, "We want to give (AFDC) recipients a chance to break out. Immigrants should not be coming to the United States in order to get on the welfare system."

McCurdy is right about cutting benefits for non-citizens who haven't paid into Social Security and are under 75. But how about dumping the welfare reform package and still ending SSI efits for non-citizens? Let the $21 b go toward deficit reduction.

Debra J. Saunders

If Americans don't trust politician issue shows why. Nobody asked vo they wanted to give such benefits to immigrants. It just happened. So t time Washington did air the matte giving was framed as a taking awa

Doesn't make me eager to new billion-dollar programs.

Honesty.

Honesty. That's what you want a candidate to have when it involves the appraisal and auditing of property for the County.

Nick Stansfield, Candidate for Los Angeles County Assessor, who has 24 years of hands on experience as a Los Angeles County Deputy Assessor says "The position of County Assessor is a position of trust. The people trust the Assessor to treat them fairly, and not to have their paperwork mishandled resulting in late fees and interest. The incumbent and prior Assessor have allowed hundreds of thousands of secured bills to be thrown away when they returned by the Post Office as undeliverable, and then pretended that they didn't know what happened to the missing bills. As your new Assessor, I will implement procedures to see that all tax payers receive their bills in a timely manner.

Nick STANSFIELD

On June 7th, Vote For

Los Angeles County Assessor

ATTENTION!

SYLVANIA

SPECIAL NOTICE TO CONSUMERS!

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The History of the Welfare System

45 B.C. to 1932 A.D.

Part 1/3

by Tony Bell

As far back as ancient Rome, governments have administered help to those in need. Yet today, perhaps more than ever before, the concept of welfare arouses serious misgivings, especially in the United States. It is seen as much as a vice than as a virtue. Why does public assistance seem to perpetuate, rather than elevate poverty? A look at the history of the dole will help to answer this. Then later in this serious, a comparison of various systems around the world will shed even more light on the great paradox of modern civilization—welfare.

In 45 B.C. Caesar had finished a major military campaign. He took advantage of the opportunity to carry out a broad program of reorganization and reform. This include cutting the number of free grain recipients in his empire in half, from 320,000 to 150,000. What was the overall effect of this early example of welfare reform? We may never be sure, since Rome went back to war in 43 B.C. and this again altered its economy. Caesar used two other options available in those times that we no longer enjoy — resettling poor and elderly veterans into the uncolonized Italian countryside and offering a vast public works program. However, these undertakings could be extremely hazardous.

In England, 1601, the Tudor Poor Law is launched by government a few years after Henry VIII had abolished monasteries, which for centuries had cared for the poor. Now, under the Poor Law, the parishioners of each local church could appoint an "Overseer of the Poor." The Overseers were given great powers under English Law. They could levy parish taxes for poor support. They could set able bodies to work and apprentice dependent children. They could operate workhouses and soup kitchens.

A VOLUNTEER SOCIAL WORKER visiting a London tenement in the late 19th century. Besides investigating the needs of the applicants for assistance, the "friendly visitors" tried to suggest alternatives to relief.

Most importantly, all of this involved direct personal one-on-one contact between the helpers and the poor. There was no bureaucracy. Volunteers visited London tenements during the Industrial Revolution and assessed individual situations first hand.

In a more modern example of welfare reform, the Poor Law Reforms of 1834 compelled parishes to unite and form "Poor Law Unions." These would operate workhouses and give relief to able bodies only in exchange for work. The laws were designed to discourage relief applications and to lower taxes. But they were abolished in 1871. The political tide shifted as more persons ascribed poverty to personal inadequacy. This was known by critics as the "Poor Law mentality."

Not all welfare attempts have been humanitarian. Otto von Bismarck used social insurance to reduce support for a revolution. In France after World War I, some wanted welfare to promote population growth and help France equal German military strength. It didn't.

The Pilgrims pretty much took the Poor Law with them to America, and founded the "almshouse." But the 10th Amendment to the Constitution leaves responsibility to the states. Thus, the following landmarks resulted prior to the federal Social Security Act of 1935:

1773 - first hospital for insane, Williamsburg, Va.

1790 - first state prison, Philadelphia, Pa.

1822 - first state school for deaf

1863 - first coordinating authority, Massachusetts State Board of Charities

1898 - first state aid to the blind, Ohio
- ground broken for New York School of Social Work of Columbia University

1910 - first workmen's compensations, New York state

1911 - aid to dependent children, Illinois

1913 - first successful "community chest", Federation for Charity and Philanthropy, Cleveland, Ohio

1923 - old age assistance, Montana

1932 - unemployment compensation, Wisconsin

Another Historical Failure of Socialism

Late 1800's - Germany

by Tony Bell

Nineteenth century German Chancellor Otto von Bismarck devised the first comprehensive system of compulsory insurance for skilled craftsman and mechanics. Employers were aided by the state in providing for workers after an accident, in sickness and in old age. Bismarck knew that keeping his work force happy was the key to meeting his two goals: accelerating Germany's transition to the Industrial Age, and creating the largest army on the continent.

For the most part, the independent unemployed poor were on their own. But after Kaiser William II gently but firmly pushed Bismarck out of office, he faced growing political pressure for poor support. This was the vehicle by which Reichstag, or German congress, could gain power. William II would have none of this. According to The History And Triumphs of the 19th Century, A Wonderful Story of Progress, written in 1899, "The system seems to have worked satisfactorily, but socialism of a more radical kind has grown in the empire far more rapidly than the emperor has approved of, and he has vigorously, though unsuccessfully, endeavored to prevent its increase."

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If you would like to help build up the local Republican political infrastructure in your area, we need YOU to help businesses get involved with *California's* REPUBLIC REPORTER.

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Featured Columnist

America's Most Unwanted

by Paul Harvey

Just off the Oval Office of the White House, there's a small hall leading to a private dining room no larger than your own.

President Reagan lined the walls of that small hall with framed cartoons of himself, he said it helped him to keep from taking himself too seriously.

Invited to lunch with the president in that intimate dining room 10 years ago, I enjoyed a spirited conversation about world concerns brightened by Reagan's fascinating recall of anecdotal adventures in the movies and since.

Suddenly, the entire mood of the meeting changed when I asked what were we going to do about the debilitating tide of illegal immigration.

The president, now uncharacteristically grim, was silent for most a pregnant minute before he said, "Paul, I don't know."

Our national leaders still don't know.

Recently, Attorney General Janet Reno, Health and Human Services Secretary Donna Shalala, Education Secretary Richard Riley and Office of Management and Budget Director Leon Panetta invited to Washington the governors of the states most burdened by illegal immigrants, California and Florida, Illinois and Texas, Arizona and New Jersey.

The government officials received a thorough briefing.

Florida's Gov. Lawton Chiles related how the number of foreign-born residents of his state has tripled in two decades.

One million — at least — of Florida's foreign born **ARE NOT CITIZENS.**

Cubans, for example, if they can make it ashore in Florida by whatever means, are allowed to dissolve into the population with neither accreditation nor scrutiny.

It is presumed that they are "political refugees," and federal government policy requires that "political refugees" be made to feel welcome here.

They are not.

Public opinion surveys in Florida, as elsewhere, reveal an angry undercurrent of resentment directed at illegal immigrants who promptly claim welfare at your expense, food stamps at your expense, medical care and education at your expense.

Providing such services costs the state of Florida $2 billion a year. In the meantime, the influx of illegals continues.

At the D.C. meeting, the governors were given some vague promises of better enforcement of immigration laws, federal help with state costs, improved identification of criminal aliens and a contingency plan to respond to any future mass invasion of aliens.

So far none of the above has been implemented.

It would appear that, even as 10 years ago, our federal government leaders do not know what to do about the problem.

Paul Harvey

President Clinton, arguing fo North American Free Trade Agree promised that it would create jo Latin America and thus reduce th centive to emigrate. It hasn't yet.

States that are reducing the welfa centive have the best chance of ming the tide, but you'll not hear of that this election year.

ATTENTION!

It is very important that you take the time to read, and then respond, to the information on page 19. Thank You.

The White House In 1996

continued from page 6

environment for private enterprise to flourish, not only enhance the likelihood of profits to investors and entrepreneurs, but also benefit those who choose to invest their time and talents in employment.

All individuals benefit from the Republican party's support for eliminating counterproductive government regulation of capitalism. Republicans must re-educate people that have been mislead by Democratic supporters of socialism.

In a three step approach, first explain the essence of the Republican philosophy. Next why it is important. Then offer an example of a current issue and how it should be decided based on the underlining Republican philosophy. We will gain more supp respecting the intelligence of the publ using objective reason and logic th emotional appeals.

Only supporters of self-contradictory need to resort to emotional argumentati theatrics. Republican positions can st their own merit and therefore deser dignity of logical argument. America is for real honest solutions to real problem have never gone away with the slight-of or the political tap dance. Clinton is in because Republicans failed to commu If we fail again in 1996 there may no Republic left in the year 2000.

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John Schock & Family

John Schock, candidate for Judge, Superior Court Office #93, Los Angel County, is shown above with his wife Margaret and his son Eric. John i family man, and is concerned about the community in which he lives. John a tireless contributor of time and talent to community organizations, includi disaster services, youth activities, Special Olympics and senior citizens acti ties. John is involved and will do a good job as Judge.

9 7 0 4 3 8 4 2 4 9 1

Help Keep This Republican Newspaper In Your Congressional District

by Ronald R. Yates
Editor & Publisher

In every district, in every county, in every state all across the United States of America, candidates face the daunting task of having to raise an enormous amount of cash so that they can advertise their message to the people that can put them in office, you, the voters. Additionally, candidates face a torrid, uphill battle challenging incumbents who always have access to lots and lots of re-election campaign cash. The bad news is that Republican candidates facing democrat incumbents lose 94% of the time.

Here in Los Angeles County, in almost every Congressional District, the democrat incumbents in Congress not only have enormous campaign war chests, but they also have a liberal daily newspaper at their side that will tow their line. Any line. All the time. For free.

The Los Angeles Times has proven time and time again that they will go to extreme lengths to come to the aid of Democrat incumbents, especially those that raise your taxes, take away your freedoms and liberties, and trample over your Constitutional rights.

What can you do?

California's **REPUBLIC REPORTER** wants to continue publishing customized, local political newspapers for each Congressional District in Los Angeles County on a monthly basis. To do so we need your **help**, but **NOT** your money!

To make this newspaper a viable asset to the community, we need to have local businesses get involved by supporting the publishing and delivery of the Republican message by placing ads in the paper. These ads will supplement the ads placed by the candidates and will go towards the extra distribution of the paper. To help defeat *all democrat incumbents*, our goal is to increase the papers circulation with every monthly issue until we achieve total saturation in Los Angeles County - mailing into every registered voting household regardless of party affiliation. Hopefully, starting on the first of September, the newspaper will be published and delivered by mail to the 3,614,526 voters in Los Angeles County!

We can achieve this goal, but only with your help. If each and every one of the recipients *(this means you)* of these special editions of *California's* Republic Reporter can recommend two or three 'Republican friendly' businesses that they frequent, (the name, address, phone # and the name of the owner) and put in a good word for us, we will call on them and make the presentation.

You can help by filling out this sheet and by mailing it, or faxing it back to *California's* Republic Reporter. We have another issue going out before July 1st which will bring you the political updates for your district, including a special section for all the winners of the June 7th Primary. This means we are running out of time. Deadline for ad copy is June 24th, so we need to be calling on these businesses right now.

Let's show the democrats that we mean business. Together we can 'Defeat democrat incumbents, and elect Republican candidates'. Send in your business referrals today! Help to keep this Republican newspaper, and the 'Power of the Press', in your Congressional District!

Thank You For Your Support!

Your Congressional District Needs . . .

The Power of the Press!

Yes! I want to help keep this Republican Newspaper in my Congressional District! My name is _____ and here are the names of the Republican businesses I recommend that you call on to put an ad in *California's* REPUBLIC REPORTER.

Examples of the type of businesses: Lawyers, Doctors, Auto Dealerships, Restaurants, Hotels, Catering Services, Department Stores, Clothing Stores, Real Estate Companies, Investment Firms, Etc. Etc.

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OWNER _____

You are NOT limited to just three businesses! If you know of any other businesses that are friendly to Republicans, and you think that they may want to help make a difference in their community, list them on another sheet of paper and send them along!

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Or FAX To: 310-521-8233

Thank You!

Ronald R. Yates

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■ Committed to the Republican Party

- ★ Member of the Republican National Committee's Organization of Mayors.
- ★ Associate member of the California Republican Party Central Committee
- ★ Former board member of the Palos Verdes Peninsula Republican Women Federated
- ★ Associate member of San Pedro, South Bay and Westchester Republican Women.
- ★ Campaign volunteer for Governor Pete Wilson, Senator John Seymour, Councilwoman Joan Milke Flores and Supervisor Deane Dana.

■ A Record of Respect

- ★ Elected by fellow officials to represent 10 South Bay cities as a delegate to the Southern California Association of Governments.
- ★ Co-Chair of Foreign Trade Committee on NAFTA.
- ★ Elected by 77 communities to serve on the Executive Board of the California Contract Cities Association.
- ★ Endorsed by the Westchester Marina Republican Club, the California College Republicans, the California Republican Congress, the Directors of the California Lincoln Clubs and the California Heritage Groups Council.

■ Right on the Issues

- ★ Supports the **Save Our State** initiative to deny welfare benefits to illegal aliens
- ★ Favors a **One Strike and You're Out** law to put violent rapists and child molesters in prison for life
- ★ Backs the **Balanced Budget Amendment** to stop Congress from spending America into bankruptcy
- ★ Favors a **Reinvest in Aerospace** program to revitalize the South Bay economy
- ★ Supports **repeal of the higher tax rates** on Social Security and rollback of Clinton tax increases

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VOL.1,#1

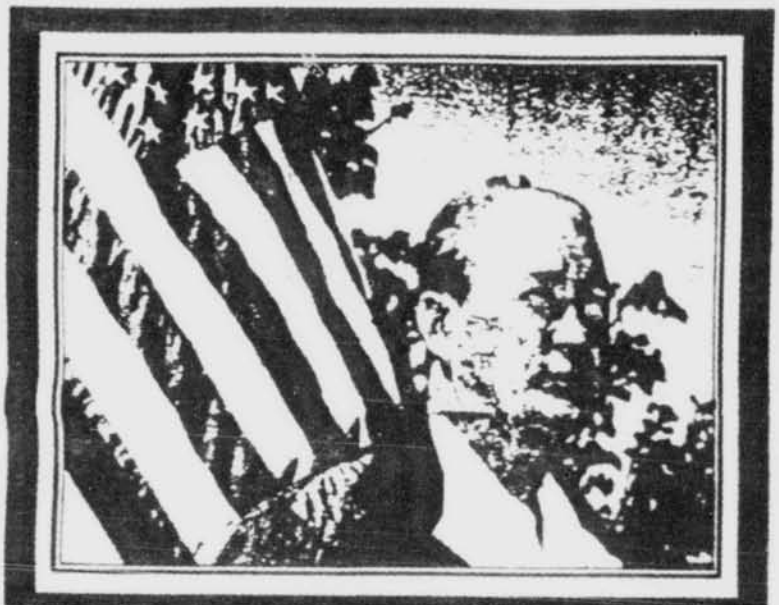
JUNE, 1994

REPUBLIC REPORTER

CALIFORNIA REPUBLIC

COUNTY, STATE, AND NATIONAL POLITICAL NEWS

Duke Blasts Horn For Voting Record



John Duke, the Conservative Republican candidate running for the 38th Congressional seat against Republican incumbent Steve Horn, is shown above confidently looking forward to a showdown in the primary election on June 7th. "We'll let the voters decide if they've had enough of a 'representative' who votes more like a liberal, free-spending Democrat than some Democrats." *-Photo By Yates*

Duke Points To Horn's 'Democrat Style' Voting Habit

"Steve Horn *Talks* Like a Democrat, Steve Horn *Votes* Like a Democrat, Maybe Steve Horn Ought To *Re-Register* As a Democrat."

by Ronald R. Yates

In a war of words aimed at Steve Horn, the incumbent Congressman who represents the 38th Congressional District, Conservative Republican challenger John Duke recently said, "Steve Horn has voted more like a liberal Democrat than most liberal Democrats, and I wouldn't be surprised if Bill Clinton has Horn chauffeuring him around to McDonalds."

John Duke is a working man who is proud of the fact that he is not a professional politician, and feels that he is not going to Washington to make friends with esteemed colleagues: he is going to Washington with the hopes of making friends here - with his constituents - by lowering taxes and working to stimulate the L.A. Harbor area by making sure that our port gets the lions share of shipping in the Pacific Rim.

"When I am elected, I will be the 'Conservative Republican Congressman' who will always vote against any bill that means higher taxes and bigger government. This is in contrast to our current Congressman who apparently masquerades as a Republican but votes like a Democrat. In fact, Steve Horn voted for **higher taxes** and bigger government 12 out of 15 times! Steve Horn votes more like a Democrat than most Democrats. It just makes me sick, and it did just that when I saw my tax bill this year."

Duke is a Viet Nam Veteran who is currently an active member of the California Army National Guard, and works as a Caltrans consultant. He believes that we must keep the United States the strongest country in the world. He also feels that its citizenry must also retain the right to defend themselves. "I will work, and vote, to uphold all of our Constitutional rights, including the **Second Amendment**. This, again, is completely different than Steve Horn's position. Horn *cast the deciding vote* for the recent Democrat Gun Control Law. I'll tell you, I'm so disgusted with his voting behavior that if I beat Horn on June 7th, I'll personally ask him to re-register as a Democrat."

Harden To Cut Rates 50% By Ending Fraud

Candidate For Insurance Commisioner Has Plan

by Ronald R. Yates

"You pay too much for your car insurance," says Jack Harden, candidate for State Insurance Commissioner. "Because of overpayment of false and exaggerated insurance claims for the benefit of quacks, ambulance chasers and insurance companies. Over 50% of premiums paid for the mandatory minimum auto liability policy goes to fraud."

Jack has over forty years of experience as an investigator, adjuster for insurance companies and corporate clients. He worked with the public, governments, the business community and the insurance industry solving problems and combating fraud.

"I have co-authored the Harden/Furbee Claims Reform Act" and "Truth In Claims," which will stop fraud, repeal parts of Prop 103, and provide Free Market competition, thus lowering insurance premiums by 50%."

Jack has the plan, and you have the vote.

Jack Harden
Republican Candidate

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This newspaper is dedicated to deliver the
County, State and National Political News,
to inform and educate the voters of each district,
and to promote good citizenship through active
participation in the community. Our goal is to
'Build New Bridges of Cooperation Between the Voters, Candidates and Advertisers Through Consistent Communication'
Since this newspaper is to be used as a platform for communication of ideas between the candidates and the constituents, your comments, opinions, letters and articles are welcome. Please mail, or fax, to the address below. We reserve the right to select and edit submitted articles and at our sole discretion and for any reason may reject any article or advertisement from any writer, advertiser or agency for publication or distribution.

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TONY BELL
DEBRA SAUNDERS
THOMAS SOWELL

Guest Columnists
BOB DAVIS
RICHARD POIRIER

All of our papers are published in loving memory of Frank J. Mooney, Editor and Publisher of the Main Street Press, known as Long Island's 'Dean of Journalism' and Patchogue's 'Mr. Main Street', who started his newspaper career in 1934 with 'a pencil, a piece of paper and integrity'. Thanks, Grandpa, for showing me the way.
- Ronnie

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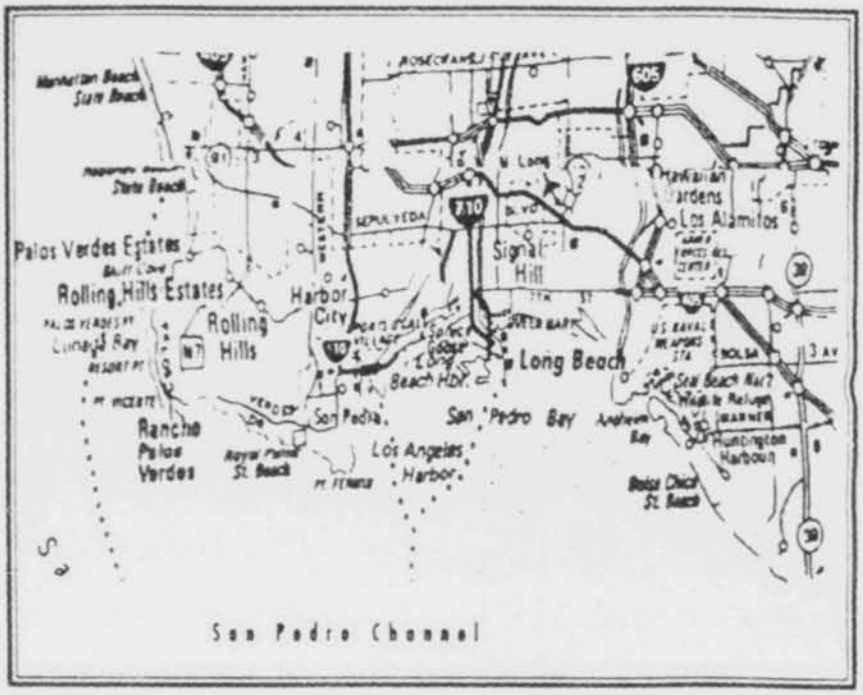
This issue of *California's* Republic Reporter was delivered by mail to the approximately 50,000 registered Republicans in this district who have voted in most, if not all, of the primary and general elections since 1988. These are the voters who are the active participants in our local political process and we are proud to be able to deliver the county, state and national political news to this very important group of people before the 1994 Primary Election. We look forward to continuing this service on a consistent basis here, as well as in all of our other Distribution Districts in Los Angeles County.



Calendar Of Events

JUNE 7 Primary Election for federal and state offices; runoff for local offices
7 California Republican Primary Night Party @ Westin Hotel, LAX. Call CRP 818-841-5210
21 29-Day Report of Registration published by Sec. State
27 Last day for legislative or initiative measure to qualify for Nov. ballot.
30 Statement of Vote published by Sec/State
JULY 16 RPLAC Executive Committee & Full County Meetings.
19 Last day for ind. candidates to file declaration of candidacy and nomination papers.
AUG. 12 RPLAC Executive Committee Meeting
14 Change of Candidates ballot designation in writing by Sec/State & County Election Officials
17 Randomized alphabet drawing for ballot position.
SEPT. 18 Candidates are certified.
1 First day for counties to process special absentee voter applications
9 - 10th. California Republican Party Convention at T&C Hotel in San Diego. 818-841-5210
20 RPLAC Executive Committee Meeting.
OCT. 29 Counties mail sample ballots
10 29 day Close of Registration. First day to apply for an absentee ballot. Appoint precinct boards and designate polling places.
31 Last day to apply for an absentee ballot.
NOV. 8 General Election.

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Features Of This Special Issue

Articles, Columns & Features

RICHARD POIRIER

The White House in 1996

Guest Columnist Richard Poirier discusses what he feels it would take the Republican Party to regain the White House in 1996 *page 6*

SELECT CANDIDATES

CRR 'Select Candidates'

California's Republic Reporter offers information on a *select* group of candidates that are all worthy of your vote on June 7th *page 7*

BALLOT INITIATIVES

LACFRW Ballot Recommendations

The Los Angeles County Federation of Republican Women gives some guidance and insight on the different ballot initiatives that you will find at the voting booth on June 7th *page 9*

BOB DAVIS

'It's Time For Penal Reform'

Guest Columnist Bob Davis *(also a candidate for the 42nd Assembly)* shares with us his views on improvements that can, and probably should, be made to our penal system *page 15*

TONY BELL

'The History Of The Welfare System'

Tony Bell takes a look at the Welfare programs of the past to show us where we have been and where we might be heading. Part 1 - 3 *page 17*

EDITORIAL

In My Opinion . . .

Ronald R. Yates, Editor-in-Chief of *California's* REPUBLIC REPORTER has just one question

'Do The Editors Of The Los Angeles Times Bother To Read Their Own Newspaper?'

Yates refers back to actual LA Times editorials written about Sen. David Roberti then, and now. What a contrast! What happened? Or is this just another fine example of their infamous "Weathervane of Journalistic Excellence"? *page 12*

LETTERS TO THE EDITOR

Get Involved!

This section is for everyone to be able to share ideas and solutions to the problems that we face. Your active participation in future issues will help make awareness prosper, and solutions a reality. *Page 13*

PAUL HARVEY

America's Most Unwanted

The most listened to man in America, Paul Harvey, takes a look at illegal immigrants and the effects that they have on us all *page 18*

POLITICAL CARTOONISTS

Chuck Assay & Jerry Barnett

Throughout this paper, you will find the political humor of two of America's best conservative political cartoonists. Enjoy!

Meet Our Columnists

Large, liberal daily news papers often buy up the rights to conservative political news writers and then *don't publish them!* In our effort to bring our readers the words, ideas and thoughts of the best and most revered of these writers, *California's* **REPUBLIC REPORTER** proudly presents our All-Star lineup

Tony Snow

Tony has been the Editorial page editor for three metropolitan daily newspapers, commentator for National Public Radio, Deputy Assistant to President Bush for media affairs, communications, and served as his Director of Speech Writing.

Walter Williams

Dr. Walter Williams, the George Mason University Economics professor challenges his readers to understand the consequences of economic and social policy. His writing reveals a man of great courage, conviction and depth.

Robert Novak

Robert Novak has been writing descriptively, accurately and concisely about American politics since the days of Eisenhower. He also appears on CNN's 'Evans and Novak', 'Capitol Gang' and is a frequent co-host of 'Crossfire'.

Debra Saunders

Debra Saunders does not attempt to be a political pundit or legislative insider. Instead she plays the role of informed friend telling her beliefs directly to her readers in down-to-earth, everyday language that is accessible and personal.

Paul Harvey

On radio, 'Paul Harvey News' encapsulates the nation's pertinent cultural news of the day in brief tidbits rarely lasting more than 30 seconds each. On paper, however, 'Paul Harvey News' expands and elaborates, giving the reader depth and insight into the subject and into Harvey himself.

R. Emmett Tyrrell Jr.

Tyrell is the founder and editor in chief of 'The American Spectator' a political and cultural monthly. He appears frequently on 'The MacNeil/Lehrer report', ABC's 'Nightline', and on PBS's 'Firing Line'. He is among President Reagan's favorite political columnists.

Thomas Sowell

Currently a senior fellow at Stanford's Hoover Institute, Sowell has written a weekly political and economic column since 1984. He has been a professor of economics at UCLA, Cornell U., Amherst U. and Brandeis University, and has served as a consultant to three administrations.

Club News

Getting To Know You: The Eagle Forum - Long Beach Chapter

by Jeanne Gordon - Chapter Director

The Eagle Forum is a non-partisan, non-religious organization of men and women who believe in God, family and country, and whose members are dedicated to preserving the political, economic and social principles upon which our nation was founded.

Our achievements have proven that citizens can participate to determine government policies in the United States Congress and California, elect statesmen in every level of government, and effectively communicate with the public and to the media the principles for which we stand.

Meetings are held in the community room at the Coast Federal Bank - 13900-A Seal Beach Blvd., Seal Beach, California, (just south of Leisure World). The group meets at 7pm on the third Tuesday of every month except November and December.

NOTE: June 21st, 7pm - Starr Parker will be our featured guest speaker. She is an emerging, conservative leader in the black community. Starr was featured in Rush Limbaugh's newsletter, has appeared on 20/20, CNN's Larry King Live, CNN's Sonya Live, ABC's Nightline with Ted Koppel, The Nighthly News with Peter Jennings, and the local news on most major networks. Currently she is the host of "On The Line" Talk Radio KGER 1390am Monday - Fri...

The Eagle Forum of California - Long Beach Chapter. First Row (from L-R): Patrick Shimalli, Sgt. at Arms; Taylor LuPaulo; Program Chairman Kim Gaumer; Historian Edward Ludloff; Liaison to City Council, David Hyatt; Liaison to Congressman Mike Synder, Row 2 (L-R): Lee Dwyer - Corresponding Secretary, Pam Rodgers - Political Action Director, Director Beth Isaacs - Recording Secretary, Judi Plunkett - Liaison Senator & Assembly, Louise Schulman, Jo Ann Ludloff - Treasurer

Gil Carrillo

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Gil Carrillo:

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- Building Trust
- Boosting Morale
- Bringing Back Integrity
- Building Effective Leadership
- Gaining People's Commitment
- Creating a Plan for the Future
- Will Gain Your Confidence by making himself Accessible and Accountable to All the People.

Experienced, intelligent, and dedicated to public service, Gil now offers the people of Los Angeles County the opportunity to elect effective, visionary and tough leadership to the post of Los Angeles County Sheriff.

June 7, Vote For Gil Carrillo

L.A. COUNTY SHERIFF

JOHN SCHOCK FOR JUDGE

Office # 93

Judicial experience:

Outstanding citizen:

Dedicated worker:

Great experience:

Enforcer of law:

June 7th, Vote For John Schock

Superior Court Office #93

DO YOU want to make a Difference???

VOTE ON TUESDAY JUNE 7TH

54th Assembly District
Republican County Central Committee Candidates

We are economically and socially conservative Republicans, who are pro-business and pro-family. We believe in increased business and jobs; stronger more stable families; and we strive to uphold high standards of public and personal ethics.

54th Assembly District
Republican
County Central Committee
Candidates

Kenneth Buchanan

Michael A. Durst

Jeanne Goodin

Paul A. Jessen

Marjorie Anne Kinney

Michael W. Webb

Ronald R. Yates

We Would Like Your Vote

Vote For 7 Candidates
County Central Committee

Conservative Republican Leadership

"When I am elected your **Conservative Republican Congressman** from the 38th District I will work, and vote, to reduce wasteful government bureaucracy by voting **AGAINST** any bill that means **higher taxes** and **bigger government**. This is completely different from my incumbent opponent, **Steve Horn**, who **voted FOR higher taxes** and **bigger government** 12 out of 15 times!! Just like his **Democrat** Colleagues!!"

"As your Conservative Republican Congressman, I will work, and vote, to uphold **ALL** of your Constitutional Rights, including the Second Amendment. This is completely different from my incumbent opponent, **Steve Horn**, who trampled all over our Constitutional Rights and *cast the deciding vote* **FOR** the **Democrat** Gun Control Law!! Just like his **Democrat** Colleagues!!

"**Steve Horn** votes *more* like a **Democrat** than most **Democrats**!! Since he *talks* like a **Democrat**, and *votes* like a **Democrat**, maybe he just ought to *re-register* as a **Democrat**!!"

On June 7th, vote for **JOHN DUKE**, the only **REAL** Republican

Duke For Congress

U.S. CONGRESS • 38TH DISTRICT

PAID FOR BY THE DUKE FOR CONGRESS COMMITTEE

Guest Columnist

The White House In 1996
Meaningful Communication Key

by Richard Poirier

If there was a way for Republicans to regain the White House in 1996, elect more federal and state Republicans into office, increase personal safety and prosperity, while at the same time lower taxes, reduce government and steadfastly maintain our Constitutional Bill Of Rights, would you be interested in learning how? Most Republicans would say "yes" but are baffled about how to achieve these goals.

Achieving political goals are not really that different from achieving other types of goals, personal or business. They all start with evaluating whether the goal is worthy and possible in order to justify the time and expense required to do the necessary work to overcome obstacles in the way of achieving the goal.

Surely these goals are not only worthy but necessary if this country is to remain free in the traditions of the brave individuals who founded it. These goals are also essential if this country is to remain a world symbol of the political and ethical philosophy of the unalienable rights of the individual with government acting as authorized agent of the free individual.

All of these goals have been accomplished in the past so it is reasonable to say they are possible and could be achieved again. As individuals and as a party we have demonstrated in the past we have the resources and initiative to do the work required to overcome obstacles that stand in the way of achieving goals that have stirred our passions.

So, given the fact we have worthy goals that can be achieved, what's the problem? Why are so many still in a daze not quite understanding why the Republican party lost the White House in 1992 and will not regain it in 1996 unless it changes its mode of operation.

First, let's review some of the major Republican mistakes that resulted in an unknown Democratic Governor winning control of the federal government. It started with George Bush's inability to make timely progress with the severe recession over a three year period. This resulted in Bill Clinton's unsubstantiated claim that a change (any kind of a mindless change) was better than maintaining the status quo. Many voters bought Clinton's argument.

Next, Bush's refusal to drop Dan Quayle from the party ticket was perceived as arrogance by the public who clearly felt that Quayle was less competent to run the country than Bush if anything happened to Bush during his second term.

The American people will not tolerate illogical stubbornness masquerraded as loyalty. Americans want a candidate that makes sense. Someone who will implement solutions to major problems.

Another mistake was the abortion issue. Regardless of how one feels about abortion, the issue was not and is not worth losing the White House over and the possibility of losing your own house and personal possessions as a result of liberal Democrats not having the power to drive the United States out of bankruptcy. Many women and men who believe in the basic Republican philosophy refused to vote for Bush solely on the abortion stand.

Finally, Ross Perot was just what Clinton needed to assure him victory without a majority vote. Perot addressed the issues that the American people were concerned about. It is a sad commentary when a Third Party candidate articulates issues that Republicans lacked the courage to take on directly.

Now let's address what needs to be done to achieve our goals. The primary requirement is that all Republicans must engage in meaningful communication with the public: from your next door neighbor to the national press. It is ludicrous to represent the finest political doctrine and economic theory in virtual silence.

The Republican party is often thought of as the party for the rich and powerful, and the Democratic party as the party for the poor and downtrodden. When such an erroneous public perception exists, it is the responsibility of every Republican to correct this misconception. Political principles that support a conducive

continued on page 14

Richard Poirier

Poirier graduated with Highest Honors from Boston University College of Communications, was an Associate Member of the Beverly Hills Bar Association, Entertainment Law Section, and the Hollywood Chamber of Commerce. Richard is fond of pointing out that he is a business man, not an attorney, however, assist in negotiating and resolving contractual disputes in the entertainment industry has forced a crash course in U.S. Constitutional Law. Richard was former Director of Operations, Warner Bros. Records and Warner Home Video W.E. International. He is President of Richard Poirier and Associates, a business and talent management firm in Los Angeles and is currently an Executive Committee Member for the Republican Party Central Committee. He is also a member of the 29 A.D. and 20th S.D. Central Committees. He is a member of the California Republican Assembly and the International Platform Association.

JOHN L. MORIARITY
FOR JUDGE

John L. Moriarity has 30 years of trial experience in the Courts of our County. He is a Commissioner of Narcotics & Dangerous Drugs for the County of Los Angeles and is a member of the Sheriff's board of Directors for the S.A.N.E. program. During 20 years in the Army Reserve and active duty he rose to the rank of Colonel, was a Judge Advocate and then Supervising Judge Advocate for Arizona, So. California and So. Nevada.

John Moriarity is endorsed by: Hon. George Deukmejian, Los Angeles Police Commissioner Bert Boeckmann, Past D.A. of L.A. County Robert Philibosian, Sup. Mike Antonovich, Sybil Brand, Presiding Judge Alan J. Niles, Hon. Matt Fong, Micheal Reagan, Chief/Sen. Ed Davis, A-Ist. Chief Jesse Brewer, Asst. Chief Robert Vernon, Sen. Cathie Wright, Assm. Paula Boland, and the Honorable Dr. Turse Del Junco.

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FOR JUDGE
Superior Court - Los Angeles County Office #2

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Jack Harden
Common Sense Solutions

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Paid for by Jack Harden for Insurance Commissioner

California's
REPUBLIC REPORTER
COUNTY, STATE, AND NATIONAL POLITICAL NEWS

Select Candidates - Vote June 7th

JOHN DUKE

FOR CONGRESS

38th Congressional District

John Duke is a no-nonsense, non-politician who wants to go to Washington to REALLY represent the people in the 38th Congressional District. Unlike Steve Horn, John Duke will fight to uphold your Constitutional rights, as well as work to reduce big government and give back to the states the right to run their own state affairs. John believes that the Federal government was designed to facilitate state affairs, not interfere with them. On June 7th, vote for John Duke for Congress.

JOHN L. MORIARITY

SUPERIOR COURT JUDGE - OFFICE #2

John L. Moriarity is a Commissioner of Narcotics & Dangerous Drugs for the County of Los Angeles and is a member of the Sheriff's board of Directors for the S.A.N.E. program. During 20 years in the Army Reserve and active duty he rose to the rank of Colonel, and was a Judge Advocate and then Supervising Judge Advocate for Arizona, Southern California and Southern Nevada.

GIL CARRILLO

FOR SHERIFF

Experienced, intelligent, and dedicated to public service, Gil now offers the people of Los Angeles County the opportunity to elect effective visionary and tough leadership to the post of Los Angeles County Sheriff. "It is my vision that all men and women of the Sheriff's Department be the best and not have anything less than the *pride, integrity* and *esprit* that it takes to be a *good* cop." Put his 22 years of experience in the Sheriff's Department to work, elect Gil Carrillo as our next Los Angeles County Sheriff.

JACK HARDEN

INSURANCE COMMISSIONER

End Fraud - Cut Rates 50%

Since Jack ran his Common Sense campaign for Insurance Commissioner in 1990, he has not changed his "TRUTH IN CLAIMS" theme, nor diminished his determination to overturn Prop 103 with a new initiative which, by eliminating fraud, will reduce the cost of claims by more than 50%, reducing the cost of auto insurance by 50% for the average Californian. Jack has the agenda to save us money and deserves your vote.

JOHN SCHOCK

SUPERIOR COURT JUDGE - OFFICE #93

John Schock will be a tough, fair, and impartial judge based on his judicial experience in both Superior and Municipal Courts, his superior academic background, government experience with the criminal justice system and over 22 years as a trial lawyer. On June 7th, please vote for John Schock.

WOLF DALICHAU

FOR U.S. SENATE

Wolf Dalichau believes it's time to try bold new ideas to repair our California dream. Wolf wants to get a handle on 1) Illegal Immigration that threatens California's budget and sovereignty, 2) Middle class survival, 3) Business engulfed in a sea of red tape, 4) Crime that empends our schools, streets and homes. Our way of life is too vital to be left to professional politicians who give us promises, promises, promises. If you seek change, Wolf would welcome your support at the polls on June 7th.

RONALD R. YATES

54TH A.D. CENTRAL COMMITTEE

Ronald R. Yates, agrees to accept this non-paid, volunteer position and do his very best to: 1) Carry out the business of the Republican Party in the district, 2) Help to organize the precincts, 3) Help to find and develop candidates to run for county, state and national office, 4) Help to promote these candidates to the best of his ability to ensure that they are elected. Yates is the volunteer editor & publisher for the Republican Party of Los Angeles County as well as the editor & publisher of *California's Republic Reporter*.

So, please, Vote "YES for YATES" on June 7th.

NICK STANSFIELD

FOR TAX ASSESSOR

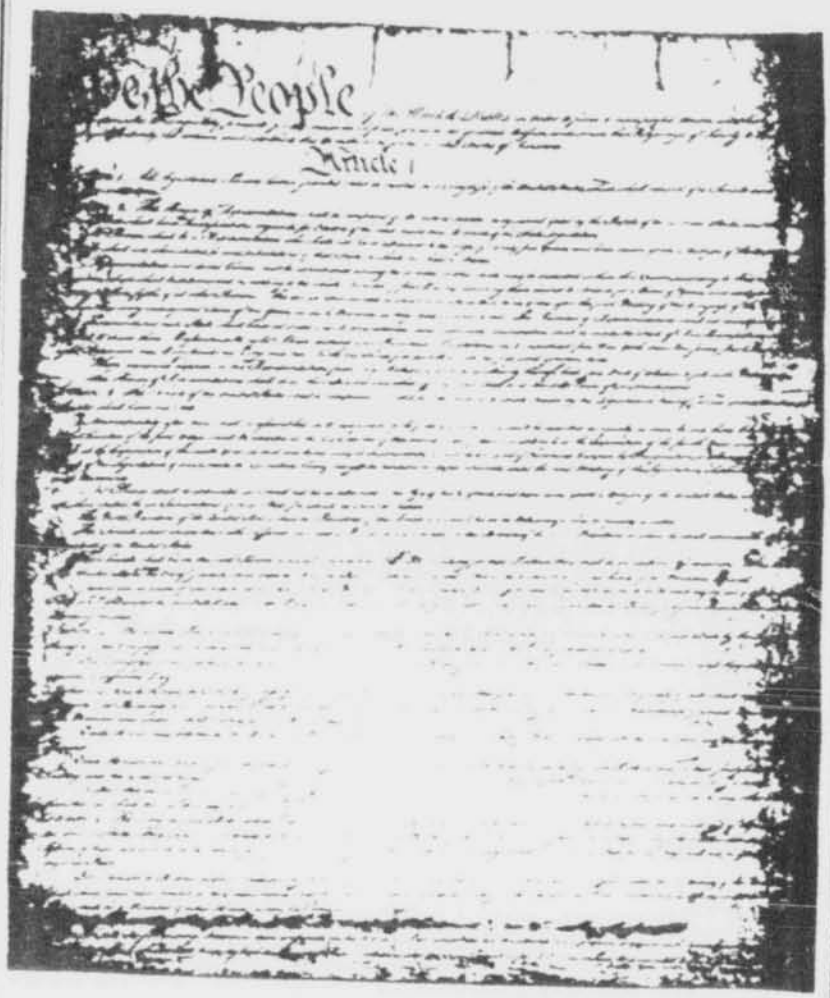
Nick Stansfield has 24 years of hands-on experience as a Los Angeles County Deputy Assessor. He feels that the position of County Assessor is a position of trust, that the people trust the Assessor to be treated fairly and not to have their paperwork mishandled resulting in late fees and interest. As your new Assessor, Nick will implement new procedures to see that all tax payers receive their bills in a timely, professional manner.

The History Of The United States

Constitution

William Galdstone, a nineteenth century British statesman, once observed that, "As the British constitution is the most subtle organism which has proceeded from the womb and the long gestation of progressive history, so the American Constitution is, so far as I can see, the most wonderful work ever struck off at a given time by the brain and purpose of man." Yet the Constitution was not created in a vacuum. Rather, most of its elements stem from the history and traditions of the American colonies. It was the happy blending of established forms with the keen political insight of the Framers of the Constitution which gave us the document which, with relatively few amendments, has proven so effective as a framework for governing the United States of America.

Two important questions, then, are what are the traditions which underlie the Constitution and how did the Framers create something new and great out of these traditions.


We the People
Article 1

Traditions underlying the government, including the Mayflower Compact (1620) and the various colonial charters issued at the discretion of the King were part of the government process in the American Colonies from the beginning. The settlers in the new World sometimes went beyond the original royal charter to set the rules under which they agreed to be governed. The Mayflower Compact is an example of such an agreement. In 1639 the freemen of several towns in the lower Connecticut, the first written constitution that nay American commonwealth framed for itself, and, according to Allan Nevins and Henry Steele Commager, the first such constitution anywhere in the Western world.

Bicameralism (a two-house legislature) and an emphasis on the power of the popularly elected "lower" house are important in the American tradition. The Constitution provided for a bicameral Congress, and all but one of the nation's fifty states (Nebraska is the exception) have a two-house legislature. Members of the United States Senate are popularly elected now, although the constitution did not require election until passage of the Seventeenth Amendment in 1913.

The power of the colonial lower houses served as a check on the colonial governors. It was the control exercised over appropriations by the lower houses which was the most important weapon against the governors' arbitrary exercise of power. The Framers had to counteract the preference for a weak executive, for reasons which are touched upon below. Nonetheless, the colonial past is still reflected in the relative weakness of many states' governors.

The existence of a powerful and extensive judicial system and of a system of "common law" (or judge-made law) is a part of the colonial heritage, in turn derived from English tradition. Case by case, judges contribute to the understanding and application of law and, indeed, of the Constitution itself.

Another element of the American political heritage is the important role of local government. Today, thousands upon thousands of local governmental bodies - school districts, counties, cities, and numerous others - form an important part of the American form of government. Local government in America had its origins in the Colonial period. Then as now, local government served both as a training ground for leaders and as an area for experimentation and exploration of ideas about how to govern best.

Next Issue: The U.S. Constitution through Article I.

LACFRW BALLOT RECOMMENDATIONS

Los Angeles County Federation Of Republican Women Ballot Recommendations for June 7, 1994:

PROPOSITION 1A: Earthquake Relief and Seismic Retrofit Bond Act Of 1994
OPPOSE: The bond will cost taxpayers $4.5 billion to repay. Earthquake victims will receive less than half of what it will cost taxpayers. Earthquake repairs could be financed by previously approved unspent bonds.

PROPOSITION 1B: Safe Schools Act of 1994
OPPOSE: Half the State Budget goes to education already, and 60% of the amount budgeted does not reach the classroom. Voters have approved almost $7 billion since 1982 for school construction alone. Taxpayers cannot afford to pay for more indebtedness.

PROPOSITION 1C: Higher Education Facilities Bond Act Of June 1994
OPPOSE: Voters passed $900 million higher education bonds two years ago. We cannot afford more bond indebtedness. Higher education facilities have the options of using commercial buildings currently available for classrooms instead of costly construction.

PROPOSITION 175: Renter's Income Tax Credit. Legislative constitutional amendment that amends Constitution by allowing a credit to qualified renters against their net income tax.
OPPOSE: Acknowledging some merit in allowing income tax to renters, it is not prudent to lock specific refund amounts into the State Constitution. As the state's financial climate changes, the provisions of this amendment are best considered in the legislature.

PROPOSITION 176: Taxation of Non-Profit Organizations—Legislative Constitutional Amendment.
SUPPORT: The measure would protect the voluntary donations, gifts, etc. to tax exempt non-profit organizations. It would help to recognize the social benefits of these organizations. Schools benefit greatly.

PROPOSITION 177: Property Tax Exemptions, Disabled Persons' Access - Legislative Constitutional Amendment.
SUPPORT: The 1990 Americans With Disabilities Act required owners of public accommodations i.e. hotels, cafes, stores, theaters, etc., to improve access to, and use of their properties by the disabled. Businesses should not be assessed higher taxes for such mandatory improvements.

PROPOSITION 178: Property Tax Exclusion, Water Conservation Equipment - Legislative Constitutional Amendment.
OPPOSE: There is already financial incentive for farmers to install water conserving irrigation equipment because these systems use far less water which in turn would reduce water bills. Every non-farmer in the state will pay for this special interest tax break.

PROPOSITION 179: Murder Punishment. Legislative Initiative Amendment. Provides for a sentence of 20 years to life upon conviction of a second-degree murder that is committed by intentionally shooting a firearm from a vehicle at another person outside of the vehicle with the intent to inflict great bodily harm. **SUPPORT**

PROPOSITION 180: Park Lands, Historical Sites, Wildlife and Forest Conservation Bond Act.
OPPOSE: This is the biggest ever "something for everybody" bond issue. The cost to the taxpayer will be $3.6 billion over 25 years if sold at six percent. This package of over 400 projects statewide, and in Central America, includes many of questionable merit. We can neither afford them nor can we give them such high priority over other state concerns.

Vote ☑ *June 7*

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36th Congressional Candidate Ron Florance . . .

Republican Asset or Potential

Republican *Embarrassment?*

Ron Florance's Legal entanglements are potential cannon fodder for a wealthy democrat incumbent like Jane Harman. In a recent press conference, some of the 40 lawsuits against Florance and his companies were explained away by the candidate, but many were not. Voters on June 7th must decide which candidate will stand the best chance against Jane Harman; Ron Florance or Susan Brooks. Both candidates agree on most of the issues, and the 36th Congressional District is a predominately Republican district, but one candidate has flawlessly served her community as a councilwoman and mayor and the other will be testifying as a defendant in a business fraud lawsuit in October - just a few weeks before the general election. Does anyone in the Republican Party really believe that this little distraction will go unnoticed by the democrat incumbent that is worth almost a billion dollars? In her last election, Harman waged one of the dirtiest political campaigns in California history against her Republican opponent, often blowing things out of proportion, and often just making things up. Harman must be licking her chops just thinking about having an opportunity to face an opponent like Florance, with all of his legal entanglements, and carve him up. In fact, there is speculation that Harman supporters are actively supporting Florance, physically and financially in his effort against Brooks because the Harman Camp wants nothing to do with facing a candidate like Susan Brooks in the General Election in November. (Brooks is favored to win the Nov. 8th General election against Harman if she succeeds against Florance in the June 7th primary) In America, a person is innocent until proven guilty in a court of law. At this time, Ron Florance is innocent of the fraud charges that were levied against him, and perhaps (and hopefully) he will be found innocent at his trial that is scheduled to take place in the middle of October. But what if he isn't ? Can you imagine if Ron Florance wins the June 7th primary and is in the middle of a campaign against Jane Harman, two weeks until the election, and he's found guilty of fraud? He will be the Republican laughing stock from sea-to-shining-sea. And the Republican Party will not only have lost an excellent opportunity to regain this Congressional seat, but will have sustained one of the blackest eyes in memory. Can we afford to take this chance? Why, if Ron Florance is such a 'good' Republican, is he insisting in putting the Republican party at such risk? What is Florance's real agenda?

Ron Florance

The Ron Florance Record

In an interview at a press conference, Ron Florance told reporters that he has never been sued personally.

NOT TRUE.

Ron Florance has been personally named as a defendant, or co-defendant in at least 20 of his 55 lawsuits. He is at present being sued personally in Los Angeles County Superior Court for fraud, deceit and breach of contract - **Peninsula Wallace Partners, et. al. v. Wallace Ranch Associates and Ronald M. Florance,** Case No. YC 007195 (cross-complaint). The cross-complaints are seeking $5 Million dollars in damages from Florance.

Florance is also named personally as a cross-complaint defendant in another Los Angeles County Superior Court case, **Coast Construction Company v. Wallace Ranch Associates, Ronald M. Florance** et. al., Case # SWC 112594, which is going to trial on October 17, 1994 - just three weeks before the general election. Florance has been charged with fraud and/or misrepresentation by the cross-complaints. Florance settled with the original plaintiff, Coast Construction Company, for $900,000 in September, 1993 shortly after Coast filed papers with the Court accusing Florance of bad faith and asking the Court to preserve evidence of Florance's bad faith.

Florance is personally named in a third active lawsuit brought by his partners in the Wallace Ranch development to force an arbitration, **Esfahani et al. v. Ronald Florance and Carriage Realty,** Case No. YC 014684. Florance's partners contend that he had 'substantial individual liability' in the lawsuit brought by Coast Construction Company and is therefore responsible for the bulk of the $900,000 settlement with Coast. Florance's business partners also contend that he improperly refused to pay other obligations of the partnership. The arbitration session should be taking place in the near future.

Florance Tries To Charge His Campaign Interest!

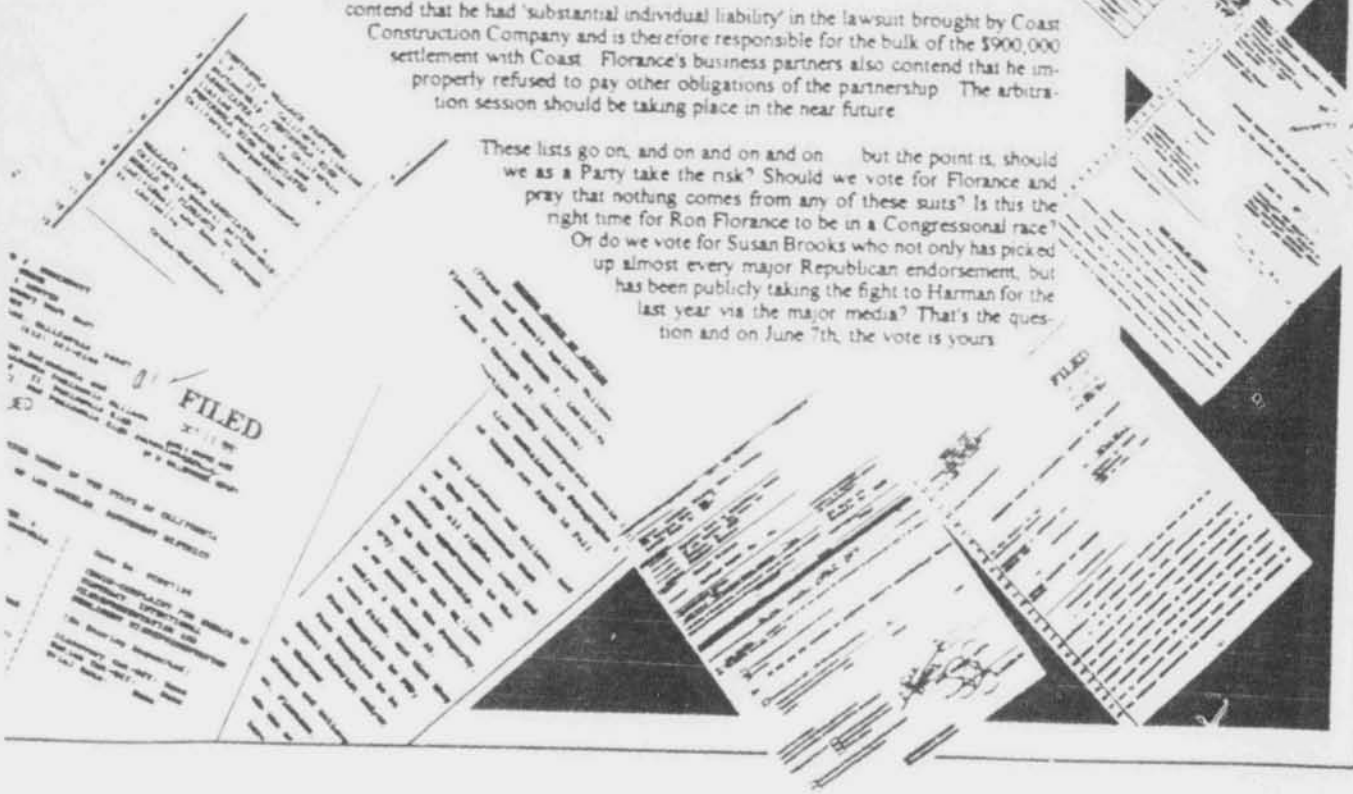
In a new twist to campaigns, politicians and money, Ron Florance admitted that he tried to charge his campaign contributors 10% interest on the personal loan that he made to fund his campaign!

A 10% interest charge on Florance's $150,000 loan to his campaign appeared in Florance's March 31, 1994 campaign finance report submitted to the FEC. A Florance spokesman said the interest charged to Florance's campaign was intended to offset the interest Florance lost from the bank when he transferred the funds from the bank to his campaign.

The interest would have been paid for by money raised by contributions to Florance's campaign.

After the interest-bearing loan was made public, Florance decided to waive the interest. Referring to Florance's attempt to charge his campaign interest, Florance's spokesman s: " "It's not a good political decision."

These lists go on, and on and on and on but the point is, should we as a Party take the risk? Should we vote for Florance and pray that nothing comes from any of these suits? Is this the right time for Ron Florance to be in a Congressional race? Or do we vote for Susan Brooks who not only has picked up almost every major Republican endorsement, but has been publicly taking the fight to Harman for the last year via the major media? That's the question and on June 7th, the vote is yours.



In My Opinion . . .

by Ronald R. Yates • Editor in Chief

I've Just Got One Question:

Do the Editors of the L.A. Times Bother To Read Their *Own* Newspaper?

One would certainly wonder, considering the current position that the Times editorial staff has taken toward David Roberti for the last several months.

For the past several years the Los Angeles Times has done their best to portray the current-Senator David Roberti as an overindulgent carpetbagger who at best is a liar, and at worst is a corrupt politician who was nimble enough not to get caught red-handed (as were his cronies.)

In issue after issue after issue after issue, the L.A. Times gave credibility to Roberti's nickname of 'Dirty'. Yep, 'Down and Dirty' Roberti always seemed to be just one step ahead of the law, and the Times always seemed to be just one step behind him, ready to pounce at any given moment.

For example:

1. Los Angeles Times - Friday, November 29, 1991 - Page A30:

"The biggest stain on Roberti's record as Senate leader is the corruption scandal that led former Sen. Robbins (D-Van Nuys) to resign earlier in this month and agree to plead guilty to racketeering and tax evasion charges. Former Sens. Montoya (D-Whittier) and Carpenter (D-Cypress) were convicted last year by federal juries on extortion and racketeering charges. Roberti acknowledged that he could not have become pro tem in 1980 without the support of the trio. After taking power, he (Roberti) rewarded all three with important positions. The Senate leader (Roberti) appointed Montoya as chairman of the Senate Business and Professions Committee, a post he used to extort honorariums and campaign contributions from people seeking legislative action before his committee. Roberti appointed Carpenter (who has since fled the *country*) to the Democrat caucus chairman, the number three position in the Senate. Carpenter was responsible for raising campaign money for Democrat legislators and used his post to extort money from interest groups pushing for passage of legislation in the Senate. Until Robbins resigned from the Senate, Roberti kept him in the post of chairman of the Senate Insurance, Claims and Corporations Committee. All three lawmakers had reputations for heavy-handed fund raising and sleazy back-room deals long before the FBI caught up with them. But Roberti took no action to limit their power. Roberti declined to discuss the cases of the three senators."

2. Los Angeles Times - July 28, 1992 - Editorial Page - Editorials:

Editorial Headline - "Oops - Changed My Mind" Sub-head -Five lawmakers, post-election, now say they'll take that pay hike'

"Candidates say one thing in public then doing something else in private isn't new in American politics. But the recent actions of five California incumbents offer new fuel for cynicism in an already angry electorate. Pointing to the state's $11 billion budget crisis, the five lawmakers -including Senate President Pro Tem David Roberti (D-Los Angeles)- publicly rejected pay hikes during their recent campaigns only to ask for the money when it was too late to affect the election results."

3. Los Angeles Times - June 3, 1993 - Section A - Government Report

Headline - "State paying for Security at Roberti's Residence" Sub-head- "He is the only lawmaker with a taxpayer-financed home system."

"State Senate President Pro Tem David A. Roberti for the last eight years has been granted the special benefit of a home protection system at taxpayers expense, The Times has learned." "The Senate Rules Committee in 1985 secretly authorized the system costing $10,500 at Roberti's Los Feliz-area house and three years later earmarked another $2,300 for a system at his Sacramento home, committee officials said."

Same Article - "Roberti acknowledged that the security equipment remains at his Los Feliz (Hollywood) house, even though he established a separate voting residence last year by renting a home in Van Nuys just to qualify to run in a special election in the San Fernando Valley. Roberti said he sometimes stays there during the day but hasn't slept there since November (1992)."

The Los Angeles Times took great pains to let the electorate know what kind of a guy Roberti really was. In just these three articles he was portrayed as: 1. The leader of three corrupt, indicted, and convicted senators. 2. Betraying the public trust by lying, saying he wouldn't accept a pay raise to get elected and taking it anyway. 3. Abusing the public trust by taking 'secretly given' taxpayer financed perks. (Do you remember the squabble that went on about Ollie North's tax payer financed security system? He was *crucified* by the media.) 4. Unabashedly carpetbagging to steal the 20th State Senate seat.

For years, the Times consistently painted such a good picture of a scurrilous Roberti, that their readers actually believed it to be true, and as the years went by their anger toward Roberti fermented into a rebellion.

Lately, however, the winds of change have been wafting through the Editorial pages of the LA Times. The one-time 'Down and Dirty' Roberti has been magically transformed into 'Saint David de la Sacramento'. Roberti has become, in the eyes of the Times, Southern California's Golden Boy guilty of no wrong-doing simply because a *certain lobby* has helped the electorate in the district do what they could not do for themselves: help to bring about a recall election and try to finally get rid of the bum!

Here are a few recent examples:

1. Los Angeles Times - February 9, 1994 - Editorial Page - Editorial Headline - 'Roberti Recall: Taking Aim at Courage'

"To hear his opponents tell it, the campaign to oust longtime state Sen. David Roberti (D-Van Nuys) is an effort by grass roots reformers to clean up corruption and cronyism in Sacramento. But make no mistake. The recall election scheduled for April grew out of a very different issue-gun control. This is manifestable even though the campaign has picked up support from assorted Roberti opponents who were unhappy with him for other reasons. A recall election is intended to remove officials who violate the law, abuse the public trust or become so infirm to carry out their duties. It was never meant to silence those who vote their conscience. Southern California needs a savvy veteran like Roberti in Sacramento."

2. Los Angeles Times - Sunday April 3, 1994 - Editorial Page - Editorial Headline - "How to Send a Strong Message" Sub-Head - 'Answering the absurdity of the Roberti recall April 12'

"Just eight weeks. The shortness of that period offers the best representation of how silly, vindictive and wasteful the recall election against Sen. David A. Roberti (D-Van Nuys) is. the recall effort should not be ignored or taken lightly. It should be used to send a message to any and all who would bastardize the recall process because they disagree with an elected official on a single issue. It should be used to demonstrate that such juvenile antics will not be tolerated by a sophisticated Los Angeles electorate."

So the question keeps nagging at me:

Do the Editors of the L.A. Times bother to read their *own* newspaper?

It certainly appears that the long arm of 'Saint David', our *savvy* veteran politician, has come down from Sacramento and 'squeezed the grapes' of the editors at the Times. Now, it seems, that L.A.'s booming baritones of the editorial pages have been reduced to squeaky sopranos, screeching and squealing a song FOR Roberti that is so out of tune with their very own words which were published AGAINST him that, "such juvenile antics will not be tolerated by a sophisticated Los Angeles electorate." And these antics will not be soon forgotten, for the wine from those 'squeezed grapes' that is being served up to their readers is not only bitter to swallow, but it's backwash has spilled down upon their journalistic reputation leaving an indelible stain that won't easily be washed away.

My name is Ronald R. Yates, and that's my opinion. What's yours?

You are invited to send in your thoughts and comments for publication to:
California's REPUBLIC REPORTER News Bureau
1301 Sunnyside Terrace • San Pedro, CA [illegible]
Phone: [illegible] • Fax: [illegible]

LETTERS TO THE EDITOR

'pride, integrity, and guts,'

Dear Editor,

On August 31st, 1993, after much discussion with my family, I decided to run for Sheriff of Los Angeles County because rampant disregard for human life and property are everywhere. It is shameful that law breakers are suppressing the rights of the law abiding. It is shameful that law breakers have created an environment in which we cannot accomplish even the simplest of tasks such as: filling your car with gas (car jackings), sending your children to school (drugs and gang violence), or just simply trying to watch TV in the sanctity of your own home (drive-by shootings).

As a 22 year veteran of the Los Angeles County Sheriff's Department, I also know that there are many internal problems that have led to extremely low morale and minimal communication between management and the rank and file within the department.

I just can't sit back and watch anymore. There are too many problems that aren't being addressed and, if we don't get involved, it's going to get worse.

It is my vision that all men and women of the Sheriff's Department be the best and not have anything less than the pride, integrity, and guts that it takes to be a good cop.

It is my opinion that without change, today's cop will not possess the necessary zeal, vigor or desire which is needed to once again be proud of being a member of the Los Angeles County Sheriff's Department!

I believe I am the right person to bring about these changes in the Department, and that is why I am asking for your vote on June 7th for Los Angeles County Sheriff.

Thank You.

Gil Carrillo
Candidate For
L.A. County Sheriff

Tax Bills In The Trash?

Dear Mr. Yates,

The number one reason I decided to run for Assessor is to help Tax Payers who do not receive their bills. It is the continuing policy of the Assessor to trash tax bills which are returned by the Post Office, undeliverable because of a wrong name or address on the bill. This accounts for 50,000 "mysteriously missing" tax bills each year with the Assessor blaming the Tax Payer for the missing bills and thus justifying late penalties and interest. As an investigator for the Assessor I first brought this to the attention of John Lynch, the prior Assessor, in a ten page memo in 1987 (see attached memo, Don Paul park). I couldn't understand why the Assessor would allow frustrated Tax Payers to constantly be filling our offices and swamping our Public Service Counters when we could so easily avoid the whole problem by promptly correcting and re-mailing the bills. I continued to bring this to the attention of top management each year without success. When John Lynch was running for re-election in 1990, I personally confronted both John Lynch and his Assistant Assessor, Mr. Roy Sharman (both candidates in the coming June Primary) in an attempt to gain permission to correct and remail the returned tax bills. They did no permit me to work on the problem. I think this problem goes to the heart of the mammoth fiasco created by the Lynch administration. John has some good qualities but being a good listener doesn't seem to be one of them. In fact many employees think he is deaf. In spite of overwhelming evidence to the contrary, as Assessor he went blissfully right on his way failing to perceive that his empire was the first incumbent Assessor in 100 years to be voted out of office. Since I was unable to gain Mr. Lynch's ear privately, I had this issue printed in the L. A. Times by his opposition (copy attached). He issued a statement in the paper disclaiming all responsibility for undeliverable tax bills. What he failed to note is that on the back of every L. A. tax bill it states that the name and address on the bill is the Assessor's responsibility. Any tax payer can check his own bill for proof of this. Well, you know the story from there. John Lynch was voted out of office. Kenneth P. Hahn (not related to retired Supervisor Kenneth Hahn) was voted into office and now for the last four years Hahn has continued to trash the undeliverable secured tax bills in spite of my appeals, memo (attached), and conversation with him.

It is my firm belief that my campaign is going to be successful in improving the handling of badly addressed tax bills. It most certainly will be if I am elected.

Nick Stansfield
Candidate - County Assessor

Truth In Claims Vitally Needed

Dear Editor:

Your readers will all be interested in knowing how Jack Harden plans to save 50% on their auto liability policies and 30% to 40% on Workers compensation if elected insurance Commissioner.

Our Truth-In-Claims initiative, by shining the light of truth on the phone bodily injury claims, will end the fraud that comprises more than half of the cost of liability insurance in California. These fraudulent injury claims could not exist, but for the fact that their perpetrators are protected from investigation until after they file the law suit within the one year statute and after they serve the defendant. This information barrier permits the dishonest claim to fester and grow, to accumulate bogus treatment bills and to incur phone disability losses. When finally allowed information through expensive discovery procedures, the defendant finds that the plaintiff has recovered, medical rebuttal is impossible, and the books have been cooked.

The Harden/Furbee claim reform crashes this barrier; forcing the injured to divulge medical and disability information within weeks and attend an examination and early settlement talk without the intervention of attorneys. Honest claims will receive the best ever attention, phony claims will be squelched.

While the prime factor of Work Comp fraud is much the same as auto (both driven by injuries which have no objective evidence), the fraud has arisen in a different cultural setting, due to the employer's right to information. The fraud in Work Comp arises from the acceptance by liberal judges of alleged pain disorder, mental stress, and occupational disease as valid, even when there is no objective medical evidence.

By deleting pain disorder, stress, and disease with no objective medical evidence from the definition of Compensable, Work comp rates in Oregon were reduced by 30%. They said, "This system is for workers and employers." Those with vested interests in the status quo, i.e. doctors, lawyers, and insurance companies, were left out of decisions. In our State, since we lead the world in fraud, we should best Oregon by 5% and reduce the cost of Work Comp by one third at least. As your Commissioner, that will be Jack Harden's goal.

Jim Furbee
Redondo Beach

What is a President?

Dear Editor,

A president is a person elected to lead a group, such as a nation. He or she should be of good character, honest, truthful, one who has integrity, a leader of the group skillful in handling matters affecting the entity he or she represents, and in matters involving relationships with other groups that may be involved with the larger organization, such as one nation and it's relationship with other nations.

He or she should be one that we can look up to, respect, trust, and have confidence in, whose background is one that is unquestionable as to morals, accepting a call to service, one who has set a good example for others to follow. I wish our country had a President.

Dan Falconer
Harbor City, CA

Dear Dan,

I think that is on everyone's wish list, but before we take back the White House in '96, let's take back Congress in '94!

R.R.Y.

Featured Columnists

Washington D.C.
The Inside Report

by Robert Novak

Anti-Dole Revolt

Back-bench Republican senators, unhappy with Minority Leader Robert J. Dole's handling of health care and Whitewater, are proposing a challenge against him for re-election as leader by a reluctant Sen. Trent Lott.

Grousing about Dole is strong among first-termers, particularly Sen. Paul Coverdell. Lott has not launched a campaign to oust Dole but was among members of the Steering Committee, the informal caucus of conservative Republican senators, who complained at a recent meeting that Dole has not been pushing for Whitewater hearings.

Sen. Alfonse D'Amato told the Steering Committee that he was ready to seek a Senate vote on hearings but was dissuaded by Dole on grounds that it would be to no avail. Sens. Ted Stevens and John McCain complained bitterly. An outside guest - Rep. Jim Leach, ranking Republican on the House Banking Committee - egged on the senators.

Quayle Making Enemies

Dan Quayle's memoir "Standing Firm," while intended to revive his political stock, has antagonized key Republicans - led by Jack Kemp and William J. Bennett - who defended him during his beleaguered vice presidency.

"I think he's finished," Bennett tells friends. The Quayle book rakes Bennett's performance as President Bush's Drug Czar. He is furious at receiving this treatment after, "we spent a lot of our effort to make sure that he (Quayle) be kept on the ticket."

Kemp, whose family has had a close relationship with the Quayles, was treated even more roughly. Quayle questioned Kemp's loyalty to Bush, adding that the President would have been justified in letting him go." When he learned of this, Kemp commented to Bennett in jest, "I'm going to hire Bob Bennett to file a defamation suit." Robert Bennett, Bill's brother, is a leading Washington criminal lawyer just retained by President Clinton.

Quayle's Backers

In the face of angry rebukes from former members of the bush administration over his vice presidential memoir, "Standing Firm," Dan Quayle received a warm endorsement from John Sununu.

Sununu was not exempt from Quayle's strafing, but he is saying that the book is "very accurate." He agrees with Quayle's assessment that there were sufficient grounds to fire Jack Kemp as housing secretary. What's more, Sununu confides that Quayle is best equipped of any Republican to become the next president.

That runs counter to advice Quayle is getting from Washington-based political operatives who in the past had been close to the former vice-president and are now telling him to forget a presidential run in 1996. In fact, they add, Quayle's book may well have also cooked a possible campaign for governor of Indiana that year (which Quayle has ruled out in any event).

The Honorable Dan Quayle, former Vice President of the United States is shown above displaying his good sense of humor during the forum, 'Do Conservatives Have a Sense of Humor?' which was held at the Ronald Reagan Center for Public Affairs in Simi Valley on May 17, 1994.

Photo by Ronald R. Yates

'Vaporize Weird Pork'

by Tony Snow

John Kasich, the ranking Republican on the House budget Committee and a brightening orb in the GOP firmament, sits in his office, looking like the Fifth Beatle.

His hair dangles in a brown mop over his brow. He rocks as he speaks, faster and faster, until something propels him from his leather chair and he declares, "The American people know that the federal government just doesn't work!"

"In Washington, we've got to get rid of stuff that doesn't make any sense! We've got to let people make the decisions that they can make themselves!"

Kasich may be the only person in America who would be as likely to start a bar brawl over the Congressional Budget Office's estimate of Medicare B expenditures as about the Pittsburgh Steelers. Half-nerd, half-jock, he has become a force on Capitol Hill by mastering the normally unmanageable federal budget.

The Ohioan has drafted a Republican alternative to the president's spending blueprint for a second consecutive year, and Official Washington has beaten a path to this door. No sooner had he released his plan than he began receiving requests from such unlikely readers as White House Budget Director Leon Panetta and the editorial board of The Washington Post.

Inquiring minds want to see the fact because Kasich [illegible] Reagan preached but never practiced. He would reduce taxes — and spending. Indeed, if his proposal has a theme, it is: Lose the Dumb Stuff.

Kasich wants to cut $266 billion more than the administration recommends over the next five years, and he has persuaded fellow Republicans to support sensible slashes: Knock out subsidies to "operate" empty public housing units. Send pink slips to the Legal Service Corp. Stop pumping money into rural rental housing, since many recently built units sit vacant. Shut down the Superconducting Supercollider and the Advanced Solid Rocket Motor programs immediately, rather than dragging out their deaths for two or three more years. Turn the Federal Aviation Administration's air-traffic control system over to the air lines, and make them run it. Lump mass-transit and highway money together so politicians will have to make choices about what kind of transportation systems works best.

Fortunately, Kasich does more than vaporize weird pork. He also tackles delicate issues, such as the proper status of Indian lands and the need to cut overhead costs at federal departments and agencies.

His most impressive innovation would do something nobody has done for ages in Deal Town, USA—lay the foundations for additional reductions in the size and strength of the federal leviathan. While the Clinton budget contains dozens of sniflings for new bureaucracies, the Kasich alternative pushes a long-term program of privatization. Here, the Buckeye pol demonstrates his resolve with the nicest touch of all, a moratorium on the construction and acquisition of new federal office buildings.

Since not every assault on common sense takes place within the halls of Congress, Kasich also tracks down regulatory agencies, demanding that their red tape produce more benefits than costs.

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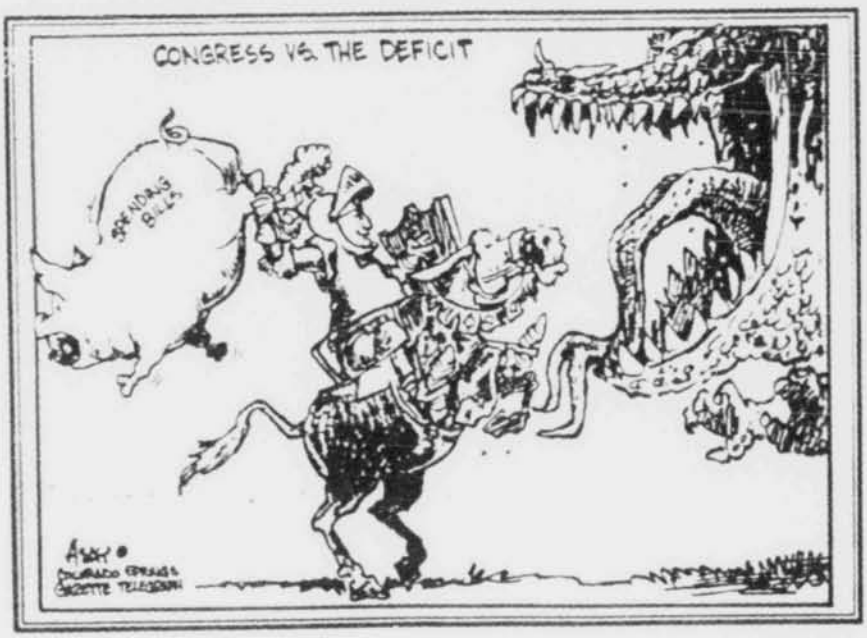

Guest Columnist

It's Time For Penal Reform

by Bob Davis

Crime is the dominant issue in this year's election. An overlooked aspect of crime is penal reform. Liberal candidates are afraid of the crime issue and don't wish to take on "Three Strikes", the death penalty or or the punishment issues. Instead they're suddenly fiscally responsible and concerned about the cost of prison and intent on addressing the "root causes" *(or should I say "root causes")* of crime.

Conservatives should address these issues too. The left has exaggerated the cost of prison from the actual $21,000 a year per prisoner (per the Attorney General) for a total of $2.3 billion dollars up to $30,000 a year and "tens of billions" if 'Three Strikes' is adopted. The ACLU TV ads are sheer demagoguery. The facts are that out of 32 million Californians only about 0.3% (three tenths of 1%) are in prison. This incarceration rate is below the national average. If 'Three Strikes' is adopted there will be a slow increase in this number and expense topping out after 30 years at about $5 billion. We can't afford NOT to imprison repeat offenders. Several studies have been done to ascertain the savings to society of incarcerating violent and/or repeat offenders. The most reliable study added up all the costs of crime theft, damage, medical bills, police, prosecution, lost time at work, insurance costs, etc. etc. and came up with a savings of $425,000 per incarceration. THIS IS THE BEST RESULT FOR OUR MONEY IN GOVERNMENT SPENDING TODAY. If you multiply that figure by the 119,000 current inmates you find a savings of over $48 billion. Almost the entire State budget for the year!

We can look to significant reforms in the prison system that will help us save money and even more importantly contribute to rehabilitation. We should not scorn the goal of rehabilitation just because previous schemes have made a joke of it. We can, by a system of discipline, teach youthful offenders many of the things they need to learn to be a decent member of society.

The system should teach responsibility and consequences in a clear, unambiguous fashion. In prison all the convict should get is a bare bones cell—no TV, not air conditioning, no luxuries. The Prisoner's Bill of Rights should be redone simply to prevent abuse of prisoners. To get any amenities he has to earn it as well as maintain good behavior. All prisoners will work a minimum of 48 hour a week at a paying job. This should be fair wage, mirroring those in private society. Prisoners who improve their output should be paid more and people should be promoted for doing good work. The idea is to be fair and to show that working and improving ones' skills pays off. Then room and board are deducted from their wages. Victim restitution and child support are deducted where appropriate. After responsibilities such as these are met convicts may then buy amenities for their personal use—a TV, a CD player, etc. And finally a savings account is kept building towards the day of release. In short, these people earn their way, meet their responsibilities and buy their amenities—just as in life. Prisoners who do not cooperate with the process can remain in their bare cell. Hard time prisons would remain for the violent, incorrigible and uncooperative.

Bob Davis

In addition to the 48 hours of work all inmates will do at least 12 hours a week of education (educated felons might learn manual arts or substitute teaching for the education). To be eligible for parole one must achieve literacy in English, basic math, and one marketable skill.

For many youthful offenders boot camps are in order. We must study the states that have successful boot camp programs and emulate theirs. We can work with the federal government to acquire discontinued military bases that will be suitable for this purpose and we must look at supply jobs and supervision upon release from the program. The truth is this kind of experience appeals to the native psychology of men and can be used to turn youths from the paths of wickedness into those of righteousness. After boot camp they might spend more time in prison working and learning (depending on the crime) but when they are ready we assist them with job hunting and we monitor and assist them upon release. In short, a well run prison system can save money and be truly rehabilitative in nature. We CAN save many of our young men.

Its time to junk the touch-feely systems instituted 30 years ago that sounded good and return to principles that work.

Bob Davis is an Assembly candidate for the 42nd Assembly District.

continued from 14

"Look at this!" he shouts, waving Exhibit "A" in his crusade.

"Here's something straight from the Federal Register. The Department of Transportation wants to create what it calls Transit Ambassadors. The Register Says:

"Ambassadors would assist (elderly and disabled citizens) in locating bus stops, understanding how the fare system works and identifying potential destinations, such as grocery stores, medical facilities, etc. Transit ambassadors would teach individuals how to use public transportation and how to read maps and time schedules."

What next? Rest-stop ambassadors to explain the mysteries of roadside hygienic appliances?

While critics accused Kasich of focusing solely on spending cuts last year, his latest production includes sections on international affairs, government reform, welfare reform, health care, crime fighting, and "empowerment."

And it finishes with a flourish, offering the most ambitious pro-growth language since the 1981 Kemp-Roth tax cuts. Kasich recommends indexing the capital gains tax, letting businesses write off equipment, expanding the use of individual retirement accounts and giving families that earn less than $200,000 a year a $500 per child income-tax credit—something Bill Clinton promised during the 1992 campaign and dropped immediately after taking office.

The late Sen. Everett Dirksen may be known best for quipping, "a billion here, a billion there, and pretty soon you're talking real money." The iconoclastic Kasich may earn his place in GOP annals as the man who proved that a billion in cuts here and a billion in cuts there — and pretty soon, you've given Republicans a real philosophy.

California's REPUBLIC REPORTER

VOLUME 1, #1

'The Welfare Reform That Wasn't'

$15 Billion To Get People OFF Welfare?!?

by Debra J. Saunders

In case you needed a clue that President Clinton's welfare reform isn't, here it is: Any welfare reform that costs money isn't welfare reform. For those of you who learned math in Washington, I will explain in words of two syllables or less — please repeat after me: When people are working, instead of on welfare, it's supposed to cost less tax money.

How then is it that the Clinton administration is drafting a package that promises to get recipients off Aid to Families with Dependent Children after two years — or at least some recipients — at a five-year cost of $15 billion?

This week, stories revealed that the gang which couldn't cut straight is having problems finding corresponding cuts in a $1.5 trillion federal budge. There's talk of a tax on gambling revenue to pay for this so-called reform, cutting other benefits or scaling back the already scaled-back proposal. (The task force is tossing around the idea of limited work requirements to parents 25 years or younger.) Please scale back, Clintonia, scale back the whole thing. America can't afford the way you put people to work.

The premise of Reform a la Clinton flies in the face of Candidate Clinton's pledge to "end welfare as we know it." Voters expect this to signal a curb on American's growing dependence on government programs. So how does Team Clinton plan on delivering less government? You know it — with more government.

On this one, Democrats and Republicans are with Clinton. Neither party is impressed with current policy that provides Medicaid coverage for families for a year after parents get off the welfare rolls: both sides propose adding a plethora of training programs. (Program boosters never seem to ask whether taxpayers should trust someone to care for small children who can't find a job before the end of a two-year deadline.) The do-gooders' patronizing view of recipients as helpless people makes it a given that parents shouldn't be expected to find jobs without their patronage.

Washington used to believe that in this capitalistic democracy, workers could start at the bottom and work their way up. Now Washington puts its faith in government and jobs programs even after it has been demonstrated that they don't work. Spend more, the faithful figure, and then the programs will work.

Which is why the task force is having trouble coming up with cuts to make up for the extra $15 billion. The idea of not giving you tax dollars to somebody has the administration up a tree. For example, The Washington Post reported that the task force considered cutting off Social Security Income (SSI) benefits for legal immigrants, three-fourths of whom are elderly immigrants sponsored by their children, with a one-year grace period for current recipients. The five-year savings: $21.3 billion. The number of non-citizens receiving SSI increased fivefold from 1982 to 1992.

In Thursday's press conference, the president rejected this suggestion. Clinton should listen to Rep. Dave McCurdy, D- Okla., a supporter of this cut who told Associated Press, "We want to give (AFDC) recipients a chance to break out. Immigrants should not be coming to the United States in order to get on the welfare system."

McCurdy is right about cutting benefits for non-citizens who haven't paid into Social Security and are under 75. But how about dumping the welfare reform package and still ending SSI benefits for non-citizens? Let the $21 billion go toward deficit reduction.

Debra J. Saunders

If Americans don't trust politicians, this issue shows why. Nobody asked voters if they wanted to give such benefits to new immigrants. It just happened. So by the time Washington did air the matter, not giving was framed as a taking away.

Doesn't make me eager to launch new billion-dollar programs.

Honesty.

Honesty. That's what you want a candidate to have when it involves the appraisal and auditing of property for the County.

Nick Stansfield, Candidate for Los Angeles County Assessor, who has 24 years of hands on experience as a Los Angeles County Deputy Assessor says, "The position of County Assessor is a position of trust. The people trust the Assessor to treat them fairly, and not to have their paperwork mishandled resulting in late fees and interest. The incumbent and prior Assessor have allowed hundreds of thousands of secured bills to be thrown away when they returned by the Post Office as undeliverable, and then pretended that they didn't know what happened to the missing bills. As your new Assessor, I will implement procedures to see that all tax payers receive their bills in a timely manner.

Nick STANSFIELD

On June 7th, Vote For

Los Angeles County Assessor

ATTENTION!

SYLVANIA

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The History of the Welfare System

45 B.C. to 1932 A.D.

Part 1/3

by Tony Bell

As far back as ancient Rome, governments have administered help to those in need. Yet today, perhaps more than ever before, the concept of welfare arouses serious misgivings, especially in the United States. It is seen as much as a vice than as a virtue. Why does public assistance seem to perpetuate, rather than elevate poverty? A look at the history of the dole will help to answer this. Then later in this serious, a comparison of various systems around the world will shed even more light on the great paradox of modern civilization—welfare.

In 45 B.C. Caesar had finished a major military campaign. He took advantage of the opportunity to carry out a broad program of reorganization and reform. This include cutting the number of free grain recipients in his empire in half, from 320,000 to 150,000. What was the overall effect of this early example of welfare reform? We may never be sure, since Rome went back to war in 43 B.C. and this again altered its economy. Caesar used two other options available in those times that we no longer enjoy — resettling poor and elderly veterans into the uncolonized Italian countryside and offering a vast public works program. However, these undertakings could be extremely hazardous.

In England, 1601, the Tudor Poor Law is launched by government a few years after Henry VIII had abolished monasteries, which for centuries had cared for the poor. Now, under the Poor Law, the parishioners of each local church could appoint an "Overseer of the Poor". The Overseers were given great powers under English Law. They could levy parish taxes for poor support. They could set able bodies to work and apprentice dependent children. They could operate workhouses and soup kitchens.

A VOLUNTEER SOCIAL WORKER visiting a London tenement in the late 19th century. Besides investigating the needs of the applicants for assistance, the "friendly visitors" tried to suggest alternatives ti relief.

Most importantly, all of this involved direct personal one-on-one contact between the helpers and "the poor". There was no bureaucracy. Volunteers visited London tenements during the Industrial Revolution and assessed individual situations first hand.

In a more modern example of welfare reform, the Poor Law Reforms of 1834 compelled parishes to unite and form "Poor Law Unions". These would operate workhouses and give relief to able bodies only in exchange for work. The laws were designed to discourage relief applications and to lower taxes. But they were abolished in 1871. The political tide shifted as more persons ascribed poverty to personal inadequacy. This was known by critics as the "Poor Law mentality".

Not all welfare attempts have been humanitarian. Otto von Bismarck used social insurance to reduce support for a revolution. In France after World War I, some wanted welfare to promote population growth and help France equal German military strength. It didn't.

The Pilgrims pretty much took the Poor Law with them to America, and founded the "almshouse". But the 10th Amendment to the Constitution leaves responsibility to the states. Thus, the following landmarks resulted prior to the federal Social Security Act of 1935:

1773 - first hospital for insane, Williamsburg, Va.
1790 - first state prison, Philadelphia, Pa.
1822 - first state school for deaf
1863 - first coordinating authority, Massachusetts State Board of Charities
1898 - first state aid to the blind, Ohio - ground broken for New York School of Social Work of Columbia University
1910 - first workmen's compensations, New York state
1911 - aid to dependent children, Illinois
1913 - first successful "community chest", Federation for Charity and Philanthropy, Cleveland, Ohio
1923 - old age assistance, Montana
1932 - unemployment compensation, Wisconsin

Another Historical Failure of Socialism

Late 1800's - Germany

by Tony Bell

Nineteenth century German Chancellor Otto von Bismarck devised the first comprehensive system of compulsory insurance for skilled craftsman and mechanics. Employers were aided by the state in providing for workers after an accident, in sickness and in old age. Bismarck knew that keeping his work force happy was the key to meeting his two goals: accelerating Germany's transition to the Industrial Age, and creating the largest army on the continent.

For the most part, the independent unemployed poor were on their own. But after Kaiser William II gently but firmly pushed Bismarck out of office, he faced growing political pressure for poor support. This was the vehicle by which Reichstag, or German congress, could gain power. William II would have none of this. According to The History And Triumphs of the 19th Century, A Wonderful Story of Progress, written in 1899, "The system seems to have worked satisfactorily, but socialism of a more radical kind has grown in the empire far more rapidly than the emperor has approved of, and he has vigorously, though unsuccessfully, endeavored to prevent its increase."

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If you would like to help build up the local Republican political infrastructure in your area, we need YOU to help businesses get involved with California's Republic Reporter.

If you are familiar with the political arena, can make a quality presentation to quality companies, and have a sales background (political fund-raising, for example) we would like to see your resume, TODAY! FAX it to:

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Featured Columnist

America's Most Unwanted

by Paul Harvey

Just off the Oval Office of the White House, there's a small hall leading to a private dining room no larger than your own.

President Reagan lined the walls of that small hall with framed cartoons of himself, he said it helped him to keep from taking himself too seriously.

Invited to lunch with the president in that intimate dining room 10 years ago, I enjoyed a spirited conversation about world concerns brightened by Reagan's fascinating recall of anecdotal adventures in the movies and since.

Suddenly, the entire mood of the meeting changed when I asked what were we going to do about the debilitating tide of illegal immigration.

The president, now uncharacteristically grim, was silent for most a pregnant minute before he said, "Paul, I don't know."

Our national leaders still don't know.

Recently, Attorney General Janet Reno, Health and Human Services Secretary Donna Shalala, Education Secretary Richard Riley and Office of Management and Budget Director Leon Panetta invited to Washington the governors of the states most burdened by illegal immigrants, California and Florida, Illinois and Texas, Arizona and New Jersey.

The government officials received a thorough briefing.

Florida's Gov. Lawton Chiles related how the number of foreign-born residents of his state has tripled in two decades.

One million — at least — of Florida's foreign born **ARE NOT CITIZENS.**

Cubans, for example, if they can make it ashore in Florida by whatever means, are allowed to dissolve into the population with neither accreditation nor scrutiny.

It is presumed that they are "political refugees," and federal government policy requires that "political refugees" be made to feel welcome here.

They are not.

Public opinion surveys in Florida, as elsewhere, reveal an angry undercurrent of resentment directed at illegal immigrants who promptly claim welfare at your expense, food stamps at your expense, medical care and education at your expense...

Providing such services costs the state of Florida $2 billion a year. In the meantime, the influx of illegals continues.

At the D.C. meeting, the governors were given some vague promises of better enforcement of immigration laws, federal help with state costs, improved identification of criminal aliens and a contingency plan to respond to any future mass invasion of aliens.

So far none of the above has been implemented.

It would appear that, even as 10 years ago, our federal government leaders do not know what to do about the problem.

Paul Harvey

President Clinton, arguing for the North American Free Trade Agreement, promised that it would create jobs in Latin America and thus reduce the incentive to emigrate. It hasn't yet.

States that are reducing the welfare incentive have the best chance of stemming the tide, but you'll not hear much of that this election year.

ATTENTION!

It is very important that you take the time to read, and then respond, to the information on page 19. Thank You.

The White House In 1996

continued from page 6

environment for private enterprise to flourish, not only enhance the likelihood of profits to investors and entrepreneurs, but also benefit those who choose to invest their time and talents in employment.

All individuals benefit from the Republican party's support for eliminating counterproductive government regulation of capitalism. Republicans must re-educate people that have been mislead by Democratic supporters of socialism.

In a three step approach, first explain the essence of the Republican philosophy. Next why it is important. Then offer an example of a current issue and how it should be decided based on the underlining Republican philosophy. We will gain more support by respecting the intelligence of the public and using objective reason and logic than by emotional appeals.

Only supporters of self-contradictory views need to resort to emotional argumentation and theatrics. Republican positions can stand on their own merit and therefore deserve the dignity of logical argument. America is ready for real honest solutions to real problems that have never gone away with the slight-of-hand or the political tap dance. Clinton is in office because Republicans failed to communicate. If we fail again in 1996 there may not be a Republic left in the year 2000.

The Sea Dream

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310-436-7381 Sleeps Eight!

Ask about our All-Day $27. Introductory Cruise!

John Schock & Family

John Schock, candidate for Judge, Superior Court [illegible] Los Angeles County, is shown above with his wife Margaret and [illegible] is a family man, and is concerned about the community [illegible] John is a tireless contributor of time and talent to community [illegible] disaster services, youth activities, Special Olympics [illegible] tics. John is involved and will do a good job as Judge.

9 7 0 4 3 8 4 2 5 1 2

California's REPUBLIC REPORTER JUN

VOLUME 1, #1

Help Keep This Republican Newspaper In Your Congressional District

by Ronald R. Yates
Editor & Publisher

In every district, in every county, in every state all across the United States of America, candidates face the daunting task of having to raise an enormous amount of cash so that they can advertise their message to the people that can put them in office; you, the voters. Additionally, candidates face a torrid, uphill battle challenging incumbents who always have access to lots and lots of re-election campaign cash. The bad news is that Republican candidates facing democrat incumbents lose 94% of the time.

Here in Los Angeles County, in almost every Congressional District, the democrat incumbents in Congress not only have enormous campaign war chests, but they also have a liberal daily newspaper at their side that will tow their line. Any line. All the time. For free.

The Los Angeles Times has proven time and time again that they will go to extreme lengths to come to the aid of Democrat incumbents, especially those that raise your taxes, take away your freedoms and liberties, and trample over your Constitutional rights.

What can you do?

California's **REPUBLIC REPORTER** wants to continue publishing customized, local political newspapers for each Congressional District in Los Angeles County on a monthly basis. To do so we need your help, but NOT your money!

To make this newspaper a viable asset to the community, we need to have local businesses get involved by supporting the publishing and delivery of the Republican message by placing ads in the paper. These ads will supplement the ads placed by the candidates and will go towards the extra distribution of the paper. To help defeat *all democrat incumbents*, our goal is to increase the papers circulation with every monthly issue until we achieve total saturation in Los Angeles County - mailing into every registered voting household regardless of party affiliation. Hopefully, starting on the first of September, the newspaper will be published and delivered by mail to the 3,614,526 voters in Los Angeles County!

We can achieve this goal, but only with your help. If each and every one of the recipients *(this means you)* of these special editions of *California's* **Republic Reporter** can recommend two or three 'Republican friendly' businesses that they frequent, (the name, address, phone # and the name of the owner) and put in a good word for us, we will call on them and make the presentation.

You can help by filling out this sheet and by mailing it, or faxing it back to *California's* Republic Reporter. We have another issue going out before July 1st which will bring you the political updates for your district, including a special section for all the winners of the June 7th Primary. This means we are running out of time. Deadline for ad copy is June 24th, so we need to be calling on these businesses right now.

Let's show the democrats that we mean business. Together we can 'Defeat democrat incumbents, and elect Republican candidates.' Send in your business referrals today! Help to keep this Republican newspaper, and the 'Power of the Press', in your Congressional District!

Thank You For Your Support!

Your Congressional District Needs . . .

The Power of the Press!

Yes! I want to help keep this Republican Newspaper in my Congressional District! My name is _____ and here are the names of the Republican businesses I recommend that you call on to put an ad in *California's* REPUBLIC REPORTER.

Examples of the type of businesses: Lawyers, Doctors, Auto Dealerships, Restaurants, Home [illegible] Services, Department Stores, Clothing Stores, Real Estate Companies, Investment Firms, [illegible]

NAME _____
ADDRESS _____
CITY _____ CA, ZIP _____
PHONE _____ FAX _____
OWNER _____

NAME _____
ADDRESS _____
CITY _____ CA, ZIP _____
PHONE _____ FAX _____
OWNER _____

NAME _____
ADDRESS _____
CITY _____ CA, ZIP _____
PHONE _____ FAX _____
OWNER _____

; You are NOT limited to just three businesses! If you know of any other businesses that are friendly to Republi[illegible] think that they may want to help make a difference in their community, list them on another sheet of paper and [illegible]

Please Mail To: *California's* REPUBLIC REPORTER
26729 S. WESTERN AVE. - BOX #173
RANCHO PALOS VERDES, CA. 90732

Or FAX To: 310-521-8233

Thank You!

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Local News

Getting To Know You: John L. Moriarity - Family Patriarch

by Ronald R. Yates

John L. Moriarity, is a trial lawyer, Los Angeles County Commissioner of Narcotics and Dangerous Drugs (1985 to date) and is on the Board of Sheriff Block's SANE program. The County Bar Association has given Moriarity its highest rating regarding his qualifications to be a Superior Court Judge.

But of all the organizations that heap the accolades upon John Moriarity, and there are many, the group that means the most to him, and one whose endorsement is paramount to any of the others is his family. "I get involved with the programs that I do because I hope that I am able to evoke our community a better place for my kids to bring up their kids, and people just like them to do the same," said John. "I am very worried about them - I love them all so much - that I think that my family is my strongest motivator when it comes to pinpointing why I do the things that I do."

And judging from the size of his family, you can just imagine the size of his heart and the scope of his desire in his bid for Superior Court - Los Angeles County Office #2. The photo at the right shows John surrounded by his ever-growing family during the Holidays. "One of my favorite times of the year," John, the family patriarch, added.

Moriarity is married to the former Maria Teresia of Verona, New Jersey; they have five sons and a daughter. Linda, is a General Manager for Pro-Staff Personnel for the Pacific Mountain States; Jack, is in his forth year of medical school at Stanford University; Douglas, is a Captain and Company Commander in the United States Army (Airborne-Ranger) and is a part of the Old Guard in Washington D.C.; Robert is an engineer and is with the United States Army Reserve as a First Lieutenant in the Signal Corps; Donald is a High School Teacher in the Glendale School District and a Private Investigator; Lloyd, has a Key Grip Company in the movie industry and just finished a James Cameron movie starring Arnold Schwartzenegger and Jamie Lee Curtis.

"I am very happy that everyone in the family is behind my efforts to become the Superior Court Judge for Office #2," said Moriarity. "I respect their opinion, and it means a lot to me that I have their support."

It would mean a lot to John, his family, and our entire community if he could have your support at the voting booth on June 7th.

Conservative Republican Leadership

"When I am elected your Conservative Republican Congressman from the 38th District I will work, and vote, to reduce wasteful government bureaucracy by voting AGAINST any bill that means higher taxes and bigger government. This is completely different from my incumbent opponent, Steve Horn, who voted FOR higher taxes and bigger government 12 out of 15 times. Just like his Democrat Colleagues!!

"As your Conservative Republican Congressman, I will work, and vote, to uphold ALL of your Constitutional Rights, including the Second Amendment. This is completely different from my incumbent opponent, Steve Horn, who trampled all over our Constitutional Rights and cast *the deciding vote* FOR the Democrat Gun Control Law!! Just like his Democrat Colleagues!!

Steve Horn votes *more* like a Democrat than most Democrats!! Since he *talks* like a Democrat, and *votes* like a Democrat, maybe he just ought to *re-register* as a Democrat!!

On June 7th, vote for DUKE, the only REAL Republican for Congress.

Duke For Congress

U.S. CONGRESS • 38TH DISTRICT

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SPECIAL EDITION

VOL. 1, #1

California's

REPUBLIC REPORTER

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APRIL, 1994

CALIFORNIA REPUBLIC

COUNTY, STATE, AND NATIONAL POLITICAL NEWS

'Roberti Recall' Election April 12th

Dolores White's First Vote

20th State Senate District Candidate, Dolores White, is shown being given words of encouragement by California Governor Pete Wilson during the recent California Republican Party Convention in Burlingame. White has been endorsed by the Republican Party of Los Angeles County as well as the 20th Senate Central Committee. PHOTO BY R. YATES

First Recall In California Since 1914

Sen. David Roberti, embroiled amid charges of Scandal, Corruption, and Carpetbagging, will face a 'Recall Election' on April 12th.

by Ronald R. Yates

For the first time in 80 years a recall effort against a California politician has been successful, and State Senator Dav Roberti (D- Los Angeles), embroiled amid charges of Scandal, Corruption and Carpetbagging will face a 'Recall Election' on April 12th, 1994.

Roberti, a 28 year career politician who is infamous for appointing the three senators as chairmen of powerful committees who later would go on to be convicted on corruption charges, is also well known for trampling over Californians constitutional rights as well as carpetbagging into his current district.

Roberti was the person responsible for appointing Senators Paul Carpenter, Joseph Montoya and Alan Robbins to head 'Juice committees' - those which generated a great deal of cash via lobbying and campaign contributions - although the moral character of the men had come into question before the appointments. The three were subject to an FBI probe and, consequently, were convicted of corruption charges.

Roberti has also been a leader in the frontal attack on the United States Constitution. Californian's Second Amendment right to keep and bear arms was threatened when Roberti authored a 1989 pun ban and frequently has lobbied to add more guns, as well as ammunition clips, to the prohibited list.

Roberti also found the [illegible] attack the California Constitution, which he wasn't [illegible] the U.S. Constitution. Article IV, Section II states that legislators must live in the district for one year before they run. Roberti flaunted and scuffed at the law by [illegible] as reported in the Los Angeles Times on June [illegible], 1993, renting a bungalow in Van Nuys just so that he could qualify for the special election. The Times goes on to report that Roberti only uses it for meetings and that he has not slept there since November of 1992. He resides, as he always has since December 12th, 1977, at his Hollywood estate just below the famous Griffith Observatory on Los Feliz Blvd. complete with the security system paid with our tax dollars. In fact, accord[illegible] to the LA Times, 'Roberti is the only lawmaker with a tax-financed home system.'

46,358 concerned citizens in San Fernando Valley signed the petition to recall this 'politician' on April 12th, 1994.

Dolores White Endorsed As Candidate for Roberti's Seat

The Executive Committee of the Republican Party of Los Angeles County Moved To Endorse Dolores White As Their Candidate

The Executive Committee of the Los Angeles County Republican Party has moved to endorse Dolores White as their candidate in the hotly contested race for the 20th State Senate District seat in the upcoming 'Roberti Recall' election that will be held on April 12th, 1994 here in the San Fernando Valley.

Dolores Bender White is the individual responsible for the recall of David Roberti. It was her determination and dedication which made this history making event possible.

Dolores is an economist, a businesswoman, and a professor who has lived in the San Fernando Valley for thirty years. She has been actively involved in Valley charities and civic work. She and her husband, Col. Dee White, U.S. Air Force, Ret., have five children raised in the Valley, and seven grandchildren.

"Dolores is the best kind of candidate," said Republican Party of Los Angeles County Chairman Keith McCarthy. "She is qualified, able and uncompromising in matters of principle."

46,358 Sign Petition To Recall

The California Secretary of State, recently announced that 46,358 San Fernando Valley residents, all voters in the 20th State Senate District, had signed a petition to recall Sen. David Roberti - more that double the 20,670 signatures necessary for the recall.

Featured Columnists In This Issue!

Tony Snow pg. 15

Robert Novak pg.14

Debra Saunders pg. 16

Paul Harvey pg. 18

California's REPUBLIC REPORTER

California's REPUBLIC REPORTER is published monthly by Senate District in Los Angeles County within the Great State of the California Republic. This newspaper is dedicated to deliver the **County, State and National Political News** to inform and educate the voters of each district and to promote good citizenship through active participation in the community. Our goal is to *'Build New Bridges of Cooperation Between the Voters, Candidates and Advertisers Through Consistent Communication'.*

Since this newspaper is to be used as a platform to communicate ideas back and forth between the candidates and the constituents, your comments, opinions, letters and articles are welcome. Please mail or fax to the address below. We reserve the right to to select and edit submitted articles and at our sole discretion and for any reason may reject any article or advertisement from any writer, advertiser or agency for publication or distribution.

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TONY SNOW
TONY BELL
DEBRA SAUNDERS
THOMAS SOWELL

Contributing Writers
PHILIPP HARPER
KEVIN WASHBURN
DAN CARLUCCI
RON CLIVER

All of our papers are published in memory of Frank J. Mooney, Editor and Publisher of the Main Street Press and known as Long Island's 'Dean of Journalism' who started his newspaper career in 1934 with 'a pencil, a piece of paper and integrity'.

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Highlights Of This Special Issue

1994 'Roberti Recall' Special Election

ROBERTI RECALL

'Roberti Recall' Election - April 12th

For the first time in 80 years, a recall effort has been successful against a state politician. State Senator David Roberti-D, amid charges of carpetbagging and corruption, will face a recall election on April 12th, 1994.

46,358 WANT RECALL

46,358 Valley Voters Sign Recall Petition

The California Secretary of State announced that 46,358 San Fernando Valley residents had signed a petition to recall Valley non-resident State Senator David Roberti. This was more than double the 20,670 signatures that were necessary for the recall. PAGE 1

VALLEY VOTER REVOLT

Roberti Exposed

The community has been unified to help bring about the first recall election in California in 80 years. Meet the people, the issues, and learn exactly what this recall is all about. It is not simply a 'one issue' recall, as the media would like you to believe. The media present this recall as if it were as deep as a puddle in your driveway, but in reality it is as deep as the Pacific ocean. Starts on Page 6

ROBERTI CORRUPT?

Roberti - A Corrupt Politician?

David Roberti has been at the center of the most notorious political scandals in California history. Roberti appointed Alan Robbins, Joseph Montoya and Paul Carpenter to head key 'juice' committees. All three legislators were convicted on bribery, racketeering, and other charges. Was Roberti an innocent bystander or the corrupt ringleader, as Sen. Robbins alleged to the FBI?

ROBERTI IN PLOT?

Roberti - Involved In A Funds Plot?

Former State Senator Alan Robbins told FBI agents that he and Senator David Roberti plotted to get campaign money from the insurance industry shortly after Roberti appointed Robbins to head the powerful Senate Insurance Committee. According to an FBI affidavit, Former Sen. Robbins (who pleaded guilty to taking bribes from an insurance lobbyist) said that "the insurance lobbyist who bribed him was also a large supplier of the money that went to David Roberti, his committees and the candidates he was backing."

WHITE ENDORSED

Dolores White Endorsed By RPLAC

The Republican Party of Los Angeles County has endorsed Dolores White as the candidate to vote for to replace Sen. David Roberti in the 'Recall Election' on April 12th. White was also endorsed by the 20th Republican Senatorial Central Committee.

WHITE PROFILED

Who Is Dolores Bender White?

Dolores White is an economist, a businesswoman, a professor who has lived in the Valley for thirty years and the individual who is responsible for the recall of David Roberti. It was her determination and dedication which made this history making recall election possible. Page 1

SAMPLE BALLOT

What Will The Recall Ballot Look Like?

So that you will know what will be in the voting booth waiting for you on April 12th, we have reprinted a likeness of an actual recall ballot as well. Page 9

DISTRICT MAP

'You Are Here'

Just like at the mall, a **'You Are Here'** map of the San Fernando Valley will show you what the boundries are for the 20th State Senate District, which is where YOU live. Then, you will see a map of part of the 21st Senate District, Hollywood, that will show you where David Roberti lives. Page 4

POLITICAL CLUBS

Political Groups & Clubs

Smoke filled rooms are a thing of the past! There are College Clubs, Women Clubs, Young Clubs, Italian, Japanese and Korean Clubs. Whatever type of person you are, there is an active political group, club, or organization near you!

BOSTON TEA PARTY

The 1994 'Boston Tea Party'

A good ol' American Tax revolt is coming to a post office near you! On April 15th, the 1994 version of the Boston Tea Party will be held all across the United States to let Hillary's husband know that 'It's the Economy, STUPID!' Sponsored by WHOA (We're Harrased, Overtaxed Americans). Call 818-336-4937 to see how you can participate.

9 7 0 4 3 8 4 2 5 1 6

Features Of This Special Issue

Articles, Columns & Features

S.O.S. INITIATIVE

'Save Our State' Initiative

You have heard about the initiative, probably been asked to sign the petition, but have you read it? You'll be glad that you did and will run, not walk, to sign on. Page 12

TONY SNOW

'Vaporize Weird Pork'

Tony Snow explores the proposals being made to trim the fat in government. Page 15

DEBRA SAUNDERS

'The Welfare Reform That Wasn't'

Debra Saunders explores what President Clinton's welfare reforms are, how much they will cost, and if the reforms are just another boondoggle. Page 16

TONY BELL

'The History Of The Welfare System'

Tony Bell takes a look at the Welfare programs of the past to show us where we have been and where we might be heading. Part 1 / 3. Page 17

DANIEL CARLUCCI

'Immigration To The New World'

Dan Carlucci gives us a look at the historical perspective of immigration to the Unites States, from the pilgrims to the present day. Part 1 / 3. Page 17

EDITORIAL

In My Opinion . . .

Ronald R. Yates, Editor-in-Chief of *California's* REPUBLIC REPORTER, has just one question:

'Do The Editors Of The Los Angeles Times Bother To Read Their Own Newspaper?'

Yates refers back to actual L.A. Times editorials written about Roberti then, and now. What a contrast! What happened? Page 10

LETTERS TO THE EDITOR

Get Involved!

This section is for everyone to be able to share ideas and solutions to the problems that we face. Your active participation in future issues will help make awareness prosper, and solutions a reality. Page 11

PAUL HARVEY

America's Most Unwanted

The most listened to man in America, Paul Harvey takes a look at illegal aliens and the effect they have on America. Page 18

ROBERT NOVAK

'The New Newt'

Robert Novaks take on Rep Newt Gingrich. Pg. 14

POLITICAL CARTOONISTS

Chuck Assay & Jerry Barnett

Throughout this paper, you will find the political humor of two of America's best conservative political cartoonists. Enjoy!

Meet Our Columnists

Large, liberal daily news papers often buy up the rights to conservative political news writers and then do not publish them. In our effort to bring our readers the words, ideas and thoughts of the best and most revered of these writers, *California's* **REPUBLIC REPORTER** proudly presents our All-Star lineup.

Tony Snow

Tony has been the Editorial page editor for three metropolitan daily newspapers, commentator for National Public Radio, Deputy Assistant to President Bush for media affairs, communications, and served as his Director of Speech Writing.

Walter Williams

Dr. Walter Williams, the George Mason University Economics professor challenges his readers to understand the consequences of economic and social policy. His writing reveals a man of great courage, conviction and depth.

Robert Novak

Robert Novak has been writing descriptively, accurately and concisely about American politics since the days of Eisenhower. He also appears on CNN's 'Evans and Novak', 'Capitol Gang' and is a frequent co-host of 'Crossfire'.

Debra Saunders

Debra Saunders does not attempt to be a political pundit or legislative insider. Instead she plays the role of informed friend telling her beliefs directly to her readers in down-to-earth, everyday language that is accessible and personal.

Paul Harvey

On radio, Paul Harvey News encapsulates the nation's pertinent cultural news of the day in brief bibits rarely lasting more than 30 seconds each. On paper, however, Paul Harvey News expands and elaborates, giving the reader depth and insight into the subject and into Harvey himself.

R. Emmett Tyrrell Jr.

Tyrell is the founder and editor in chief of The American Spectator, a political and cultural monthly. He appears frequently on 'The MacNeil Lehrer report', ABC's 'Nightline', and on PBS's 'Firing Line'. He is among President Reagan's favorite political columnists.

Thomas Sowell

Currently a senior fellow at Stanford's Hoover Institute, Sowell has written a weekly political and economic column since 1984. He has been a professor of economics at UCLA, Cornell U., Amherst U. and Branders University, and has served as a consultant to three administrations.

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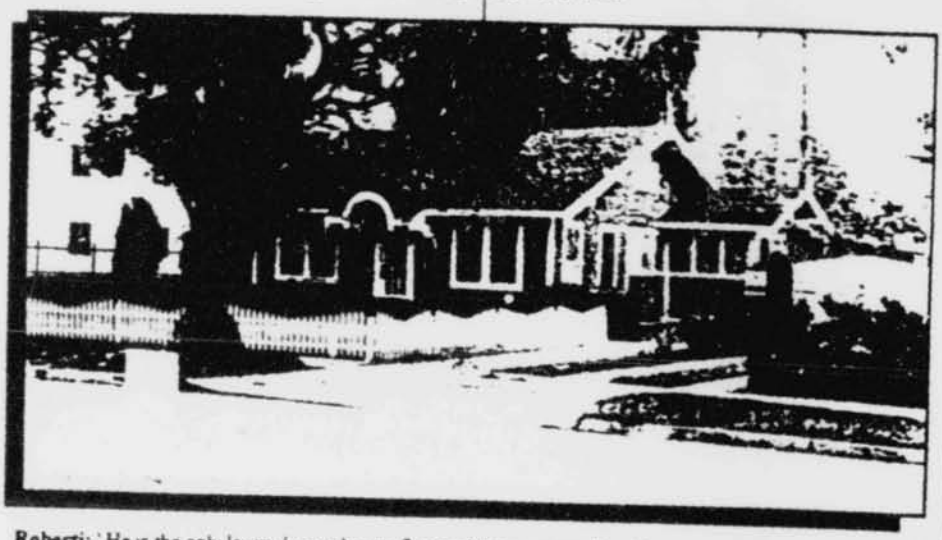
You Live Here:

San Fernando Valley
20th State Senate District

'Roberti said he . . . has not slept there (the Van Nuys House) since November' ('92) - Los Angeles Times | JUNE 3, 1993

Roberti's Van Nuys Bungalow



Rented In '92 Just Two Months Before The Special Election

Roberti: 'He is the only lawmaker with a tax financed home system. Legislator says he agreed to protection after he recieved death threats' Roberti acknowledged that the security equipment **remains at that Los Feliz house**, even though he established a seperate voting residence last year by renting a home in Van Nuys just to qualify to run in a special election in the San Fernando Valley'- *Los Angeles Times June 3, 1993*

Question: If Roberti was so worried about death threats, why didn't he move the security system to Van Nuys? Could it be that he NEVER stayed there?

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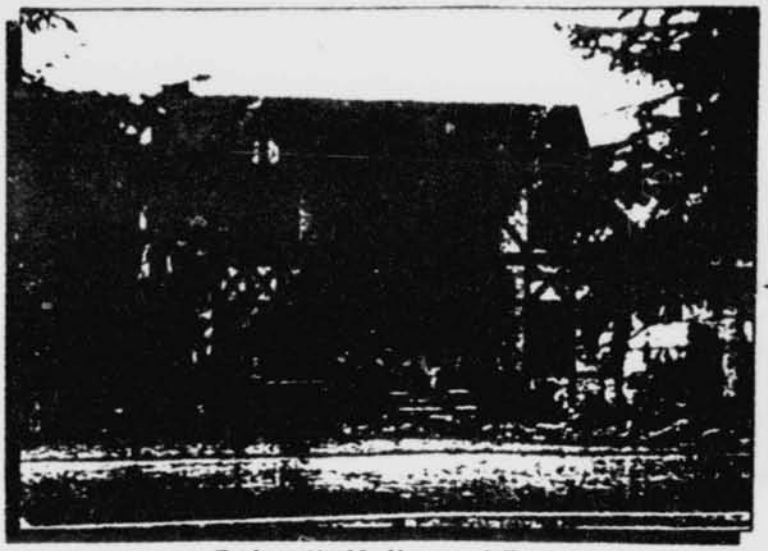
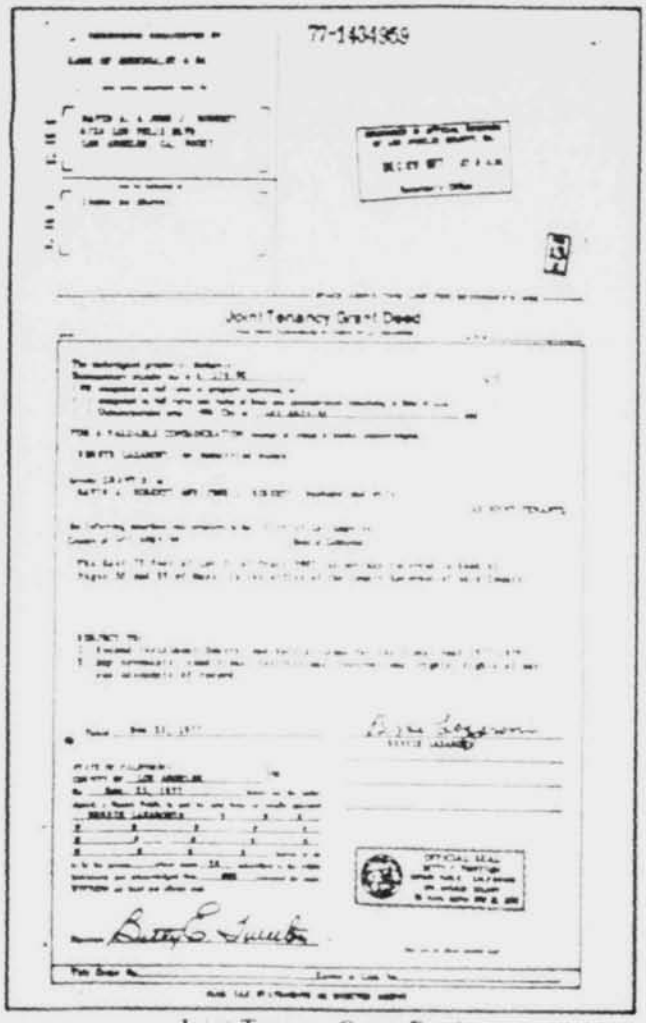
Roberti Lives Here:



Roberti's Hollywood Estate

HOLLYWOOD
21st State Senate District

Just Below Griffith Park, On Los Feliz Blvd
Since December 27, 1977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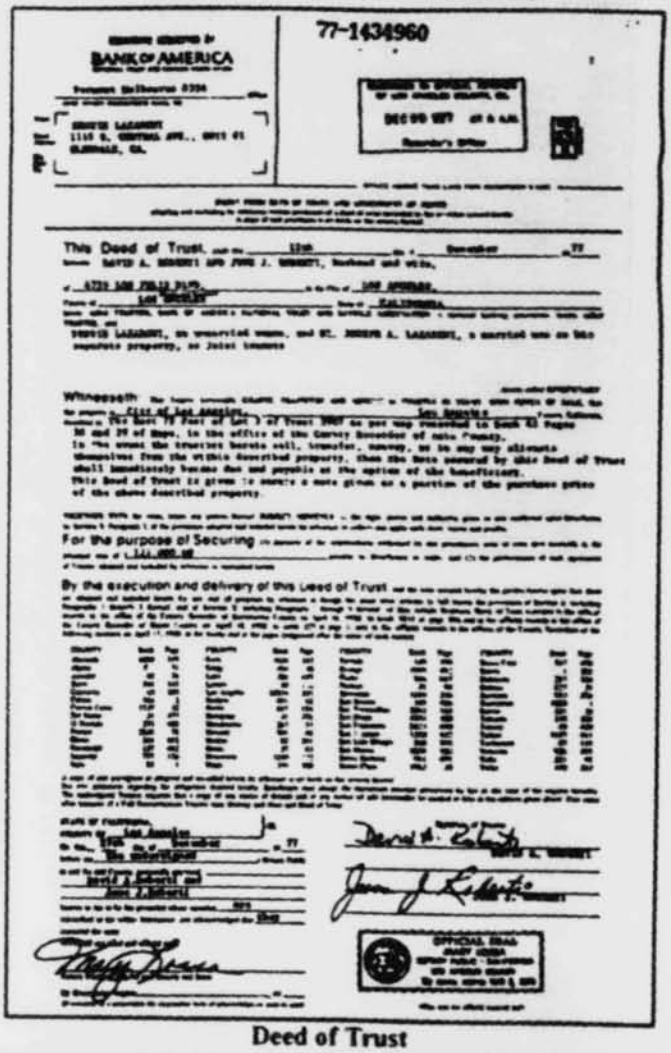
Joint Tenancy Grant Deed

Joint Tenancy Grant Deed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Witnesseth

For the purpose of Securing

By the execution and delivery of this Deed of Trust

Deed of Trust

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San Fernando Valley Voters Revolt

(Reprinted With Permission From the 'Coalitin To Restore Government Integrity's - VALLEY VOTERS' REVOLT')

Who Is This Politician?

Why is this the first politician in **80** years to face a recall election....1 of only 4 in the entire history of California?

Why did **46,358** concerned citizens in the San Fernando valley sign the petition to recall this politician? (Three times the number that voted for him.)

The answer is simple...**HE BETRAYED US!!**

Yes, you *should* vote for the recall...Here's why.....

HOLLYWOOD
SENATOR ROBERTI

Dear Valley Citizen:

Please read this carefully and save it. It may be the only message we can get to you.

The Roberti Recall is a voter revolt by ordinary citizens who are fighting against arrogant, soft-on-crime, corrupt, career politicians who raise millions to continual buy their seats.

It's a vicious cycle. Politicians lie to voters at election time and get always with it by manipulating the media and outspending local candidates. Incumbents win, voters lose. And the cycle begins again.

Roberti has been in office for 28 years and he took over the Senate 13 years ago. Now, ask yourself. Has California become a better place to live under Roberti's so-called leadership? Is it safer, more beautiful, more prosperous? Is our future brighter?

This recall is your opportunity to hold our "leadership" accountable. The recall of Roberti will send a strong message to the other politicians that they cannot lie to us at election time and betray us afterwards.

Roberti has already begun a million-dollar smear campaign. He'll flood your mailbox with glossy brochures and glowing endorsements. When you get them, ask yourself. Who gave him the money? What did he have to do to get it?

On the other hand, this will probably be the only message you get from us. It's your change to consider all the issues, not just the issues Roberti wants you to think about.

Countless Americans served and many have died for this country and the right to vote. Don't let them down. Vote YES. Recall Roberti on April 12th.

Sincerely,

Kevin Washburn
Campaign Manager, Coalition to Restore government Integrity — Roberti Recall

P.S. If you have any questions or wish to volunteer, please call me at (818) 376-6745.

Kevin Washburn is a long-standing victims rights advocate who also serves as a spokesperson and issue analyst for the 3 Strikes & You're Out Campaign.

Coalition To Restore Government Integrity • 14430 Victory Boulevard, Van Nuys, California 91401 • 818-376-6745

WHO IS DAVID ROBERTI?

Roberti is a lawyer and career politician who never held a job outside government. He's been in Sacramento since Johnson was President. During Roberti's tenure as President of the Senate, California degenerated from the "Golden State" into one of American's most corrupt, violent, overtaxed, debt-ridden, and economically dysfunctional places to live.

Roberti represented Hollywood for 26 years. When the courts drew new districts boundaries he was afraid he would lose re-election there. But then his close associate, Senator Robbins, went to prison for corruption, vacating a San Fernando Valley Senate seat. It was his chance to exploit us, to use the Valley as political life raft just long enough to run for State Treasurer. So, Roberti chose to abandon his own community to run here.

Roberti and the big-money special interests kept the Valley from electing one of its own. Tapping his warchest, Roberti spent $2,500,000 on a slick campaign ads and police union endorsements, passing himself off as a political outsider who fights special interests.

On major issues, Roberti makes two promises: A public promise to Valley voters, and a backroom promise to special interests. Roberti promised voters to use his power as Senate President to break up the troubled LA Unified School District yet he continued quietly taking cash from the unions and bureaucrats that adamantly oppose the breakup. (Daily News 3-2-94). **The breakup never happened.**

Who does Roberti really serve? He took cash from Nissan, Honda and Toyota while our GM plant was forced to close and lay off thousands of Valley workers. **Roberti's biggest contributors are Trial Lawyers and Applicants' Attorneys** (workers comp mills). For years he's repaid them by blocking legal and insurance reforms which could have kept hundreds of thousands of jobs here. (See Readers' Digest, April 1994)

According to a survey by Common Cause and Ralph Nader, Roberti took $214,000 from Savings and Loans. Willie Brown took $216,000. Roberti and Willie Brown passed the Nolan Act, which regulators say led to the collapse of California's S&L's. (Sacramento Bee, August 9, 1990). Many citizens lost their life savings. **Assemblyman Nolan is now in**

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Valley Voters Revolt

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pid for corruption, and as usual, taxpayers got stuck with the tab

Through waste, corruption and loose spending — like giving cash to illegal aliens — Roberti and Willie Brown wiped out California's once-huge "prudent reserve" a four billion dollar superfund that would have been instantly available for emergencies like earthquakes. California's now broke. We're ten billion in the hole and must go begging to help earthquake victims. Thanks to Roberti the only solution is to borrow and increase taxes.

Like rubbing salt in a wound. Roberti says he feels the pain of earthquake victims. He expects a "thank you" for vowing to help with the delays and problems he himself created. It's like a protection racket. How can he solve a problem when he is the problem?

Roberti has never lived here. The California Constitution, Article IV, Section 8 states that legislators must live in the district for one year before they run. Roberti broke the law, he lied under oath, falsely claiming to live in a 2-bedroom Van Nuys bungalow. Where does Roberti really live? Where he's always lived: his Hollywood estate.

Violent crime rages. Murders, rapists and child molesters do little if any time in prison. Corruption runs rampant in the capitol. Illegal immigration chokes our communities. Taxes skyrocket. Businesses and jobs flee the state. If our leaders aren't responsible, who is? Roberti's fingerprints are all over the hideous mess California's in today. **Isn't it about time to tell the Sacramento politicians we're not going to take it anymore?**

The Issue Is Roberti's Failed Leadership

Roberti's Solution

TAX, TAX, AND TAX AGAIN!

Fact: Roberti voted to eliminate Renter's Tax Credits AND Raise Income Taxes. He voted for SB 166 which also increases withholding taxes on overtime and bonuses, disallows losses, requires quarterly payment of estimated tax. (Senate Floor Vote (SFV) Jun 11 '91)

Fact: Roberti opposed Prop 13 and relentlessly voted to undermine it: he voted for Assembly Bill (AB) 1505 to allow property tax increases without a vote of the people, violating Prop 13 which mandates 2/3 voter approval (SFV Sep 11 '91); he voted for Senate Bill (SB) 485 to violate Prop 13 by lowering the votes needed to raise taxes (SFV Jun 14 '91). He voted for Senate Constitutional Amendment 2 (SCA 2), again lowering the vote needed to raise property taxes (SFV Jun 1 '89).

Fact: Roberti voted to hike Smog Inspection Fees by 40% (SB 245, SFV, May 9 '91).

Fact: Roberti raised Vehicle Registration & License Fees, and Drivers License Fees. AB 758 & 184 cost California nearly a BILLION dollar. (SFV Jun 13 '91, Jul 16 '91)

Fact: Roberti voted to raise Community College Fees. He voted for SB 381 to hike enrollment fees by 20%, student health fees by 33% (SFV Jul 11 '91).

Fact: Roberti raised gas taxes. He voted for SCA 1, raising the Gann Spending Limit and authorizing a major increase in the gas tax (SFV Jun 30 '91). He then pushed for SB 868 to raise the gas tax again, costing taxpayers almost a BILLION dollars. It was supposed to be spend on seismic safety retrofit of BRIDGES to prevent collapse during earthquakes. The money was wasted on bureaucracy. The bridges never retrofitted. (SFV Jun 11 '91)

Fact: Roberti raised sales taxes, snack taxes, court filing & traffic school fees, traffic fines, alcohol taxes. Roberti suggested a "trigger" to automatically raise the sales tax (San Diego Union, Feb 6 '91) then voted for AB 2181 which cost Californians over $4 BILLION (SFV Jun 16 '91). His 1991 votes alone cost the average family $1,024. Is there anything he won't tax?

Roberti = Waste Fraud and Abuse

Fact: Roberti & Willie Brown used taxpayer monies for a lawsuit against Prop 24, a legislative reform initiative passed by a direct vote of the people. "It's this kind of arrogance that prompted citizen initiatives challenging the Legislature's abuses of power." (SD Union, Jun 23 '84)

Fact: Roberti & Brown used millions in special interest cash to smear Term Limits. Roberti & Brown funded anti-term limits smear ads suggesting that tax monies would go to the Ku Klux Klan and greedy developers would profit. Amazingly, developers were prime sources of the $3,300,000 Roberti spent. Prop 131 chair Jim Wheaton said Roberti campaign was "funded by every nefarious special interest that ever crawled out from under a rock." (SF Chronicle, Sep 1 '90; SD Union Oct 31 '90; Daily News, Oct 22 '90). Voters passed term limits anyway so Roberti sued to block them!

Fact: Roberti spent $200,000 to smear campaign reform measures. Prop 68 & 73, which sought to reduce special interest influence by limited contributions. Roberti claimed matching funds would go to "the Ku Klux Klan, Nazis, and political extremist(s)." Common Cause Director Walter Zelman responded: "They will try to buy this election. It's scare tactics." (SD Union, May 27 '88). Voters passed campaign finance reform anyway. So Roberti sued the voters and overturned their reforms.

Fact: Over 100 times since Roberti became Senate President, his negligence and corruption forced the people to exercise our constitutional right to propose our own laws. Annoyed at the people overriding his arrogance, Roberti has worked to destroy our sacred initiative rights.

Fact: Roberti voted to raise his own pay ten times and by 280%. He promised Valley voters not to take a pay raise, but took it anyway after winning the election. In the last years he took $138,000 in tax-free income at taxpayer expense. He voted to give himself free comprehensive health care benefits. He held phony, unattended legislative sessions to pay himself for work he didn't do. He protected the Legislature's still-unaudited slush fund system that allows politicians to fraudulently spend millions of tax dollars for personal use — monies that could have gone to earthquake relief.

Roberti's Crime Record

Roberti is the Willie Brown of the Senate. Roberti and Brown relentlessly bottled up crime reform. They killed laws that would have kept violent criminals in jail, but opposed your right to defend yourself against them. Roberti's policies sent 30,000 innocent men, women, and children to their graves. And while the innocent died, Roberti and Willie Brown protected the guilty. They used their legislative power to protect murders from the death penalty, — even murderers of children.

Fact: Roberti backed Chief Justice Rose Bird, calling her foes extremists. For years under Rose Bird, California's Supreme Court overturned every attempt by the people of California to implement the death penalty. Ultimately, public disgust resulted in her removal, along with few of her murderer-coddling associates. Roberti criticized the "right wing" campaign to oust Rose Bird, saying Bird would "end up looking like Joan of Arc." (LA Times, Jan 18 '85)

Fact: Roberti consistently votes against the death penalty. In 1972, he opposed Senate Constitutional Amendment 13, which would have provided that capital punishment is NOT cruel or unusual. In 1971-72, Roberti voted against Senate Bill 450, which would have reinstated the death penalty. Roberti voted against many other death penalty bills far too numerous to list here.

Fact: Roberti did not support the Victims' Bill of Rights. Prior to 1982, the people of California and law enforcement officials repeatedly asked Roberti and the Legislature to deal with rising crime, repeat offenders, unethical schemes, plea bargaining, and a justice system that showed greater concern for criminals than victims. Frustrated and angered over the Legislature's failure to adopt criminal justice reforms, the people were forced to use the initiative process.

Fact: Roberti did not support the Crime Victims' Justice Reform Act. By 1990 the public was weary of long, costly delays in our criminal justice system, and frustrated that the death penalty was being continually thwarted. Roberti's Legislature had again failed to act. Again, the people were forced to pass their own law, using the initiative process to implement their will.

Don't Be Fooled: Roberti has some Police Association (union) endorsements. They're not based on the merits of this record. It's based on politics. They're paying for support. Roberti's been a key power broker in salary/benefit negotiations. Rank & file police don't support him. He'll also say he supported tough crime bills. How can that be if he's the Willie Brown of the Senate? Simple. He's a master of the "Sacramento Shuffle."

popular game for criminal-coddling politicians. That Sac Shuffle lets politicians vote for bill while really working to kill them. The game has many variations.

Here's one: Roberti votes for a death penalty bill, even though he opposes the death penalty, and the bill passed the Senate. "Take it become law." No. It goes to the Assembly where Willie secretly agreed to kill it. Roberti looks tough with voters, the bill die, everybody's happy — except crime victims. Rose Bird was part of the Shuffle, too. If a tough law did pass, she'd put it on strike down.

Smokescreen: Like many politicians, Roberti consistently pushes gun control to divert attention from his failure to get tough on criminals. Gun control is not substitute for criminal control. Thirty years ago, there were few gun controls, but our communities were much safer places to live. Why? If you did the crime, you did the time. Now we have over 20,000 gun control laws, yet our communities are war zones. The difference? Politicians like Roberti gave us a revolving door criminal justice system. Crime pays.

Fact: Roberti opposed 3 Strikes & You're Out. But when public anger grew so intense that the people went again around Roberti's job for him through the initiative process,

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Valley Voters Revolt

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Once it was unstoppable, he voted for a 3 Strikes bill. If he gave a damn about crime victims, he would have used the power of his Presidency to pass bills like 3 Strikes 13 years ago. As Senate President, Roberti never once led the fight for tough legislation. It's not enough to vote for bills that are already unstoppable. Our leaders must lead the fight to keep criminals in jail.

The Human Cost Of Roberti's Crime Record. Last year Californians reported over 2 million crimes. An average of one murder every 2 hours, a rape every 41 minutes, a robbery every 4 minutes, an assault every 3 minutes, a property crime every 18 seconds. We had the 2nd highest serious crime rate and the 3rd highest violent crime rate of any state. We are caught in domestic warfare as vicious and violent as any foreign war. For those who survive, it causes untold pain, grief, and fear; their nightmares continue, the knots remain in their stomachs.

Roberti and Corruption

How Corruption Works. Certain legislative committees wield vast regulatory powers over business. They're called "juice committees" because special interests shower committee politicians with cash (campaign contributions) to influence legislation. Large contributors include trial lawyers, insurance companies, and S&L's. Big businesses influence politicians to their advantage. Small businesses are victims.

Equally damaging to our economy and government integrity is the "shakedown." Politicians introduce bills harmful to a particular industry, then committee chairmen extort the industry for "contributions" in return for killing or watering down the bills. This scam lets politicians stockpile cash to defeat laws passed by the people (voter initiatives), to buy other politicians' votes to keep incumbents in office by defeating new candidates, or to launder for personal use. Voters are robbed of influence over their own government, unless their pleas are accompanied by large cashiers checks.

Fact: When Roberti became Senate President, he appointed his three cronies — Senators Carpenter, Robbins and Montoya — to head the key juice committees. After a decade of extortion, they were the top California Senators ever convicted of felony corruption. Carpenter died. Robbins testified that much of the money went to Roberti. For example, in an 80 page affidavit, Robbins told FBI agents how he and Roberti plotted to get money from the insurance industry. ("San Jose Mercury News," March 23, 1993). Just out of prison, Robbins dropped by Roberti's office a few weeks ago, "just to say hello!" (LA Times, March 6, 1994).

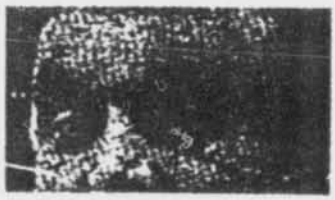
Fact: Roberti appointed millionaire Richard Silberman to a committee governing the 6.7 billion dollar Medi-Cal program. He earned $40,000 a year to attend one meeting a month. Silberman was busted, charged with laundering $1,100,000 in cocaine monies for undercover FBI agents. Videotaped, he boasted the money laundering was "not my first time around," and that he wanted bigger deals. He said he solicited money laundering business through Chris Petti, allegedly connected to the Chicago Mafia. Roberti defended Silberman, refusing to ask him to resign. (LA business Journal, June 19, 1989).

Fact: Roberti gave his longtime friend, millionaire David Commons, regular use of a Senate office and such perks as free limo service. Commons said it was "like belonging to some super-deluxe club." He arranged "contributions" from a "variety" of sources, yet wasn't a registered lobbyist as required by law. He also acknowledged he could "identify in most corporations in this state who decide(s) where the political money will be." The arrangement was reported as a "felony waiting to happen." Roberti response to questions on this impropriety: He claimed it was like "helping a volunteer college intern." (Daily News, February 23, 1985; San Diego Union, March 11, 1985).

Fact: One way special interests bribe politicians is by giving them gifts, junkets (free vacations) and honoraria (cash speaking fees). In the last 14 years, Roberti toured the world, taking $93,000 in free trips. In the past 16 years, Roberti took $406,000 in cash honoraria and gifts. In 1987-88 alone, he took $106,000, when his salary was only $57,000 a year. (Secretary of State, Statements of Economic Interest). Does Roberti really work for taxpayers when special interests pay him more than his government salary? What did the special interests get in return? More accurately, what did it cost us as taxpayers?

Another Roberti Scandal: The Foundation for Phenomenological Research, a state-subsidized day-care operation for low income families, is under FBI and federal grand jury investigations. Its director and her assistant allegedly siphoned hundreds of thousands of dollars of taxpayer monies for personal use. Foundation spokeswoman Donna Brownlee, a former Roberti employee, denies wrongdoing. The state froze foundation contracts in 1986 after its own accountants reported it broke and "engaged in fraudulent practices." Roberti intervened for the foundation and the contracts were unfrozen under a secret agreement. A 1992 State Controller audit alleged that the director and her assistant were buying expensive cars, electronics, and jumping horses, and paying a part-time janitor $120,000 a year. Again, Roberti intervened and the report was toned down. But by then the FBI had raided the foundation. "Stay tuned." (Sacramento Bee, March 11, 1994).

Roberti can't refute FACTS, so he resorts to smear tactics against the diverse citizens and public interest groups behind the recall movement. These are the same tactics he used against the citizens behind the Term Limits movement, the Campaign Finance Reform movement, and the movement to oust Rose Bird. Roberti has resorted to vicious slander, referring to his opposition as extremists, assault weapon fanatics, survivalists, and even Aryan supremecists. Roberti's definition of "extremist" Anyone who opposes Roberti.



Meet The Citizens Behind The Recall

Ted Costa, President, People's Advocate - 916-482-6175. Founded by Paul Gann, who with Howard Jarvis passed Prop 13's property tax limits. People's Advocate works for good government and tax relief. "When Roberti took over, we ran budget surpluses. Now we deficit spend. That's why there are no prudent reserve funds for earthquake victims." - Ted Costa

Jan Miller, Chairwoman, Doris Tate Crime Victims Bureau, 800-7-VICTIM. A victims rights group. After Rose Bird weakened the Manson convictions, Doris Tate had to plead with parole boards to keep her daughters murderers in prison. "Recall Roberti. It is time to demand that our representatives be accountable for their actions." - Jan Miller

Jim Fotis, Exec. Dir., The Law Enforcement Alliance of America, 703-847-2677. With 30,000 members, LEAA supports Law Enforcement and Crime Victims, and the right of law abiding citizens to own self defense firearms. "As one of California's most powerful politicians, Roberti used every devious means to kill crime reform and death penalty bills. Raising pay doesn't make up for letting cop killers out of jail. He's no friend of rank-and-file Law Enforcement." - Jim Fotis

Kevin Washburn, President, Citizens Law & Order 510-531-4664. Founded in 1970, CLO believes it is a prime duty of government to protect citizens against crime by ensuring that violent criminals are swiftly punished. Working within our nation's constitutional framework, CLO seeks to restore victims primacy in the justice system. CLO had leadership roles in ousting Rose Bird and in passing both the 1982 Crime Victims Bill of Rights, and 3 Strikes & You're Out. "If we'd had 3 Strikes & You're Out for politicians, Roberti would've been removed long ago." - Kevin Washburn

Mary Lou Holte, Townkeepers Action Group, 818-901-8342. A citizen anticrime program founded after two of her ribs were broken in an attempted rape. Miss Holte has been described as a one woman crime fighter against gangs, drugs, and prostitution in the Valley. "I don't even own a gun. Roberti doesn't get it. He promotes gun control, but doesn't do a thing to keep criminals away from guns. Roberti uses guns to cover up a terrible record on crime, corruption, and broken promises like his phony promise to break up the school district. Now he's making phony promises to help earthquake victims. He doesn't even live here, but he 'feels our pain'. Roberti is a law breaker, not a lawmaker." - Mary Lou Holte

Jerry Allen, Chairman, Operation Slush Fund, 818-884-1857. A grassroots citizens committee. "Roberti's move into the Valley, using his money and connection to overwhelm local candidates and then turning his back on the voters, exemplifies much that is wrong in California's government today. A temporary safe haven is all he wanted." - Jerry Allen

Ralph Morrell, Chairman, Operation Slush Fund, 916-678-2543. A coalition opposed to unaudited spending of legislative funds by politicians. "For nearly a decade, Roberti engaged in a perpetual litany of trickery and deceit to conceal the spending of tax dollars for the personal benefit of legislators." - Ralph Morrell

Local Valley Political Leaders Endorse The Recall

Bill Dominguez, Democrat, Candidate for Senate, Coalition Chairman. "The Roberti Recall is about the corrosion of integrity in government through the corruption of our electoral process. Roberti's candidacy was a lie. Roberti's campaign was built on lies. Roberti's presence in Sacramento is the triumph of lies."

Dolores White, Republican, Candidate for Senate, Coalition Secretary. "Roberti exaggerates the cost of the election. Even if it cost a million, as he claims, it would be a bargain compared to the billions he has wasted. More importantly, whether or not Roberti is recalled, the election will cost the same amount. Tax monies should be spent wisely. Recall Roberti."

Glenn Bailey, Green Party, Coalition Proponent. "Roberti's leadership led his appointee and felon Alan Robbins to say: 'When you're in the legislature, you feel you can do anything.' You don't feel you have to be subject to any limits."

Hans Rusche, Independent / United We Stand, Coalition Proponent. "I believe in a balanced budget. But not through constantly raising taxes like Senator Roberti does. Let's increase employment, not taxes. Let's recall Roberti."

In Memoriam: John Vernon, Libertarian, Proponent. "Mr. Roberti is a perjurer and a fraud, if you please, a writer of political bad checks. While it costs a great deal to pursue writers of bad checks - the maintenance of a just society requires us to take the trouble and act." Facing certain death, John spent his last months working for good government by qualifying the recall. He taught us that victory isn't just winning, it's participating in the democratic process that brings about change.

Voter Information

A Sample

OFFICIAL BALLOT

State Senate, 20th District
Special Election
April 12, 1994

County of Los Angeles

STATE SENATE, 20TH DISTRICT
SPECIAL RECALL ELECTION
APRIL 12, 1994

Shall DAVID ROBERTI be recalled **(removed)** from the office of State Senator?	YES	⊕
	NO	⊕

Candidates to succeed DAVID ROBERTI if he is recalled.

AL DIB, Republican Businessman	⊕
BILL DOMINGUEZ, Democrat Systems Analyst	⊕
LARRY MARTZ, Republican Property Maintenance Contractor	⊕
RANDY LINKMEYER, Republican Shooting Sports Retailer	⊕
DOLORES WHITE, Republican Businesswoman/Economist/Educator	⊕

INSTRUCTIONS TO VOTERS

1. Place card on foam mat on voting booth shelf.

2. To vote on the **RECALL** measure, push down with the wooden punch on the circled cross ⊕ to the right of the word **'YES'** or no.

Note: Your vote for a candidate will NOT be counted unless you also vote either for or against the recall measure.

3. To vote for a candidate whose name appears on the ballot, push down with the wooden punch on the circled cross ⊕ to the right of the candidates name.

4. **REMOVE THE ENTIRE CIRCLE.** Check to be sure the punch-out is not still hanging to the back of the card.

5. **A PERSON NOT LISTED ON THE BALLOT** - Write the qualified write-in candidate's name and the title of office in the space provided inside the gray envelope.

6. Place card under flap in gray envelope and return it to the precinct board member.

POLLS OPEN FROM 7 A.M. TO 8 P.M.

TUESDAY APRIL 12TH, 1994

Mark your sample ballot before going to your polling place and refer to it when voting

GROUNDS FOR RECALL

The grounds for the proposed recall are as follows:

SENATE PRESIDENT ROBERTI abuses power, undermines democracy and civil liberties, damages California's economy and quality of life.

REJECTS THE PEOPLES WILL - Voters enacted Term Limits, Roberti sued to block them. Roberti overturned Campaign Reform, blocks capital punishment, fought to gut our voter initiative rights.

DEFRAUDED VALLEY VOTERS - Roberti doesn't live here! He represented Hollywood for decades. Facing certain defeat there, Roberti tried to run here claiming residency in a Valley rental while living in his fashionable Hollywood mansion.

BOUGHT THE ELECTION - Roberti spent $2,500,000.00 in special interest cash, barely winning. Our community opposed Roberti, but split its majority vote among legitimate Valley candidates.

CORRUPTS GOVERNMENT - Three Senators Roberti appointed to key chairmanships were convicted of racketeering and extortion.
- Roberti's policies foster excessive taxation, misappropriated funds, wasteful deficit spending, workers comp/welfare/insurance fraud, overregulation, litigation, illegal immigration.

SUPPORTS CRIMINALS' OVER VICTIMS' RIGHTS - Roberti advocates gun control, but opposes capital punishment even for murderers of children.

Roberti's leadership is plunging California deeper into the abyss, costing us BILLIONS in economic decay, millions of lost jobs, fleeing businesses, skyrocketing crime, police/fire cuts, declining living standards, environmental degradation. A recall election costs only 11 cents per resident.

ROBERTI CANNOT REFUTE THESE FACTS!

ELECT

DOLORES WHITE

FOR

STATE SENATE

APRIL 12TH

1994

In My Opinion . . .

by Ronald R. Yates - Editor-in-Chief

California's REPUBLIC REPORTER

I've Just Got One Question:

Do the Editors of the L.A. Times Bother To Read Their *Own* Newspaper?

One would certainly wonder, considering the current position that the Times editorial staff has taken toward David Roberti for the last several months.

For the past several years the Los Angeles Times has done their best to portray the current Senator David Roberti as an overindulgent carpetbagger who at best is a liar, and at worst is a corrupt politician who was nimble enough not to get caught red-handed (as were his cronies.)

In issue after issue after issue after issue, the L.A. Times gave credibility to Roberti's nickname of 'Dirty'. Yep, 'Down and Dirty' Roberti always seemed to be just one step ahead of the law, and the Times always seemed to be just one step behind him, ready to pounce at any given moment.

For example:

1. **Los Angeles Times - Friday, November 29, 1991 - Page A30:**

"The biggest stain on **Roberti's** record as Senate leader is the corruption scandal that led former Sen. Robbins (D-Van Nuys) to resign earlier in this month and agree to plead guilty to racketeering and tax evasion charges. Former Sens. Montoya (D-Whittier) and Carpenter (D-Cypress) were convicted last year by federal juries on extortion and racketeering charges. **Roberti** acknowledged that he could not have become pro tem in 1980 without the support of the trio. After taking power, he **(Roberti)** rewarded all three with important positions. The Senate leader **(Roberti)** appointed Montoya as chairman of the Senate Business and Professions Committee, a post he used to extort honorariums and campaign contributions from people seeking legislative action before his committee. **Roberti** appointed Carpenter (who has since fled the *country*) to the Democrat caucus chairman, the number three position in the Senate. Carpenter was responsible for raising campaign money for Democrat legislators and used his post to extort money from interest groups pushing for passage of legislation in the Senate. Until Robbins resigned from the Senate, **Roberti** kept him in the post of chairman of the Senate Insurance, Claims and Corporations Committee. All three lawmakers had reputations for heavy-handed fund raising and sleazy back-room deals long before the FBI caught up with them. But **Roberti** took no action to limit their power. **Roberti** declined to discuss the cases of the three senators."

2. **Los Angeles Times - July 28, 1992 - Editorial Page - Editorials:**

Editorial Headline - "Oops - Changed My Mind". Sub-head -'Five lawmakers, post-election, now say they'll take that pay hike.'

"Candidates say one thing in public then doing something else in private isn't new in American politics. But the recent actions of five California incumbents offer new fuel for cynicism in an already angry electorate. Pointing to the state's $11 billion budget crisis, the five **lawmakers -including Senate President Pro Tem David Roberti (D-Los Angeles)**- publicly rejected pay hikes during their recent campaigns only to ask for the money when it was too late to affect the election results."

3. **Los Angeles Times - June 3, 1993 - Section A - Government Report**

Headline - "State paying for Security at Roberti's Residence". Sub-head- "He is the only lawmaker with a taxpayer-financed home system."

"State Senate President Pro Tem David A. Roberti for the last eight years has been granted the special benefit of a home protection system at taxpayers expense, The Times has learned." "The Senate Rules Committee in 1985 secretly authorized the system costing $10,500 at Roberti's Los Feliz-area house and three years later earmarked another $2,300 for a system at his Sacramento home, committee officials said."

Same Article - "Roberti acknowledged that the security equipment remains at his Los Feliz (Hollywood) house, even though he established a separate voting residence last year by renting a home in Van Nuys just to qualify to run in a special election in the San Fernando Valley. Roberti said he sometimes stays there during the day but hasn't slept there since November (1992)."

The Los Angeles Times took great pains to let the electorate know what kind of a guy Roberti really was. In just these three articles he was portrayed as: 1. The leader of three corrupt, indicted, and convicted senators. 2. Betraying the public trust by lying, saying he wouldn't accept a pay raise to get elected and taking it anyway. 3. Abusing the public trust by taking 'secretly given' taxpayer financed perks. (Do you remember the squabble that went on about Ollie North's tax payer financed security system? He was *crucified* by the media.) 4. Unabashedly carpetbagging to steal the 20th State Senate seat.

For years, the Times consistently painted such a good picture of a scoundrel Roberti, that their readers actually believed it to be true, and as the years went by their anger toward Roberti fermented into a rebellion.

Lately, however, the winds of change have been wafting through the Editorial pages of the LA Times. The one-time 'Down and Dirty' Roberti has been magically transformed into **'Saint David de la Sacramento'**. Roberti has become, in the eyes of the Times, Southern California's Golden Boy guilty of no wrong-doing simply because a *certain lobby* has helped the electorate in the district do what they could not do for themselves: help to bring about a recall election and try to finally get rid of the bum!

Here are a few recent examples:

1. **Los Angeles Times - February 9, 1994 - Editorial Page - Editorial**

Headline - 'Roberti Recall: Taking Aim at Courage'.

"To hear his opponents tell it, the campaign to oust longtime state Sen. David Roberti (D-Van Nuys) is an effort by grass roots reformers to clean up corruption and cronyism in Sacramento. But make no mistake. The recall election scheduled for April grew out of a very different issue-gun control. This is inarguable even though the campaign has picked up support from assorted Roberti opponents who were unhappy with him for other reasons.

A recall election is intended to remove officials who violate the law, abuse the public trust or become too infirm to carry out their duties. It was never meant to silence those who vote their conscience. Southern California needs a savvy veteran like Roberti in Sacramento."

2. **Los Angeles Times - Sunday April 3, 1994 - Editorial Page - Editorial**

Headline - "How to Send a Strong Message". Sub-Head - 'Answering the absurdity of the Roberti recall April 12'.

"Just eight weeks. The shortness of that period offers the best representation of how silly, vindictive and wasteful the recall election against Sen. David A. Roberti (D-Van Nuys) is. the recall effort should not be ignored or taken lightly. It should be used to send a message to any and all who would bastardize the recall process because they disagree with an elected official on a single issue. It should be used to demonstrate that such juvenile antics will not be tolerated by a sophisticated Los Angeles electorate."

So the question keeps nagging at me:

Do the Editors of the L.A. Times bother to read their own newspaper?

It certainly appears that the long arm of 'Saint David', our savvy veteran politician, has come down from Sacramento and 'squeezed the grapes' of the editors at the Times. Now, it seems, that L.A.'s booming baritones of the editorial pages have been reduced to squeaky sopranos, screeching and squealing a song FOR Roberti that is so out of tune with their very own words which were published AGAINST him that, "such juvenile antics will not be tolerated by a sophisticated Los Angeles electorate." And these antics will not be soon forgotten, for the wine from those 'squeezed grapes' that is being served up to their readers is not only bitter to swallow, but it's backwash has spilled down upon their journalistic reputation leaving an indelible stain that won't easily be washed away.

My name is Ronald R. Yates, and that's my opinion. What's yours?

You are invited to send in your thoughts and comments for publication to:
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LETTERS TO THE EDITOR

Tax Bills In The Trash?

Dear Mr. Yates,

The number one reason I decided to run for Assessor is to help Tax Payers who do not receive their bills. It is the continuing policy of the Assessor to trash tax bills which are returned by the Post Office, undeliverable because of a wrong name or address on the bill. This accounts for 50,000 "mysteriously missing" tax bills each year with the Assessor blaming the Tax Payer for the missing bills and thus justifying late penalties and interest. As an investigator for the Assessor I first brought this to the attention of John Lynch, the prior Assessor, in a ten page memo in 1987 (see attached memo. Don Paul park). I couldn't understand why the Assessor would allow frustrated Tax Payers to constantly be filling our offices and swamping our Public Service Counters when we could so easily avoid the whole problem by promptly correcting and re-mailing the bills. I continued to bring this to the attention of top management each year without success. When John Lynch was running for re-election in 1990 I personally confronted both John Lynch and his Assistant Assessor, Mr. Roy Sharman (both candidates in the coming June Primary) in an attempt to gain permission to correct and remail the returned tax bills. They did no permit me to work on the problem. I think this problem goes to the heart of the mammoth fiasco created by the Lynch administration. John has some good qualities but being a good listener doesn't seem to be one of them. In fact many employees think he is deaf. In spite of overwhelming evidence to the contrary, as Assessor he went blissfully right on his way failing to perceive that his empire was the first incumbent Assessor in 100 years to be voted out of office. Since I was unable to gain Mr. Lynch's ear privately, I had this issue printed in the L. A. Times by his opposition (copy attached). He issued a statement in the paper disclaiming all responsibility for undeliverable tax bills. What he failed to note is that, on the back of every L. A. tax bill it states that the name and address on the bill is the Assessor's responsibility. Any tax payer can check his own bill for proof of this. We'll you know the story from there. John Lynch was voted out of office. Kenneth P. Hahn (not related to retired Supervisor Kenneth Hahn) was voted into office and now for the last four years Hahn has continued to trash the undeliverable secured tax bills in spite of my appeals, memo (attached), and conversation with him.

It is my firm belief that my campaign is going to be successful in improving the handling of badly addressed tax bills. It most certainly will be if I am elected.

Nick Stansfield
Candidate - County Assessor

Supporting The Recall

To the Editor:

Part of the North Hollywood area that has been impacted by the policies of State Senator David Roberti falls into the 29th Congressional District for which I am seeking to represent in Congress.

This letter is to congratulate Dolores White, who was instrumental in making this recall happen, and to wish her well in the special election on Tuesday, and to show my support to the Republican Party, who urged all Republicans to help make this recall a reality.

We the people CAN make change happen - at the polls! Vote to Recall Roberti on April 12th!

Paul Stepanek
Candidate - 29th Congressional

Troops On The Border

Attention: Editor

We have an illegal immigration problem that is an outrage and threat to our nation's well being. Increases in crime, education and welfare rolls, narcotics traffic and health care costs threaten the livelihood of taxpaying citizens.

Troops should protect the border. Research shows that half of all illegals and 40% of refugees coming into the US enter through California. Californians pay $3 billion in state taxes to supplement illegal aliens. To curb this influx and madness, we should increase our Border Patrol and use the National Guard and active military for border control.

Our border checkpoints must be expanded and improved. Also, illegals caught at our borders must be sent back to their interior homelands.

America is one culture of multi-ethnic people. We must maintain our culture's social mortar built on belief in God, the Judeo/Christian ethic, our English language and civil rights as stated in our Declaration of Independence.

Bill Dannemeyer
Candidate - U. S. Senate

Immigration Law is the LAW

To The Editor:

Most Americans of every ethnic background are opposed to illegal immigration—not just because it undermines the finances of state and local governments, but because it undermines respect for the law.

Immigration law is the law. The Federal Government is responsible for enforcing the law and every federal, state, and local official has taken an oath of office to uphold the law.

All of California's 58 counties, rural and urban, have been impacted by the federal government's failure to enforce the law at our borders and have asked for federal legislation to put an end to this travesty.

In Los Angeles County alone, 25 percent of the patients in our tax-supported public hospitals are illegal aliens and nearly two-thirds of the infants born in these facilities are delivered by illegal alien mothers. These mothers are here to take advantage of free medical care and the birth certificate which makes their children immediately eligible for Aid to Families with Dependent Children (AFDC). This AFDC cost alone has reached more than $400 million per year and is projected to pass the billion-dollar mark by the end of this Century.

We need to understand that every dollar poured into the bottomless pit of illegal alien expenditures is a dollar that cannot pay for law enforcement, fire protection, libraries, education, and other vital services.

Tax payers also are impacted by these factors:

* Eleven percent of the 230,000 prisoners who annually pass through our Los Angeles County jails and 24 percent of those incarcerated in our state prisons are convicted illegal alien criminals.
* The cost of educating illegal alien children and the children of illegal alien parents in Los Angeles County is $1 billion per year and growing.

In San Diego County, illegal immigration accounts for 60 percent of the Public Health costs and illegal immigrant criminals make 40 percent of that county's jail population.

The question taxpayers keep asking is why should we pay for service for those who have broken the law to get here? Taxpayers should not, nor should they be forced to the Health Maintenance Organization (HMO) and School District of the world. This evidenced in every poll I have seen indicating that every ethnic group is opposed to illegal immigration and supports enforcement of the law.

Illegal immigration is an affront to the millions who have patiently waited their turn to legally enter our nation. Those now waiting for the opportunity to immigrate legally are being pushed aside by those who come here in violation of the law. This wrong.

Then comes the question: Who is at fault?

That answer: The federal government, and its elected officials, for failure to enforce the law and introduce reforms that will make enforcement economical, efficient and responsible.

To resolve this inequity, I have recommended:

* A $1 toll for people crossing out borders, similar to tolls assessed at international air terminals and sea ports, with that proceeds used to hire additional Border Patrol personnel.
* A joint powers agreement between the INS and local governments and transportation agencies.
* A toll-free 800 telephone number for employers to verify Social Security numbers of job applicants.
* Tamper-proof green cards and work permits to protect the civil rights of those who take jobs not filled by legal residents.
* Incarceration of convicted state and county illegal alien criminals in federal facilities.
* A Border Patrol reserve component and the use of National Guard Troops as Border Patrol backups where and when appropriate.
* The immediate deportation of those caught crossing the borders in violation of the law.

Michael D. Antonovich
Los Angeles County Supervisor, Fifth District

Save Our State Initiative

Illegal Aliens. Ineligibility for public services Verification and reporting Initiative Statute Makes illegal aliens ineligible for public social service, public health care services (unless emergency under federal law), and attendance at public schools (elementary, secondary, and post secondary). Requires various state and local agencies to report persons who are apparent illegal aliens to the California Attorney General and the U.S. Immigration and Naturalization Service (INS). Mandates California Attorney General to transmit reports to INS and maintain records of such reports. Makes it a felony to manufacture, distribute, sell or use false citizenship or residence documents. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: Annual savings at the state level potentially in excess of $100 million from withholding health and social services to undocumented persons. Annual savings at the local level potentially exceeding $200 million primarily from withholding medical care form undocumented persons. School districts would likely incur additional costs of tens of millions of dollars in the first two years of implementation and in excess of $10 million annually thereafter, to verify the legal status of students, parents and guardians. Savings to education, if any, are unknown.

Proposed Law

Section 1.

Findings and Declaration.

The People of California find and declare as follows:

That they have suffered and are suffering economic hardship caused by the presence of illegal aliens in this state.
That they have suffered and are suffering personal injury and damage caused by the criminal conduct of illegal aliens in this state.
That they have a right to the protection of their government from any person or persons entering this country unlawfully.
Therefore, the People of California declare their intention to provide for cooperation between their agencies of state and local government with the federal government, and to establish a system of requiring notification by and between such agencies to prevent illegal aliens in the United States from receiving benefits or public services in the State Of California.

Section 2. Manufacture, Distribution or Sale of False Citizenship or Resident Alien Documents; Crime and Punishment.

Section 113. is added to the Penal Code, to read:

Section 113. Any person who manufactures, distributes or sells false documents to conceal the true citizenship or resident alien status of another person is guilty of a felony and shall be punished by imprisonment in the state prison for five years or by a fine of seventy-five thousand dollars ($75,000).

Section 3. Use of False Citizenship or Resident Alien Documents; Crime and Punishment.

Section 114. is added to the Penal Code, to read:

Section 114. Any person who uses false documents to conceal his or her true citizenship or resident alien status is guilty of a felony, and shall be punished by imprisonment in the state prison for five years or by a fine of twenty-five thousand dollars ($25,000).

Section 4. Law Enforcement Cooperation with INS.

Section 834b is added to the Penal Code, to read:

Section 834b. (a) Every law enforcement agency in California shall fully cooperate with the United States Immigration and Naturalization Service regarding any person who is arrested if he or she is suspected of being present in the United States in violation of federal immigration laws.

(b) With respect to any such person who is arrested, and suspected of being present in the United States in violation of federal immigration laws, every law enforcement agency shall do the following:

(1) Attempt to verify the legal status of such person as a citizen of the United states, an alien lawfully admitted as a permanent resident, an alien lawfully admitted for a temporary period of time or as an alien who is present in the United States in violation of immigration laws. The verification process may include, but shall not be limited to, questioning the person regarding his or her date and place of birth, and entry into the United States, and demanding documentation to indicate his or her legal status.

(2) Notify the person of his or her apparent status as an alien who is present in the United States in violation of federal immigration laws and inform him or her that, apart from any criminal justice proceedings, he or she must either obtain legal status or leave the United States.

(3) Notify the Attorney General of California and the United States Immigration and Naturalization Service of the apparent illegal status and provide any additional information that may be requested by any other public entity.

(c) Any legislative, administrative, or other action by a city, county, or other legally authorized local governmental entity with jurisdiction boundaries, or by a law enforcement agency, to prevent or limit the cooperation required by subdivision (a) is expressly prohibited.

Section 5. Exclusion of Illegal Aliens from Public Social Services.

Section 10001.5 is added to the Welfare and Institution Code, to read:

Section 10001.5 (a) In order to carry out the intention of the People of California that only citizens of the United States and aliens lawfully admitted to the United States may receive the benefits of public social services and to ensure that all persons employed in the providing of those services shall diligently protect public funds from misuses, the provisions of this section are adopted.

(b) A person shall not receive any public social services to which he or she may be otherwise entitled until the legal status of that person has been verified as one of the following:

(1) A citizen of the United States.

(2) An alien lawfully admitted as a permanent resident.

(3) An alien lawfully admitted for a temporary period of time.

(c) If any public entity in this state to whom a person has applied for public social services determines or reasonably suspects, based upon the information provided to it, that the person is an alien in the United States in violation of federal law, the following procedures shall be followed by the public entity:

(1) The entity shall not provide the person with benefits or services.

(2) The entity shall, in writing, notify the person of his or her apparent illegal immigration status, and that the person must either obtain legal status or leave the United States.

(3) The entity shall also notify the State Director of Social Services, the Attorney General of California and the United States Immigration and Naturalization Service of the apparent illegal status, and shall provide any additional information that may be requested by any other public entity.

Section 6. Exclusion of Illegal Aliens from Publicly Funded Health Care.

Chapter 1.3. PUBLICLY - FUNDED HEALTH CARE SERVICES

Section 130. (a) In order to carry out the intention of the People of California that, excepting emergency medical care as required by federal law, only citizens of the United States and aliens lawfully admitted to the United States may receive the benefits of publicly-funded health care, and to ensure that all persons employed in the providing of those services shall diligently protect public funds from misuse, the provisions of this section are adopted.

(b) A person shall not receive any health care services from a publicly-funded health care facility, to which he or she is otherwise entitled until the legal status of that person has been verified as one of the following:

(1) A citizen of the United States.

(2) An alien lawfully admitted as a permanent resident.

(3) An aliens lawfully admitted for a temporary period of time.

(c) If any publicly-funded health care facility in this state from whom a person seeks health care services, other than emergency medical care as required by federal law, determines or reasonably suspects, based upon the information provided to it, that the person is an alien in the United States in violation of federal law, the following procedures shall be followed by the facility:

(1) The facility shall not provide the person with services.

(2) The facility shall, in writing, notify the person of his or her apparent illegal immigration status, and that the person must either obtain legal status or leave the United States.

(3) The facility shall also notify the State Director of Health Services, the Attorney General of California and the United States Immigration and Naturalization Service of the apparent illegal status, and shall provide any additional information that may be requested by any other public entity.

(d) For purposes of this section "publicly-funded health care facility" shall be defined as specified in Section 1200 and 1250 of the Health and Safety Code as of January 1, 1993.

Section 7. Exclusion of Illegal Aliens From Public Elementary and Secondary Schools.

Section 48215. is added to the Education

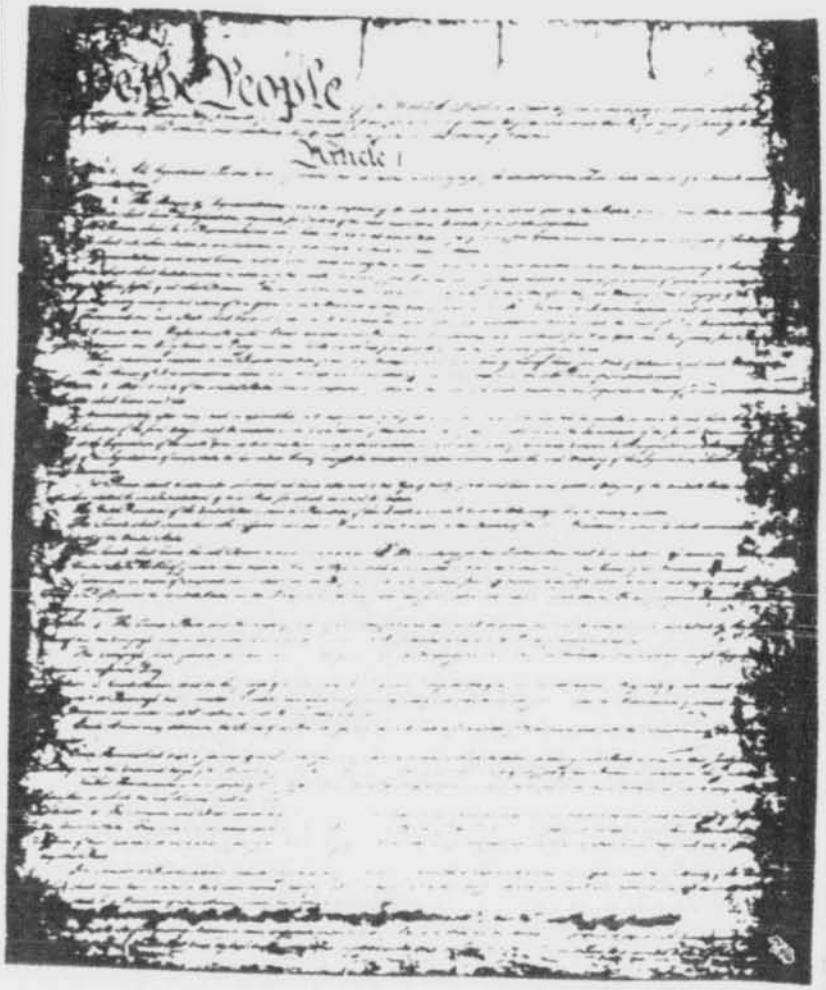
continued on page 18

The History Of The United States

Constitution

William Galdstone, a nineteenth century British statesman, once observed that: "As the British constitution is the most subtile organism which has proceeded from the womb and the long gestation of progressive history, so the American Constitution is, so far as I can see, the most wonderful work ever struck off at a given time by the brain and purpose of man." Yet the Constitution was not created in a vacuum. Rather, most of its elements stem from the history and traditions of the American colonies. It was the happy blending of established forms with the keen political insight of the Framers of the Constitution which gave us the document which, with relatively few amendments, has proven so effective as a framework for governing the United States of America.

Two important questions then are what are the traditions which underlie the Constitution and how did the Framers create something new and great out of these traditions.



Traditions underlying the government, including the Mayflower Compact (1620) and the various colonial charters issued at the discretion of the King were part of the government process in the American Colonies from the beginning. The settlers in the new World sometimes went beyond the original royal charter to set the rules under which they agreed to be governed. The Mayflower Compact is an example of such an agreement. In 1639 the freemen of several towns in the lower Connecticut, the first written constitution that was American commonwealth framed for itself, and, according to Allan Nevins and Henry Steele Commager, the first such constitution anywhere in the Western world.

Bicameralism (a two-house legislature) and an emphasis on the power of the popularly elected "lower" house are important in the American tradition. The Constitution provided for a bicameral Congress, and all but one of the nation's fifty states (Nebraska is the exception) have a two-house legislature. Members of the United States Senate are popularly elected now, although the constitution did not require election until passage of the Seventeenth Amendment in 1913.

The power of the colonial lower houses served as a check on the colonial governors. It was the control exercised over appropriations by the lower houses which was the most important weapon against the governors' arbitrary exercise of power. The Framers had to counteract the preference for a weak executive, for reasons which are touched upon below. Nonetheless, the colonial past is still reflected in the relative weakness of many states' governors.

The existence of a powerful and extensive judicial system and of a system of "common law" (or judge-made law) is a part of the colonial heritage, in turn derived from English tradition. Case by case judges contribute to the understanding and application of law and, indeed, of the Constitution itself.

Another element of the American political heritage is the important role of local government. Today, thousands upon thousands of local governmental bodies - school districts, counties, cities and numerous others - form an important part of the American form of government. Local government in America had its origins in the Colonial period. Then as now, local government served both as a training ground for leaders and as an area for experimentation and exploration of ideas about how to govern best.

Next Issue: The U.S. Constitution through Article I

California's REPUBLIC REPORTER

VOLUME 1 #1

'The New Newt'

by Robert Novak

WASHINGTON — House Republicans seem more interested in seeking unanimous agreement with one another than in clearly challenging President Clinton, thanks in no small part to a very surprising source: erstwhile GOP pit bull Newt Gingrich.

Gingrich, unopposed to be elected leader of his party in the House next year, is seeking a health-care bill that very nearly every one of the 176 Republican members can support. That means endorsing President Clinton's prerequisite of "universal coverage." On another issue, in order to avoid defection on the party's House budget by liberal Republicans, Gingrich refused to count Republican heads on whether a proposed pro-family tax credit should be denied to rich parents and ruled the denial in by his personal edict.

All this projects a new Newt, who, now that he nears the top of the ladder, looks more and more like the prototypical congressional Republican leader. Traditionally, when the GOP is out of the White House, its liberal fragment becomes the least common denominator setting the party's policy, which as a consequence tends to mimic the Democrats.

Gingrich, the most innovative House Republican in the past decade, has not undergone an ideological transformation at age 40. Rather, he is evincing a lust for intraparty consensus that previously did not obsess him, a tendency exemplified by his extraordinary tack on health care.

He is after passage by the House of a health-care bill supported by nearly every Republican and perhaps 60 Democrats. That is viewed by some of Gingrich's own Republicans and nearly all Democrats as a preposterous scenario. But in furtherance of that goal Gingrich must support universal coverage. He is urging Rep. John Kasich, who also advocates universal coverage, to draft a new bipartisan bill to muddle differences between the parties.

At last weeks' GOP health retreat in Annapolis, Sen. John Chafee, the liberal chairman of the Senate GOP health task force, repeatedly stressed support for universal coverage. That went unchallenged, save for Sen. Paul Coverdell, the freshman from Georgia, who commented that universal coverage meant "government management." Gingrich was in Chafee's corner at Annapolis.

The case of the family tax credit is an even more graphic revelation of the new Newt. In seeking the best bottom line in their new budget proposal, green-eyeshade House Republican budget writers were not much interested in providing tax relief for hard-pressed American families.

Kasich, the top Budget Committee Republican, told me he "always had in mind" such a tax break. But when his draft came out with a $500 per child credit, the pro-family lobby — Gary Bauer's Family Research Council, Ralph Reed's Christian Coalition and William Kristol's Project for the Republican Future, aided by the Heritage Foundation — said that was so puny it was not worth fighting for. Accordingly, the credit was raised to $500.

But two senior and liberal Republicans on the Budget Committee — Christopher Shays of Connecticut [illegible]

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'Vaporize Weird Pork'

by Tony Snow

Washington — John Kasich, the ranking Republican on the House budget Committee and a brightening orb in the GOP firmament, sits in his office, looking like the Fifth Beatle.

His hair dangles in a brown mop over his brow. He rocks as he speaks, faster and faster, until something propels him from his leather chair and he declares: "The American people know that the federal government just doesn't work!"

"In Washington, we've got to get rid of stuff that doesn't make any sense. We've got to let people make the decisions that they can make themselves."

Kasich may be the only person in America who would be as likely to start a bar brawl over the Congressional Budget Office's estimate of Medicare B expenditures as about the Pittsburgh Steelers. Half-nerd, half-jock, he has become a force on Capitol Hill by mastering the normally inscrutable federal budget.

The Ohioan has drafted a Republican alternative to the president's spending blueprint for a second consecutive year, and Official Washington has beaten a path to his door. No sooner had he released his plan last week than he began receiving requests from such unlikely readers as White House Budget Director Leon Panetta and the editorial board of The Washington Post.

Inquiring minds want to see the tact because Kasich proposes something that Ronald Reagan preached but never practiced: he would reduce taxes — and spending. Indeed, if his proposal has a theme, it is: Lose the Dumb Stuff.

Kasich wants to cut $266 billion more than the administration recommends over the next five years, and he has persuaded fellow Republicans to support sensible slashes. Knock out subsidies to "operate" empty public housing units. Send pink slips to the Legal Service Corp. Stop pumping money into rural rental housing, since many recently built units sit vacant. Shut down the Superconducting Supercollider and the Advanced Solid Rocket Motor program immediately, rather then dragging out their deaths for two or three more years. Turn the Federal Aviation Administration's air-traffic control system over to the air lines, and make them run it. Lump mass-transit and highway money together, so politicians will have to make choices about what kind of transportation systems works best.

Fortunately, Kasich does more than vaporize weird pork. He also tackles delicate issues, such as the proper status of Indian lands and the need to cut overhead costs at federal departments and agencies.

His most impressive innovation would do something nobody has done for ages in Deal Town, USA—lay the foundations for additional reductions in the size and strength of the federal leviathan. While the Clinton budget contains dozens of seedlings for new bureaucracies, the Kasich alternative pushes a long-term program of privatization. Here, the Buckeye pol demonstrates his resolve with the nicest touch of all: a moratorium on the construction and acquisition of anew federal office buildings.

Since not every assault on common sense takes place within the halls of Congress, Kasich also tracks down regulatory agencies, demanding that their red tape produce more benefits than costs.

"Look at this!" he shouts, waving Exhibit "A" in his crusade.

"Here's something straight from the Federal Register. The Department of Transportation wants to create what it calls Transit Ambassadors. The Register Says:

"Ambassadors would assist (elderly and disabled citizens) in locating bus stops, understanding how the fare system works and identifying potential destinations, such as grocery stores, medical facilities, etc. Transit ambassadors would teach individuals how to use public transportation, and how to read maps and time schedules."

What next? Rest-stop ambassadors to explain the mysteries of roadside hygienic appliances?"

While critics accused Kasich of focusing solely on spending cuts last year, his latest production includes sections on international affairs, government reform, welfare reform, health care, crime fighting and "empowerment."

And it finishes with a flourish, offering the most ambitious pro-growth language since the 1981 Kemp-Roth tax cuts. Kasich recommends indexing the a capital gains tax, letting businesses write off equipment, expanding the use of individual retirement accounts and giving families that earn less than $200,000 a year a $500 per child income-tax credit—something Bill Clinton promised during the 1992 campaign and dropped immediately after taking office.

The late Sen. Everett Dirksen may be known best for quipping: "a billion here, a billion there, and pretty soon you're talking real money." The iconoclastic Kasich may earn his place in GOP annals as the many who proved that a billion in cuts here and a billion in cuts there — and pretty soon, you've given Republicans a real philosophy.

ment accounts and giving families that earn less than

'The Welfare Reform That Wasn't'

$15 Billion To Get People OFF Welfare?!?

Debra J. Saunders

In case you needed a clue that President Clinton's welfare reform isn't, here it is. Any welfare reform that costs money isn't welfare reform. For those of you who learned math in Washington, I will explain in words of two syllables or less — please repeat after me: When people are working, instead of on welfare, it's supposed to cost less tax money.

How then is it that the Clinton administration is drafting a package that promises to get recipients off Aid to Families with Dependent Children after two years — or at least some recipients — at a five-year cost of $15 billion?

This week, stories revealed that the gang, which couldn't cut straight, is having problems finding corresponding cuts in a $1.5 trillion federal budget. There's talk of a tax on gambling revenue to pay for this so-called reform, cutting other benefits or scaling back the already scaled-back proposal. (The task force is tossing around the idea of limited work requirements to parents 25 years or younger.) Please scale back, Clintonia, scale back the whole thing. America can't afford the way you put people to work.

The premise of Reform a la Clinton flies in the face of Candidate Clinton's pledge to "end welfare as we know it." Voters expect this to signal a curb on American's growing dependence on government programs. So how does Team Clinton plan on delivering less government? You know it — with more government.

On this one, Democrats and Republicans are with Clinton. Neither party is impressed with current policy that provides Medicaid coverage for families for a year after parents get off the welfare rolls; both sides propose adding a plethora of training programs. (Program boosters never seem to ask whether taxpayers should trust someone to care for small children who can't find a job before the end of a two-year deadline.) The do-gooders' patronizing view of recipients as helpless people makes it a given that parents shouldn't be expected to find jobs without their patronage.

Washington used to believe that in this capitalistic democracy, workers could start at the bottom and work their way up. Now Washington puts its faith in government and jobs programs even after it has been demonstrated that they don't work. Spend more, the faithful figure, and then the programs will work.

Which is why the task force is having trouble coming up with cuts to make up for the extra $15 billion. The idea of not giving you tax dollars to somebody has the administration up a tree. For example: The Washington Post reported that the task force considered cutting off Social Security Income (SSI) benefits for legal immigrants, three-fourths of whom are elderly immigrants sponsored by their children, with a one-year grace period for current recipients. The five-year savings: $21.3 billion. The number of non-citizens receiving SSI increased fivefold from 1982 to 1992.

In Thursday's press conference, the president rejected this suggestion. Clinton should listen to Rep. Dave McCurdy, D-Okla., a supporter of this cut who told Associated Press, "We want to give AFDC recipients a chance to break out. Immigrants should not be coming to the United States in order to get on the welfare system."

McCurdy is right about cutting benefits for non-citizens who haven't paid into Social Security and are under 75. But how about dumping the welfare reform package and still ending SSI benefits for non-citizens? Let the $21 billion go toward deficit reduction.

If Americans don't trust politicians who issue checks with Nobody asked voters if they wanted to give such benefits to new immigrants. It just happened. So this time Washington did air the matter, not giving was framed as a taking away.

Clinton I make the case: to launch new million-dollar programs.

Debra J. Saunders

Honesty.

Honesty: That's what you want a candidate to have when it involves the appraisal and auditing of property for the County.

Nick Stansfield, Candidate for **Los Angeles County Assessor**, who has **twenty-four years** of hands-on experience as a Los Angeles County Deputy Assessor says: "The position of County Assessor is a position of trust. The people trust the Assessor to be treated fairly, not have their paperwork mishandled resulting in late fees and interest. The incumbent and prior Assessor have allowed hundreds of thousands of secured bills to be stolen away when they were returned by the Post Office as undeliverable and pretended they didn't know what happened to the missing bills. As your new Assessor, I will implement procedures to see that all tax payers receive their bills in a timely manner."

Nick ON JUNE 7TH, VOTE FOR

STANSFIELD

Los Angeles County Assessor

Paul Stapanek

U.S. CONGRESS - 27TH DISTRICT

"When I am elected Congressman from the 27th District, I will work to solve the problems of crime, education and health care. I'll fight government mandates that don't provide services to you. I will work to provide incentives to the federal government to be more efficient and more responsive with the use of your tax dollars."

Paul Stapanek is currently President of La Forte Productions Inc. and began his career as a Finance Regional Representative with the National Republican Congressional Committee under the Chairmanship of Richard D. Eugar.

As an International Representative in Europe, Stapanek represented the Interface Group, working to expand the computer industry throughout Europe under the European Economic Commission. Later, Stapanek joined Paine Webber as an Investment Executive. He is a 1993 graduate of Pepperdine University with a B.S. in Business Administration, with a concentration in Economics.

To help On Paul's Campaign, please call 213-243-1994

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The History of the Welfare System

45 B.C. to 1932 A.D.

Part 1

Author: Tony Bell

As far back as ancient Rome governments have administered help to those in need. Yet today, perhaps more than ever before, the concept of welfare arouses serious misgivings, especially in the United States. It is seen as much as a vice than as a virtue. Why does public assistance seem to perpetuate, rather than elevate poverty? A look at the history of the dole will help to answer this. Then later in this serious, a comparison of various systems around the world will shed even more light on the great paradox of modern civilization — welfare.

In 45 B.C. Caesar had finished a major military campaign. He took advantage of the opportunity to carry out a broad program of reorganization and reform. This include cutting the number of free grain recipients in his empire in half, from 320,000 to 150,000. What was the overall effect of this early example of welfare reform? We may never be sure, since Rome went back to war in 43 B.C. and this again altered its economy. Caesar used two other options available in those times that we no longer enjoy — resettling poor and elderly veterans into the uncolonized Italian countryside and offering a vast public works program. However, these undertakings could be extremely hazardous.

In England, 1601, the Tudor Poor Law is launched by government a few years after Henry VIII had abolished monasteries, which for centuries had cared for the poor. Now, under the Poor Law, the parishioners of each local church could appoint an Overseer of the Poor. The Overseers were given great powers under English Law.

A VOLUNTEER SOCIAL WORKER [illegible] the late 19th century. Besides investigating the needs of the applicants for assistance, the [illegible] would also relieve [illegible]

They [illegible] support. They could [illegible] to work and [illegible] children. They could [illegible] and kind [illegible]

Most importantly, [illegible] the Poor Law [illegible] parishioners [illegible] They [illegible] Poor Law [illegible]

[illegible] stations first hand.

[illegible] more modern example of [illegible] the Poor Law Reforms [illegible] 1834 compelled parishes to unite [illegible] Poor Law Unions. These [illegible] workhouses and give [illegible] in exchange [illegible]. The laws were designed to [illegible] applications and to [illegible]. But they were abolished in 1871. The political tide shifted as more persons ascribed poverty to personal inadequacy. This was known by critics as the "Poor Law mentality."

Not all welfare attempts have been humanitarian. Otto von Bismarck used social insurance to reduce support for a revolution. In France after World War I, some wanted welfare to promote population growth and help France equal German military strength. It didn't.

The Pilgrims pretty much took the Poor Law with them to America, and founded the "almshouse." But the 10th Amendment to the Constitution leaves responsibility to the states. Thus, the following landmarks resulted prior to the federal Social Security Act of 1935:

1773 - first hospital for insane, Williamsburg, Va.

1790 - first state prison, Philadelphia, Pa.

1822 - first state school for deaf

1867 - first coordinating authority, Massachusetts State Board of Charities

1898 - first state aid to the blind, Ohio

[illegible] - ground broken for New York School of Social Work of Columbia University

1910 - first workmen's compensation, New York state

1911 - aid to dependent children, Illinois

1913 - first successful "community chest," Federation for Charity and Philanthropy, Cleveland, Ohio

1923 - old age assistance, Montana

1932 - unemployment compensation, Wisconsin

Another Historical Failure of Socialism

Late 1800's - Germany

Author: Unknown

Nineteenth century German Chancellor Otto von Bismarck devised the first comprehensive system of compulsory insurance for skilled craftsman and mechanics. Employers were aided by the state in providing for workers after an accident, in sickness and in old age. Bismarck knew that keeping his work force happy was the key to meeting his [illegible]

[illegible] Emperor [illegible] unemployed poor [illegible] But after Kaiser William II [illegible] Bismarck out of office, he faced growing political pressure for poor support. This was the vehicle by which the Reichstag, or German [illegible] gain power. William [illegible]

[illegible] According to The History And Principles of the 19th Century, A Wonderful Story of Progress, written in [illegible] "The system seems to have worked satisfactorily, but socialism of a more radical kind has grown in the empire far more rapidly than the emperor has approved of, and he has vigorously, though unsuccessfully, endeavored to prevent its increase."

JIM STIERINGER
Candidate for the Republican Nomination For The State Insurance Commissioner
(619) 466-0791

California's REPUBLIC REPORTER

VOLUME 1, #1

America's Most Unwanted

by PAUL HARVEY

Just off the Oval Office of the White House there's a small hall leading to a private dining room no larger than your own.

President Reagan lined the walls of that small hall with framed cartoons of himself. He said it helped him to keep from taking himself too seriously.

Invited to lunch with the president in that intimate dining room 10 years ago, I enjoyed a spirited conversation about world concerns brightened by Reagan's fascinating recall of anecdotal adventures in the movies and since.

Suddenly, the entire mood of the meeting changed when I asked what were we going to do about the debilitating tide of illegal immigration.

The president, now uncharacteristically grim, was silent for most a poignant minute before he said, "Paul, I don't know."

Our national leaders still don't know

Recently, Attorney General Janet Reno, Health and Human Services Secretary Donna Shalala, Education Secretary Richard Riley and Office of Management and Budget Director Leon Panetta invited to Washington the governors of the states most burdened by illegal immigrants: California and Florida, Illinois and Texas, Arizona and New Jersey.

The government officials received a thorough thrashing.

Florida's Gov. Lawton Chiles revealed how the number of foreign-born residents of his state has tripled in two decades.

One million — at least — of Florida's foreign-born **ARE NOT CITIZENS.**

Cubans, for example, if they can make it ashore in Florida by whatever means, are allowed to dissolve into the population with [illegible] the rest of us [illegible] political refugees. [illegible] government policy requires [illegible] make us feel welcome here.

They are not.

[illegible] Florida, as these aliens [illegible] enjoy undiminished [illegible] who [illegible] free education, food stamps, free hospital, medical care and [illegible] free housing.

Prosecutors are [illegible] the state of Florida $2 [illegible] in the meantime [illegible] criminals.

At the [illegible] meeting, the governors were [illegible] some relief from federal [illegible] better enforcement [illegible] illegal aliens, help with state costs, improved identification of criminal aliens and a contingency plan to respond to any future mass invasion of aliens.

So far none of the above has been implemented.

It would appear that, even as 10 years ago, our federal government leaders do not know what to do about the problem.

President Clinton, arguing for the North American Free Trade Agreement, promised that it would create jobs in Latin America and thus reduce the incentive to emigrate. It hasn't yet.

States that are reducing the welfare incentive have the best chance of stemming the tide but you'll not hear much of that this election year.

Save Our State Initiative

continued from page 18

Code to read

Section 48215. (a) No public elementary or secondary school shall admit, or permit the attendance of, any child who is not a citizen of the United States, an alien lawfully admitted as a permanent resident, or a person who is otherwise authorized under federal law to be present in the United States.

(b) Commencing January 1, 1995, each school district shall verify the legal status of each child enrolling in the school district for the first time in order to ensure the enrollment or attendance only of citizens, aliens lawfully admitted as permanent residents, or persons who are otherwise authorized to be present in the United States.

(c) By January 1, 1996, each school district shall also have verified the legal status of each parent or guardian of each child referred to in subdivision (b) and (c) above, to determine whether such parent or guardian is one of the following:

(1) A citizen of the United States.

(2) An alien lawfully admitted as a permanent resident.

(3) An alien admitted lawfully for a temporary period of time.

(e) Each school district shall provide information to the State Superintendent of Public Instruction, the Attorney General of California and the United States Immigration and Naturalization Service regarding any enrollee or pupil, or parent or guardian, attending a public elementary or secondary school in the school district determined or reasonably suspected to be in violation of federal immigration laws within forty five days after becoming aware of an apparent violation. The notice shall also be provided to the parent or legal guardian of the enrollee or pupil, and shall state that an existing pupil may not continue to attending the school after ninety calendar days from the date of the notice, unless legal status is established.

(f) For each child who cannot establish legal status in the United States, each school district shall continue to provide education for a period of ninety days from the date of the notice. Such ninety day period shall be utilized to accomplish an orderly transition to a school in the child's country of origin. Each school district shall fully cooperate in this transition effort to ensure that the educational needs of the child are best served for that period of time.

Section 8. Exclusion of Illegal Aliens From Postsecondary Educational Institutions.

Section 66010.8 is added to the Education Code to read:

Section 66010.8 (a) No public institution of postsecondary education shall admit, enroll, or permit the attendance of any person who is not a citizen of the United States, an alien lawfully admitted as a permanent resident in the United States, or a person who is otherwise authorized under federal law to be present in the United States.

(b) Commencing with the first term or semester that begins after January 1, 1995, and at the commencement of each term or semester thereafter, each public postsecondary educational institution shall verify the status of each person enrolled or in attendance at that institution in order to ensure the enrollment or attendance only of United States citizens, aliens lawfully admitted as permanent residents in the United States, and persons who are otherwise authorized under federal law to be present in the United States.

(c) No later than 45 days after the admissions officer of a public postsecondary educational institution becomes aware of the application, enrollment, or attendance of a person determined to be, or who is under reasonable suspicion of being, in the United States in violation of federal immigration laws, that officer shall provide that information to the State Superintendent of Public Instruction, the Attorney General of California and the United States Immigration and Naturalization Service. The information shall also be provided to the applicant, enrollee, or person admitted.

Section 9. Attorney General cooperation with the INS.

Section 53069.65 is added to the Government Code, to read:

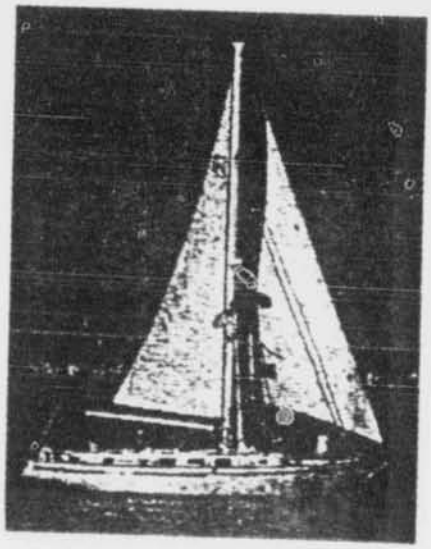
53069.65. Whenever the state or a city, or a county, or any other legally authorized local governmental entity with jurisdictional boundaries reports the presence of a person who is suspected of being present in the United States in violation of federal immigration laws to the Attorney General of California, that report shall be transmitted to the United States Immigration and Naturalization Service. The Attorney General shall be responsible for maintaining ongoing and accurate records of such reports, and shall provide any additional information that may be requested by any other government entity.

Section 10. Amendment and Severability.

The statutory provisions contained in this measure may not be amended by the Legislature except to further its further its purposes by statute passed in each house by roll call vote entered in the journal, two-thirds of the membership concurring, or by a state that become effective only when approved by the voters.

In the event that any portion of this act or the application thereof to any person or circumstance is held invalid, that invalidity shall not affect any other provision or application of the act, which can be given effect without the invalid provisions or application, and to that end the provisions of this act are severable.

The Sea Dream



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Immigration To The New World

A Historical Perspective

by Daniel V. Carlucci

The United States is a nation of immigrants. Even the original indigenous peoples in North America arrived in the New World only a few thousand years ago, coming from Asia where human life was much older.

Defending hearth and home against strangers, on the one hand, and roving to far places in search of food and excitement, on the other, have always been opposing poles of human experience. They tend to manifest themselves most strongly at different stages of the life cycle: roving being an affair of youth, home-keeping of adulthood as well as of infancy and old age. In its own youth, the United States of America consisted of such rovers.

Although most writing about migration in English assumes that free choices made by individuals or families govern human movements, the fact is that much human migration does not conform to this pattern in the least. Induced, political violence and threat of violence have often compelled whole population to flee. Mass movements directly connected with the exercise of force or the threat of force have played a critically important role in times past. The European penetration of the Americas could not have occurred without military superiority over the previous inhabitants. Indeed, the territorial base of almost all existing nationalities of the world can usually be traced back to some ancient mass migration movement of a similar kind.

America was brought to the attention of the technologically advanced civilized world when Christopher Columbus reached the continent in his famous voyage of 1492. This paved the way for initial expansion of Western civilization to the New World.

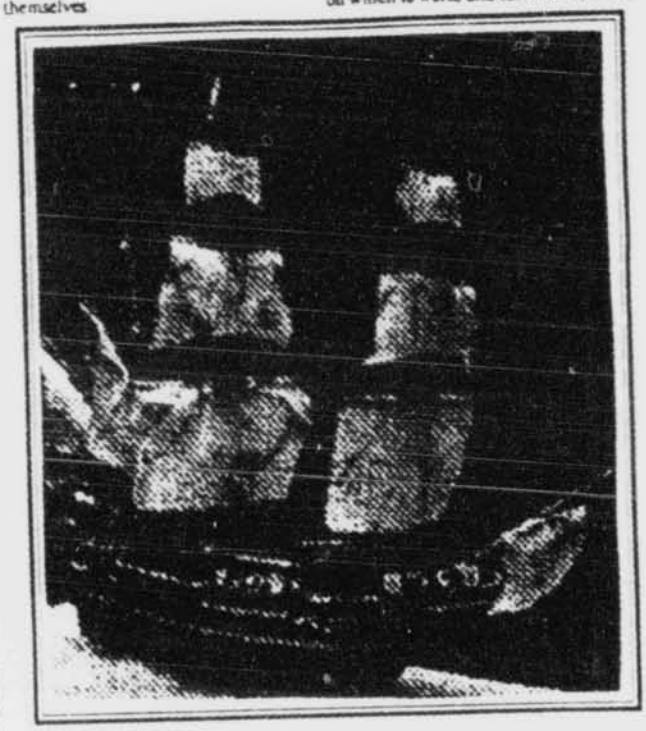
When Columbus arrived, he found a land sparsely inhabited by nomadic hunting tribes, many of whom were constantly on the verge of starvation. The natives had not yet discovered the wheel and had no written language. They lived a violent and brutal existence as tribes attacked and fed upon members of rival tribes. The discovery of the New World by Christopher Columbus brought all of the glorious achievements of Western Europe and the Renaissance to this virgin land.

The story of the Pilgrims begins in the early part of the seventeenth century. The Church of England under King James I was persecuting anyone and everyone who did not recognize its absolute civil and spiritual authority. Those who challenged ecclesiastical authority and those who believed strongly in freedom of worship were hunted down, imprisoned, and sometimes executed for their beliefs.

A group of separatists first fled to Holland and established a community. After eleven years, about forty of them agreed to make a perilous journey to the New World, where they would actually face hardships, but could exercise religious freedom.

On August, 1, 1620, the Mayflower set sail. It carried a total of 102 passengers, including forty Pilgrims led by William Bradford. On the journey, Bradford set up a contract that established just and equal laws for all members of their new community, irrespective of their religious belief.

The journey to the New World was along and arduous one. When the Pilgrims landed in New England in November, they found, according to Bradford's detailed journal, a cold, barren, desolate wilderness. There were no friends to greet them, he wrote. There were no houses to shelter them. There were no inns where they could refresh themselves.



During the first winter, half of the Pilgrims died of either starvation, sickness, or exposure. When spring finally came, the natives taught the settlers how to plant corn, fish, and skin beavers for coats.

The original contract the Pilgrims had entered into with their merchant-sponsors in London called for everything they produces to go into a common store, and each member of the community was entitled to one common share. All of the land they cleared and the houses they built belonged to the community as well.

Bradford, who had become the new governor of the colony, recognized that this form of collectivism was as costly and destructive to the Pilgrims as that first harsh winter, which had destructive to the Pilgrims as the first harsh winter, which had taken so many lives. He decided to take bold action. Bradford assigned a plot of land to each family to work and manage, thus turning loose the power of the marketplace.

What the Pilgrims had actually discovered and experimented with was socialism. What Bradford and his community found was that the most creative and industrious people had no incentive to work any harder than anyone else, unless they could utilize the power of personal motivation, people could not be expected to do their best work without incentive. Bradford's community then assigned each family its own plot of land on which to work, and each family could market its own crops and products. The Pilgrims set up trading posts and exchanged goods with the Indians. The profits allowed them to pay off their debts to the merchants in London.

Following this era, the greatest period of immigration to the United States occurred in the last few decades of the nineteenth and the first decade of the twentieth centuries.

The effective establishment of political control over international movement was an unexpected and unplanned by-product of World War I. Prior to that time in the United States and Western Europe (and therefore in most of the globe which was then still controlled by Western European powers), passports and official regulation of migration were regarded as an improper infringement of personal freedom. The fact that the Russians maintained controls on migration was one the reproaches that freedom-loving persons regularly made against the Tsar's regime. Considerations of military security during World War I persuaded Western government to imitate the Russians. After the war, officials machinery for control of migration was never dismantled. Masses of refugees threatened to put severe strains on industrial society everywhere, and recurrent economic crises made newcomers unwelcome in most lands.

During the 1920's and 1930's nativistic restrictionism was part of the isolationist currents of that era. Immigration policy was driven almost entirely by insular domestic political forces that had become lodged in Congress in that period. The cultural and racial prejudices that had led into enactment of the restrictive national origins quotas in the early 1920's, and that important elite leadership groups shared in common with the mass public, were augmented in the 1930's by economic worries. For example, there had been very little public concern over Mexican immigration, either legal or illegal, in the United States until the Great Depression. For the first time in American history, both legally admitted as well as illegal Mexican immigrants were deported en masse to Mexico in the 1930's.

Although racial prejudice helped to intensify the trend toward a more restrictionist policy during the early decades of this century, it was not the only factor. Border ideological currents were also at work. As early as the 1880's America's emergence as a major industrial world power gave rise to an aggressive ideology of national dominance. Immigration laws were reshaped in response. It changed from the open-door policy reflective of the libertarian individualistic conceptions of community that held sway during the Republic's first century to an increasingly exclusionary doctrine based on the restrictive and nationalistic conception of community that began to emerge after the Civil War.

During the 1930's, more people emigrated from, than entered, the United States. In every poll taken after the mid-1930's the percentage of Americans wanting more immigrant admissions usually ranged from 4 to 6 percent and never exceeded 8 percent.

Following World War II, the United States maintained most of its pre-war restrictions on immigrants, responding to the postwar situation by inaugurating a system of quotas designed to restrict immigration drastically. Various legal devices were implemented by local communities that attempted to restrict or prevent immigration of "outsiders."

Part 1 of 3

Dan Carlucci is a Director for the El Camino College Republicans, in Torrance, Ca.

We, the People . . .

Giants like Benjamin Franklin left a shining legacy . . . our U.S. Constitution. Notice it doesn't say, "We, the Kings, Counts, and Millionaires do decree . . ." It says clearly, "We, the People . . ."

Politicians (right up to the White House) forget that. They Sidestep our Constitution whenever it suits them. And in their grasp for global power, they lead us down a path where apathy, greed, and social unrest rule the day!

Is there a better way?

Wolf Dalichau believes there is. That is precisely why Wolf seeks your strong support in his quest for U.S. Senate in the Republican Primary June 7th.

Wolf hangs his baker's hat in the 'Rollin' Pin Bake Shop' in L.A.'s Atwater Village, where you may find him any hour of the day or night. (Bakeries have no clocks!)

As a concerned Citizen, Businessman, Wolf sees these major areas that cry out for timely solutions.

(1) Illegal Immigration that tests the very fibers of our State and Nation.
(2) Economic strangling of business, driving good jobs out-of-state.
(3) Deliberate elimination of the Middle-Class.
(4) Crime that carries terror to our doorsteps and costs billions.

Former U.S. Paratrooper Wolf Dalichau says, "Actions speak louder than words." If you are satisfied with the same old faces, support them. But if you are fed up with baloney, you should back a man of action . . . a man who knows our Constitution truly says, "We, the People." You should back Wolf Dalichau.

Big-shots demand, "How dare a *'baker'* run for U.S. Senate?" Well, Benjamin Franklin was a printer. Thomas Jefferson was a farmer. And Harry Truman sold hats in Missouri. (Maybe we NEED a 'baker' in the U.S. Senate to save our dough!)

Your support is valued greatly.

WOLF G. DALICHAU

U.S. SENATE

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Treasurer
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9 7 0 4 3 8 4 2 5 3 4

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

October 14, 1994

Ronald M. Florance
1025 Via Mirabel
Palos Verdes Estates, CA 90274

RE: MUR 4080

Dear Mr. Florance:

This letter acknowledges receipt on October 6, 1994, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) 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 4080. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure
Procedures

9704384253 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 14, 1994

President
Joe Vilarino's Showcase
1201 S. Pacific Coast Hwy
Redondo Beach, CA 90277

RE: MUR 4080

Dear Sir or Madam:

The Federal Election Commission received a complaint which indicates that Joe Vilarino's Showcase 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 4080. 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 Joe Vilarino's Showcase 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.

9704384253 6

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 14, 1994

President
L.A. Rubber Co.
2915 E. Washington Blvd.
P.O. Box 23910
Los Angeles, CA 90023

RE: MUR 4080

Dear Sir or Madam:

The Federal Election Commission received a complaint which indicates that the L.A. Rubber Co. 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 4080. 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 the L.A. Rubber Co. 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.

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9704384253 8

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Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

October 14, 1994

Ronald R. Yates, Publisher
California's Republic Reporter
28729 Western Ave.
P.O. Box 173
Rancho Palos Verdes, CA 90732

RE: MUR 4080

Dear Mr. Yates:

The Federal Election Commission received a complaint which indicates that California's Republic Reporter a.k.a The Republican Reporter and you, as Publisher, 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 4080. 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 California's Republic Reporter a.k.a. The Republican Reporter and you, as Publisher, 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.

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Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 14, 1994

Edward E. Firth, Treasurer
Wolf Dalichau for U.S. Senate Committee
3156 Glendale Blvd.
Los Angeles, CA 90039

RE: MUR 4080

Dear Mr. Firth:

The Federal Election Commission received a complaint which indicates that the Wolf Dalichau for U.S. Senate Committee ("Committee") and you, as treasurer, 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 4080. 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 the Committee and you, as treasurer, 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.

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9704384254 2

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Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 14, 1994

John B. Duke, Treasurer
John Bernard Duke for Congress Committee
P.O. Box 20463
Long Beach, CA 90801

RE: MUR 4080

Dear Mr. Duke:

The Federal Election Commission received a complaint which indicates that the John Bernard Duke for Congress Committee ("Committee") and you, as treasurer, 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 4080. 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 the Committee and you, as treasurer, 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.

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9704384254 4

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Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 14, 1994

Hilda Daiber, Treasurer
Susan Brooks for Congress Committee
3525 Pacific Coast Highway
Torrance, CA 90505

RE: MUR 4080

Dear Ms. Daiber:

The Federal Election Commission received a complaint which indicates that the Susan Brooks for Congress Committee ("Committee") and you, as treasurer, 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 4080. 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 the Committee and you, as treasurer, 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.

9704384254 6

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

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

9704384254 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 14, 1994

Susan Brooks
3419 Corrina Dr.
Rancho Palos Verdes CA 90274

RE: MUR 4080

Dear Ms. Brooks:

The Federal Election Commission received a complaint which indicates 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 4080. 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.

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9704384254 8

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Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

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

9704384254 9

RONALD M. FLORANCE
1025 VIA MIRABEL
PALOS VERDES ESTATES, CALIFORNIA 90274

October 15, 1994

Mr. Lawrence Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20453

MUR 4080

Re: Complaint against "California's Republic Reporter", aka "The Republican Reporter"; Ronald R. Yates; Susan Brooks for Congress Committee and Mrs. Susan Brooks and Request for Expedited, Informal Efforts to Seek Corrective Filings

Dear Mr. Noble:

The following document is submitted to supplement the complaint filed by the undersigned against the proposed Respondents set forth above. This complaint was dated September 20, 1994 and received by the Federal Election Commission on October 6, 1994.

The enclosed document is a separate and additional June 1994 edition of the California's Republic Reporter. This document was circulated within the California 42nd State Assembly District and the 29th Congressional District, in support of federal and non-federal candidates.

The proposed Respondents California's Republic Reporter, aka the Republican Reporter, and Mr. Ronald R. Yates, received contributions and/or payments and made expenditures in connection with a federal or state campaign without filing required reports or making required disclosures, as set forth more fully in the September 20, 1994 complaint.

Please make this document a part of the file in this matter.

Very truly yours,

Ronald M. Florance

Ronald M. Florance

9704384250

California's

SPECIAL EDITION

$2.50

VOL. 1, #1

JUNE, 1994

REPUBLIC REPORTER

CALIFORNIA REPUBLIC

COUNTY, STATE, AND NATIONAL POLITICAL NEWS

Bob Davis Girds For November Battle

Bob Davis, the unopposed Republican candidate running for the 42nd State Assembly, is laying the groundwork for an aggressive campaign against his Democrat challenger.

A Real 'Donnybrook' Expected For 42nd Assembly Race

Davis' Tough Proposals To Limit And Reform Government Strikes Positive Note With Voters All Across Political Spectrum

by Ronald R. Yates

Waxman Challenged On Health Care Reform

Paul Stepanek Calls For Public Debate With Waxman

by Ronald R. Yates

California's
REPUBLIC REPORTER

California's REPUBLIC REPORTER
proudly printed on recycled newspaper
is published monthly and mailed
by Distribution District
in Los Angeles County within the
Great State of the California Republic
This newspaper is dedicated to deliver the
County, State and National Political News,
to inform and educate the voters of each district
and to promote good citizenship through active
participation in the community. Our goal is to:
"Build New Bridges of Cooperation Between the Voters, Candidates and Advertisers Through Consistent Communication"
Since this newspaper is to be used as a platform for communication of ideas between the candidates and the constituents, your comments, opinions, letters and articles are welcome. Please mail, or fax, to the address below. We reserve the right to select and edit submitted articles and at our sole discretion and for any reason may reject any article or advertisement from any writer, advertiser or system for publication or distribution.

Publisher and Editor-in-Chief
RONALD R. YATES

Assistant Editor
JEFFREY LEE

Graphic Artist
NORMAND LABRECQUE

Typesetting
DANI ADLER

Featured Columnists
WALTER WILLIAMS
PAUL HARVEY
ROBERT NOVAK
R. EMMETT TYRRELL JR.
TONY SNOW
TONY BELL
DEBRA SAUNDERS
THOMAS SOWELL

Guest Columnists
BOB DAVIS
RICHARD POIRIER

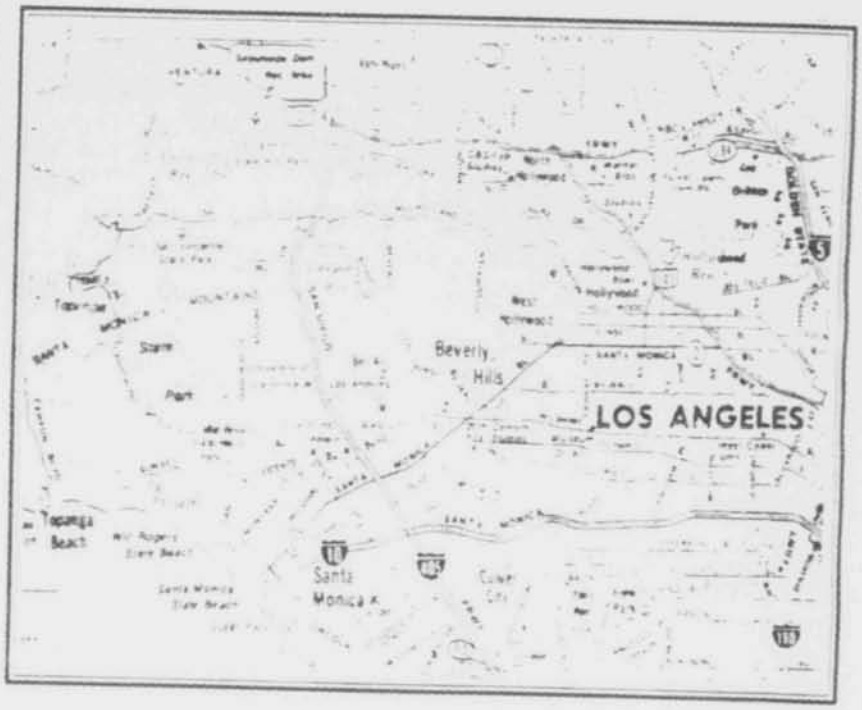
All of our papers are published in loving memory of Frank J. Mooney, Editor and Publisher of the Main Street Press, known as Long Island's 'Dean of Journalism' and Patchogue's 'Mr. Main Street', who started his newspaper career in 1933 with a pencil, a piece of paper and integrity. Thanks, Grandpa, for showing me the way.
- Nonnie

California's REPUBLIC REPORTER
ADVERTISING & EDITORIAL
(310) 833-9441
FAX COMMUNICATION
(310) 571-9233

29TH DISTRIBUTION DISTRICT

The 29th Distribution District covers the 29th Congressional, 42nd State Assembly and the eastern portion of the 23rd State Senate Districts. The boundaries for the 29th Distribution District include: Topanga Canyon Blvd. on the West, Mulholland Drive to the North, Pico Blvd. to the South and a combo of Western Ave., Los Feliz and the Golden State Freeway to the East. Some of the cities in the 29th Distribution District include: West Hollywood, Beverly Hills, Westwood, Bel Air, Santa Monica and Pacific Palisades.

This issue of *California's* Republic Reporter was delivered by mail to the approximately 50,000 registered Republicans in this district who have voted in most, if not all, of the primary and general elections since 1988. These are the voters who are the active participants in our local political process and we are proud to be able to deliver the county, state and national political news to this very important group of people before the 1994 Primary Election. We look forward to continuing this service on a consistent basis here, as well as in all of our other Distribution Districts in Los Angeles County.



Calendar Of Events

JUNE 7 - Primary Election for federal and state offices, runoff for local offices
9 - California Republican Primary Victory Party (8 Westin Hotel, LAX) (ALL REPUBLICANS)
23 - 29-Day Report of Registration published by Sec. State
27 - Last day for signature in lieu of filing fee measure signatures for Nov. ballot
30 - Statements of Vote published by Sec. State
AUG. 16 - RPV Executive Committee & Full Leaders Meeting
19 - Last day for incumbent candidates to file declaration of candidacy and nomination papers
AUG. 12 - RPV Executive Committee Meeting
26 - Change of candidates name designation in writing by Sec. State & County Elections Officer
27 - Randomized ballot drawing for ballot position
SEPT. 16 - Candidates are certified
1 - First day for voters to vote using special absentee voter applications
9 - 1994 California Republican Party Convention at T&C Hotel in San
16 - Deadline for voter registration
20 - RPV Executive Committee Meeting

RONALD REAGAN
LIBRARY
40 Presidential Drive
Simi Valley

May 7th - November 13
"Madame President"

More than 200 items of personal memorabilia associated with each of America's First Ladies

Features Of This Special Issue

Articles, Columns & Features

RICHARD POIRIER

The White House in 1996

Guest Columnist Richard Poirier discusses what he feels it would take the Republican Party to regain the White House in 1996. *page 6*

SELECT CANDIDATES

CRR 'Select Candidates'

California's Republic Reporter offers information on a *select* group of candidates that are all worthy of your vote on June 7th. *page 7*

BALLOT INITIATIVES

LACFRW Ballot Recommendations

The **Los Angeles County Federation of Republican Women** gives some guidance and insight on the different ballot initiatives that you will find at the voting booth on June 7th. *page 9*

BOB DAVIS

'It's Time For Penal Reform'

Guest Columnist Bob Davis *(also a candidate for the 42nd Assembly)* shares with us his views on improvements that can, and probably should, be made to our penal system. *page 15*

TONY BELL

'The History Of The Welfare System'

Tony Bell takes a look at the Welfare programs of the past to show us where we have been and where we might be heading. Part 1 of 3. *page 17*

EDITORIAL

In My Opinion . . .

Ronald R. Yates, Editor-in-Chief of *California's* REPUBLIC REPORTER has just one question.

'Do The Editors Of The Los Angeles Times Bother To Read Their Own Newspaper?'

Yates refers back to actual LA Times editorials written about Sen. David Roberti then, and now. What a contrast! What happened? Or is this just another fine example of their infamous 'Weathervane of Journalistic Excellence'? *page 12*

LETTERS TO THE EDITOR

Get Involved!

This section is for everyone to be able to share ideas and solutions to the problems that we face. Your active participation in future issues will help make awareness prosper, and solutions a reality. *Page 13*

PAUL HARVEY

America's Most Unwanted

The most listened to man in America, Paul Harvey, takes a look at illegal immigrants and the effects that they have on us all. *page 18*

POLITICAL CARTOONISTS

Chuck Assay & Jerry Barnett

Throughout this paper, you will find the political humor of two of America's best conservative political cartoonists. Enjoy!

Meet Our Columnists

Large, liberal daily news papers often buy up the rights to conservative political news writers and then *don't publish them!* In our effort to bring our readers the words, ideas and thoughts of the best and most revered of these writers, ***California's* REPUBLIC REPORTER** proudly presents our All-Star lineup:

Tony Snow

Tony has been the Editorial page editor for three metropolitan daily newspapers, commentator for National Public Radio, Deputy Assistant to President Bush for media affairs, communications, and served as his Director of Speech Writing.

Walter Williams

Dr. Walter Williams, the George Mason University Economics professor challenges his readers to understand the consequences of economic and social policy. His writing reveals a man of great courage, conviction and depth.

Robert Novak

Robert Novak has been writing descriptively, accurately and concisely about American politics since the days of Eisenhower. He also appears on CNN's 'Evans and Novak', 'Capitol Gang' and is a frequent co-host of 'Crossfire'.

Debra Saunders

Debra Saunders does not attempt to be a political pundit or legislative insider. Instead she plays the role of informed friend telling her beliefs directly to her readers in down-to-earth, everyday language that is accessible and personal.

Paul Harvey

On radio, 'Paul Harvey News' encapsulates the nation's pertinent cultural news of the day in brief tidbits rarely lasting more than 30 seconds each. On paper, however, 'Paul Harvey News' expands and elaborates, giving the reader depth and insight into the subject and into Harvey himself.

R. Emmett Tyrrell Jr.

Tyrell is the founder and editor-in-chief of The American Spectator, a political and cultural monthly. He appears frequently on 'The MacNeil-Lehrer report', ABC's 'Nightline', and on PBS's 'Firing Line'. He is among President Reagan's favorite political columnists.

Thomas Sowell

Currently a senior fellow at Stanford's Hoover Institute, Sowell has written a weekly political and economic column since 1984. He has been a professor of economics at UCLA, Cornell U., Amherst U. and Brandeis University, and has served as a consultant to three administrations.

Club News

Getting To Know You: The Bel Air Republican Women, Federated

by Carlotte Eidahl - Club Historian

The Bel Air Republican Women Federated was founded in 1960 and today are proud to be members of the largest all-volunteer women's political organization in the nation.

The General Meetings for the club are held on the fourth Monday of each month except for the months of July and August. Throughout the years our responsibilities have been in educating our members as to the Republican philosophy of government, our programs include current political topics, issues of national, state and local interest and presenting candidates for election.

Our members volunteer to help our Republican candidates in their campaigns; registering voters, registering new citizens and getting out the vote on election day. A newsletter is published monthly giving members current information on campaign, precinct work and pending legislation.

Members also volunteer in "Caring for America" projects by donating books to libraries and schools through the Mamie Eisenhower Memorial, by volunteering for projects for veterans in hospitals, programs for young people in the deputy Auxiliary police booster club, literacy programs in the schools, and donating to aid the homeless.

New members are welcome! Please call 310-472-8654 for further information.

The Bel Air Republican Women, Federated Club - *Club Representatives (From L-R) Maxine Brondyk, Florence Kinney, Hedy Shuford, Martha Ann Lathrop, Charlotte Eidahl, Lillian Ende, Willa Taylor, Nada Webb, Helen Wilson, Helena McKinley, Sally Burge, Joanna Zirbes, and Ginny Innman.*

— Ronald R. Yates

Gil Carrillo

TAKING OUR STREETS BACK!

Gil Carrillo:

- Demanding Accountability from Department Members
- Building Trust
- Boosting Morale
- Bringing Back Integrity
- Building Effective Leadership
- Gaining People's Commitment
- Creating a Plan for the Future
- Will Gain Your Confidence by making himself Accessible and Accountable to All the People

Experienced, intelligent, and dedicated to public service, Gil now offers the people of Los Angeles County the opportunity to **elect** effective, visionary and tough leadership to the post of Los Angeles County Sheriff.

June 7, Vote For Gil Carrillo

JOHN SCHOCK FOR JUDGE

Office # 93

Judicial experience [illegible]

Upstanding citizen [illegible]

Dedicated worker [illegible]

Great experience [illegible]

Enforcer of law [illegible]

June 7th, Vote For John Schock

Local News

The Citizen's Responsibility

This Republic is as much endangered today by the indifference of millions of people, inheritors of the traditions and opportunities of this greatest of all nations, to their own duties and responsibilities, as it is by the activities of the open and secret enemies of American institutions.

Half of our citizens do not even take the trouble to vote. Most of the remainder consider their duty to their country discharged when they have cast their ballot and go about their business during the intervals between political campaigns, giving little or no thought to the national welfare.

Elements antagonistic to American institutions are not so indifferent or so idle. They are ceaselessly at work, in the open and under cover. They are never off the job of undermining the faith of the people in their country, in spreading unrest, in arousing discontent, envy and hatred - those passions out of which violent revolutions are fashioned.

George Washington expressed the hope that the United States of America would not follow "the usual course of nations." The usual course of nations has been that of the tide in its daily movements - to rise and then fall. This nation cannot escape the usual fate of governments except through the vigilance of its citizens.

It is human nature to take an inheritance for granted, to accept it as a matter of course, to deem it unnecessary to defend that which others have fought for, that it might be ours. And so, with many voices raised in criticism of American institutions, American traditions and American ideals, few think it worth while to call attention to the incalculable value of these institutions, traditions and ideals. How is a new generation to learn that there is anything worth while in them?

To fight for one's country when its life is threatened by violence is noble and heroic; to stand up for it in peace time is a virtue quite as necessary. And unless there be such virtue in citizenship, our traditions will be forgotten, our ideals neglected and our institutions will crumble. What is more important to every citizen of this Republic than the perpetuity of the institutions which protect his life, his liberty and his property; what is of more priceless value than the national ideals and traditions which have given this nation its proud place in history? Yet how little thought the average man or women gives to this most vital of all questions affecting the most precious things in life!

Institutions, governments, do not persevere only by the vigilance of those to whose guardianship they have been committed. Upon you, as a citizen of the Republic, rests a responsibility which cannot be shirked without danger to your country. Its future is worth something of your thought, so much of which is given to matters of less moment.

republican davis

42ND ASSEMBLY DISTRICT

that's right! Bob Davis has announced his running as the sole Republican nominee for California's 42nd Assembly District. So, we've decided to throw a get together for Bob Davis [illegible] and endorsement [illegible]

bob davis stands out [illegible] Republican and Grass Roots political events as the only [illegible] accepted as a successful, law-abiding [illegible] contractor [illegible] "hard to find"

sponsors [illegible]

it's time [illegible] Bob Davis [illegible] namely

- violent crime rampaging our streets
- excessive taxes
- destructive welfare system
- unresponsive antiquated education system
- lackluster stagnant economy

please [illegible] Bob Davis will [illegible] prestigious [illegible] produced [illegible] anywhere by our State Legislator.

if we do not send someone to Sacramento who clearly recognizes and understands these critical issues, our community's future will continue to be ignored.

you're invited
to attend the Bob Davis Campaign Party

date
tuesday, June 15, 1994

place
Raleigh Studios - 650 N. Bronson Ave., Hollywood, Ca.

time
6:30 to 9:00 (and then...?)

rsvp
[illegible] 213-650-6369 > sponsor $100 attendee $35

davis

Stepanek Challenges Waxman To Public Debate On Health Care

continued from page 1

[illegible] Waxman's [illegible] proposal have added billions of [illegible] the Medicare [illegible]

[illegible] "The [illegible] provider says that can be [illegible] to improve the system, and [illegible] that government [illegible] health care. Stepanek supports provisions of the bill which:

**Require employers without existing health benefit plans to offer at least one plan [illegible] a specified level of coverage. Employers would not have to pay the premium costs. This would end "job-lock" and increase portability.

** [illegible] conditions [illegible] insurance.

**Offer tax deductions for the self-employed.

**Create purchasing pools offering coverage to small businesses.

**Allow Americans to start tax-free "Medical Savings Accounts", akin to IRAs.

**Reform medical malpractice.

**Administrative reforms including standard claim forms and electronic coverage and billing systems.

**Antitrust impediments are removed, allowing providers to enter joint ventures, and share equipment and technology.

California's REPUBLIC REPORTER

VOLUME 1, #1

Guest Columnist

The White House In 1996
Meaningful Communication Key

by Richard Poirier

If there was a way for Republicans to regain the White House in 1996, elect more federal and state Republicans into office, increase personal safety and prosperity, while at the same time lower taxes, reduce government and steadfastly maintain our Constitutional Bill Of Rights, would you be interested in learning how? Most Republicans would say "yes", but are baffled about how to achieve these goals.

Achieving political goals are not really that different from achieving other types of goals, personal or business. They all start with evaluating whether the goal is worthy and possible in order to justify the time and expense required to do the necessary work to overcome obstacles in the way of achieving the goal.

Surely these goals are not only worthy, but necessary if this country is to remain free in the traditions of the brave individuals who founded it. These goals are also essential if this country is to remain a world symbol of the political and ethical philosophy of the unalienable rights of the individual with government acting as authorized agent of the free individual.

All of these goals have been accomplished in the past so it is reasonable to say they are possible and could be achieved again. As individuals and as a party we have demonstrated in the past we have the resources and initiative to do the work required to overcome obstacles that stand in the way of achieving goals that have stirred our passions.

So, given the fact we have worthy goals that can be achieved, what's the problem? Why are so many still in a daze not quite understanding why the Republican party lost the White House in 1992 and will not regain it in 1996 unless it changes its mode of operation.

First, let's review some of the major Republican mistakes that resulted in an unknown Democratic Governor winning control of the federal government. It started with George Bush's inability to make timely progress with the severe recession over a three year period. This resulted in Bill Clinton's unsubstantiated claim that a change (any kind of a mindless change) was better than maintaining the status quo. Many voters bought Clinton's argument.

Next, Bush's refusal to drop Dan Quayle from the party ticket was perceived as arrogance by the public who clearly felt that Quayle was less competent to run the country than Bush if anything happened to Bush during his second term.

The American people will not tolerate illogical stubbornness masqueraded as loyalty. Americans want a candidate that makes sense. Someone who will implement solutions to major problems.

Another mistake was the abortion issue. Regardless of how one feels about abortion, the issue was not and is not worth losing the White House over and the possibility of losing your own house and personal possessions as a result of liberal Democrats not having the power to drive the United States out of bankruptcy. Many women and men who believe in the basic Republican philosophy refused to vote for Bush solely on the abortion stand.

Finally, Ross Perot was just what Clinton needed to assure him victory without a majority vote. Perot addressed the issues that the American people were concerned about. It is a sad commentary when a Third Party candidate articulates issues that Republicans lacked the courage to take on directly.

Now let's address what needs to be done to achieve our goals. The primary requirement is that all Republicans must engage in meaningful communication with the public, from your next door neighbor to the national press. It is ludicrous to represent the finest political doctrine and economic theory in virtual silence.

The Republican party is often thought of as the party for the rich and powerful, and the Democratic party as the party for the poor and downtrodden. When such an erroneous public perception exist, it is the responsibility of every Republican to correct this misconception. Political principles that support a conducive

continued on page 18

Richard Poirier

Poirier graduated with Highest Honors from Boston University's College of Communications, was an Associate Member of the Beverly Hills Bar Association, Entertainment Law Section, and the Hollywood Chamber of Commerce. Richard is fond of pointing out that he is a business man, not an attorney, however, next to negotiating and resolving contractual disputes in the entertainment industry his favorite area of study is U.S. Constitutional Law. Richard was former Director of Royalties, Warner Bros. Records and Warner Home Video, WEA International. He is President of Richard Poirier and Associates, a business and talent management firm in Los Angeles and is currently an Executive Committee Member for the Republican Party Central Committee. He is also a member of the 39 A.D. and 20th S.D. Central Committee's. He is a member of the California Republican Assembly and the International Platform Association.

JOHN L. MORIARITY
FOR JUDGE

John L. Moriarity has 30 years of trial experience in the Courts of our County. He is a Commissioner of Narcotics & Dangerous Drugs for the County of Los Angeles and is a member of the Sheriff's board of Directors for the S.A.N.E. program. During 20 years in the Army Reserve and active duty he rose to the rank of Colonel, was a Judge Advocate and then Supervising Judge Advocate for Arizona, So. California and So. Nevada.

John Moriarity is endorsed by: Hon. George Deukmejian, Los Angeles Police Commissioner Bert Boeckmann, Past D.A. of L.A. County Robert Philibosian, Sup. Mike Antonovich, Sybil Brand, Presiding Judge Alan I. Niles, Hon. Matt Fong, Micheal Reagan, Chief/Sen. Ed Davis, Asst. Chief Jesse Brewer, Asst. Chief Robert Vernon, Sen. Cathie Wright, Assm. Paula Boland, and the Honorable Dr. Turso Del Junco.

JUNE 7, VOTE TO ELECT . . .
JOHN L. MORIARITY
FOR JUDGE
Superior Court - Los Angeles County Office #2

Elect Jack Harden
Insurance Commissioner

END FRAUD - CUT RATES 50%

The only candidate with the required experience.

• Co-author of the "Truth in Claims" Insurance Reform Initiative.

• 40 years dealing with the insurance industry and the public as an independant adjuster, investigator, and CEO of an international firm with 12,500 employees and 4,800 industry clients.

"I have an agenda - my opponents don't. They're on-the-job trainees. They don't even know where the horse belongs!"

Jack is a conservative Republican businessman - not a politician!

Jack Harden
Common Sense Solutions

☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆ ☆

For further info call (310) 691-2713 or (800) 544-4744 • 50433

Paid for by Jack Harden for Insurance Commissioner

California's
REPUBLIC REPORTER
COUNTY, STATE, AND NATIONAL POLITICAL NEWS

Select Candidates -- Vote June 7th

BOB DAVIS

42ND ASSEMBLY

Bob Davis knows that we can spur the economy and job creation by letting business be business. He wants taxes to be low and regulations, few, rational, and clear. Permitting processes must be simple. He believes that we must stop political and bureaucratic meddling with emerging industries in information and technology. With **Bob Davis** as your representative in the California Assembly, we can count on him to make L.A. the trade and financial capitol of the Pacific Rim.

JOHN L. MORIARITY

SUPERIOR COURT JUDGE - OFFICE #2

John L. Moriarity is a Commissioner of Narcotics & Dangerous Drugs for the County of Los Angeles and is a member of the Sheriff's board of Directors for the S.A.N.E. program. During 20 years in the Army Reserve and active duty he rose to the rank of Colonel, and was a Judge Advocate and then Supervising Judge Advocate for Arizona, Southern California and Southern Nevada.

GIL CARRILLO

FOR SHERIFF

Experienced, intelligent, and dedicated to public service, Gil now offers the people of Los Angeles County the opportunity to elect effective, visionary and tough leadership to the post of Los Angeles County Sheriff. "It is my vision that all men and women of the Sheriff's Department be the best and not have anything less than the *pride, integrity and guts* that it takes to be a *good* cop." Put his 22 years of experience in the Sheriff's Department to work, elect **Gil Carrillo** as our next Los Angeles County Sheriff.

JACK HARDEN

INSURANCE COMMISSIONER

End Fraud - Cut Rates 50%

Since Jack ran his 'Common Sense' campaign for Insurance Commissioner in 1990, he has not changed his 'TRUTH IN CLAIMS' theme, nor diminished his determination to overturn Prop 103 with a new initiative which, by eliminating fraud, will reduce the cost of claims by more than 50%, reducing the cost of auto insurance by 50% for the average Californian. Jack has the agenda to save us money and deserves your vote.

JOHN SCHOCK

SUPERIOR COURT JUDGE - OFFICE #93

John Schock will be a tough, fair and impartial judge based on his judicial experience in both Superior and Municipal Courts, his superior academic background, government experience with the criminal justice system and over 22 years as a trial lawyer. On June 7th, please vote for **John Schock**.

WOLF DALICHAU

FOR U.S. SENATE

Wolf Dalichau believes it's time to try bold new ideas to regain our California dream. Wolf wants to get a handle on: 1) Illegal Immigration that threatens California's budget and sovereignty; 2) Middle-class survival; 3) Business engulfed in a sea of red tape; 4) Crime that imperils our schools, streets, and homes. Our way of life is too vital to be left to professional politicians who give us 'promises, promises, promises.' If you seek change, Wolf would welcome your support at the polls on June 7th.

PAUL STEPANEK

FOR CONGRESS

29th Congressional District

Paul Stepanek, after being elected your Congressman from the 29th Congressional District, will work to solve the problems of crime, education, and reduce wasteful government bureaucracy that does not provide services to you. He will work to provide incentives for the Federal government to be more efficient and responsible with the use of your tax dollars.

NICK STANSFIELD

FOR TAX ASSESSOR

Nick Stansfield has 24 years of hands-on experience as a Los Angeles County Deputy Assessor. He feels that the position of County Assessor is a position of trust, that the people trust the Assessor to be treated fairly and not to have their paperwork mishandled resulting in late fees and interest. As your new Assessor, Nick will implement new procedures to see that all tax payers receive their bills in a timely, professional manner.

California's REPUBLIC REPORTER

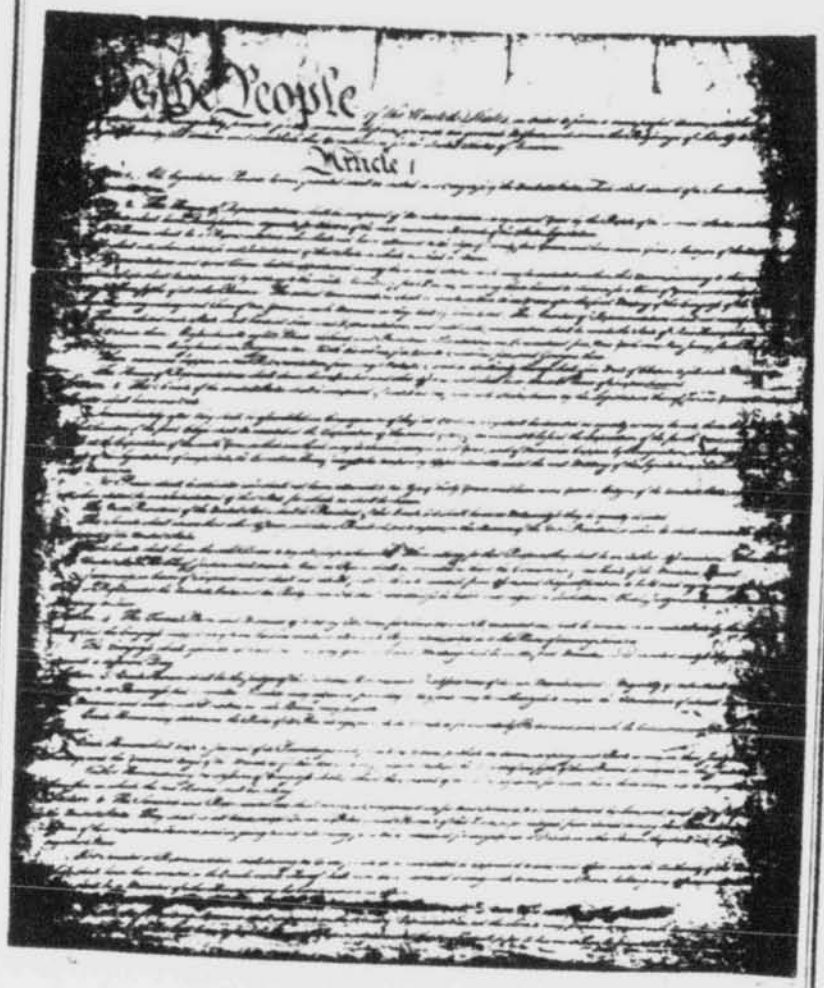
VOLUME 1, #1

The History Of The United States

Constitution

William Galdstone, a nineteenth century British statesman, once observed that, "As the British constitution is the most subtle organism which has proceeded from the womb and the long gestation of progressive history, so the American Constitution is, so far as I can see, the most wonderful work ever struck off at a given time by the brain and purpose of man." yet the Constitution was not created in a vacuum. Rather, most of its elements stem from the history and traditions of the American colonies. It was the happy blending of established forms with the keen political insight of the Framers of the Constitution which gave us the document which , with relatively few amendment, has proven so effective as a framework for governing the United States of America.

Two important questions, then, are what are the traditions which underlie the Constitution and how did the Framers create something new and great out of these traditions.


We the People
Article 1

Traditions underlying the government, including the Mayflower Compact (1620) and the various colonial charters issued at the discretion of the King were part of the government process in the American Colonies from the beginning. The settlers in the new World sometimes went beyond the original royal charter to set the rules under which they agreed to be governed. The Mayflower Compact is an example of such an agreement. In 1639 the freemen of several towns in the lower Connecticut, the first written constitution that nay American commonwealth framed for itself, and, according to Allan Nevins and Henry Steele Commager, the first such constitution anywhere in the Western world.

Bicameralism (a two-house legislature) and an emphasis on the power of the popularly elected "lower" house are important in the American tradition. The Constitution provided for a bicameral Congress, and all but one of the nation's fifty states (Nebraska is the exception) have a two-house legislature. Members of the United States Senate are popularly elected now, although the constitution did not require election until passage of the Seventeenth Amendment in 1913.

The power of the colonial lower houses served as a check on the colonial governors. It was the control exercised over appropriations by the lower houses which was the most important weapon against the governors' arbitrary exercise of power. The Framers had to counteract the preference for a weak executive, for reasons which are touched upon below. Nonetheless, the colonial past is still reflected in the relative weakness of many states' governors.

The existence of a powerful and extensive judicial system and of a system of "common law" (or judge-made law) is a part of the colonial heritage, in turn derived from English tradition. Case by case, judges contribute to the understanding and application of law and, indeed, of the Constitution itself.

Another element of the American political heritage is the important role of local government. Today thousands upon thousands of local governmental bodies - school districts, counties, cities, and numerous others - form an important part of the American form of government. Local government in America had its origins in the Colonial period. Then as now, local government served both as a training ground for leaders and as an area for experimentation and exploration of ideas about how to govern best.

Next Issue: The U.S. Constitution through Article I.

LACFRW BALLOT RECOMMENDATIONS

Los Angeles County Federation Of Republican Women Ballot Recommendations for June 7, 1994:

PROPOSITION 1A: Earthquake Relief and Seismic Retrofit Bond Act Of 1994
OPPOSE: The bond will cost taxpayers $4.5 billion to repay. Earthquake victims will receive less than half of what it will cost taxpayers. Earthquake repairs could be financed by previously approved unspent bonds.

PROPOSITION 1B: Safe Schools Act of 1994
OPPOSE: Half the State Budget goes to education already, and 60% of the amount budgeted does not reach the classroom. Voters have approved almost $7 billion since 1982 for school construction alone. Taxpayers cannot afford to pay for more indebtedness.

PROPOSITION 1C: Higher Education Facilities Bond Act Of June 1994
OPPOSE: Voters passed $900 million higher education bonds two years ago. We cannot afford more bond indebtedness. Higher education facilities have the options of using commercial buildings currently available for classrooms instead of costly construction.

PROPOSITION 175: Renter's Income Tax Credit. Legislative constitutional amendment that amends Constitution by allowing a credit to qualified renters against their net income tax.
OPPOSE: Acknowledging some merit in allowing income tax to renters, it is not prudent to lock specific refund amounts into the State Constitution. As the state's financial climate changes, the provisions of this amendment are best considered in the legislature.

PROPOSITION 176: Taxation of Non-Profit Organizations—Legislative Constitutional Amendment.
SUPPORT: The measure would protect the voluntary donations, gifts, etc. to tax exempt non-profit organizations. It would help to recognize the social benefits of these organizations. Schools benefit greatly.

PROPOSITION 177: Property Tax Exemptions, Disabled Persons' Access - Legislative Constitutional Amendment.
SUPPORT: The 1990 Americans With Disabilities Act required owners of public accommodations i.e. hotels, cafes, stores, theaters, etc., to improve access to, and use of their properties by the disabled. Businesses should not be assessed higher taxes for such mandatory improvements.

PROPOSITION 178: Property Tax Exclusion, Water Conservation Equipment - Legislative Constitutional Amendment.
OPPOSE: There is already financial incentive for farmers to install water conserving irrigation equipment because these systems use far less water which in turn would reduce water bills. Every non-farmer in the state will pay for this special interest tax break.

PROPOSITION 179: Murder Punishment: Legislative Initiative Amendment. Provides for a sentence of 20 years to life upon conviction of a second-degree murder that is committed by intentionally shooting a firearm from a vehicle at another person outside of the vehicle with the intent to inflict great bodily harm. **SUPPORT**

PROPOSITION 180: Park Lands, Historical Sites, Wildlife and Forest Conservation Bond Act.
OPPOSE: This is the biggest ever "something for everybody" bond issue. The cost to the taxpayer will be $3.6 billion over 25 years if sold at six percent. This package of over 400 projects statewide, and in Central America, includes many of questionable merit. We can neither afford them nor can we give them such high priority over other state concerns.

Vote ☑ *June 7*

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California's REPUBLIC REPORTER

VOLUME 1, #1

Featured Columnists

Education Exploitation

by R. Emmett Tyrrell Jr.

This that balmy time of year when venerable blowhards are invited to campus to deliver what I believe are called commencement addresses. As to what is being commenced, no sensible person can say for sure. Is it adulthood? For many Americans, adulthood does not begin until faraway into middle age — if ever. Think of our president, his simpering wife, many members of Congress — all are eternal kids. In Washington, about the only notables whom we readily associate with adulthood are Supreme Court justices, who are supposed to be old and bewhiskered. Justice Sandra Day O'Connor is no kid, nor does she jog wearing T-shirts of political or metaphysical significance. In fact, no member of the Supreme Court has ever been seen running down the street in his undershorts with a baseball cap on.

At any rate, the notion of commencement from college into adulthood is an old-fashioned idea — touching but obsolete. Actually, college is obsolete. College, as envisaged by those who founded higher education here and in Europe, was a place where superior young minds were to gain a foundation in learning that would allow them to think and to lead. Unfortunately, sometime after the second world war, growing numbers of colleges came under the control of empire-builders.

Massaging the citizenry's almost-superstitious belief in the benignity of education, these wheeler-dealers cadged billions from state treasuries and from wealthy benefactors to transform many fine colleges into useless universities. The country already had plenty of graduate students coming from established universities, natural growth would have assured more PhDs commensurate with a growing country's needs. Transforming Slippery Rock State College into the University of Slippery Rock with campuses in Bologna and Ulan Bator was nonsense. Then the wheeler-dealers began expanding their sham universities. Departments were opened in studies that had never been studies before and still are not studies — for example, Afro-American departments and women's studies departments. Have business schools opened Departments of Sexual Commerce and Breast Feeding? Give them time.

The consequence of all this exploitation of a noble idea is that higher education now has no definition. Moreover, superior minds are lost in the mob of bored mediocrities and faculty zanies who swarm over these campuses. They are very depressing places for those who admire learning and robust, uninhibited thought. I visited Columbia University the other day and thought I was in a slum. I was. And the angry posters announcing rape counseling, seminars for ontological bliss and various councils of war convened for students divided along ethnic, sexual and racial lines did not put me in mind of the University of Heidelberg or any place Socrates had ever been. Let's face it, American universities today are what high schools once were, except that those high schools never endangered one's life or sanity.

A friend now studying at Columbia has grown particularly interested in Shakespeare. To continue his studies of the bard, he will have to take courses taught from a "Marxist-feminist" perspective. Teaching the creator of "Hamlet" and "Macbeth" from a Marxist-feminist perspective is equivalent to preparing northern Italian cuisine from a Lucrezia Borgian perspective. It spoils a good thing. University endowments, tuitions and subsidies have never been more opulent. And what is the loot spent on? Quack studies, campus psychiatrists, New Age counselors and administrators for every sort of problem child. Legitimate professors and serious students get short shrift.

So what will my commencement address amount to when Columbia's grateful university community turns to me for wisdom and uplift? Those students engaged in the study of science and perhaps the more exciting aspects of business and physical education have probably learned some useful stuff. They have wasted only a year or two. I shall confirm to the rest what they undoubtedly already know. To wit, they have just wasted four years, perhaps more. Yet I shall reassure them that learning is not nearly so tedious as their professors have made it, and that youth need not be as harrowing. If they are typical Americans, they have many years of youth ahead of them. These can be years of gaiety and learning. It is not too late to become educated. I am told that intellectual curiosity is frequently heightened by four years of exposure to multiculturalism and political correctitude. Graduates leave universities wondering what history, literature and philosophy are all about.

R. Emmett Tyrrell Jr.

My advice to graduates is: Get on with it! Read, write and make money at some productive non-criminal endeavor. Oh yes, and keep life simple. Bombarded as they are with myriad exigent entertainments, nights-on-the-town, noble causes and personal growth therapies, our youth lead more hectic lives than a United States congressman. Cultivate your minds, and have a fling at what the sour-puss sophisticates call "family values." Life is rarely as miserable as college.

R. Emmett Tyrrell, Jr. is editor-in-chief of The American Spectator.

Clinton and the Liberal Elite in the Press

by R. Emmett Tyrrell Jr.

It appears that many members of the liberal elite in the press are intent on mass suicide. They will be missed. I have in mind their reckless defense of our reckless president and his reckless wife. History is going to note that this is the most corrupt presidency ever. Yet many of the liberal elite heap contempt on President Clinton's critics in quaint terms once reserved for racists, extremists, and reactionaries. The liberal elites are revealing themselves as the reactionaries. They inhabit a time warp, and after listening to their hysterical charges against Clinton's critics — the politics of hate! The paranoid style! — one gets the impression that there in the time warp, they perceive Boy Clinton as the latest version of one of their presidential heroes, a Woodrow Wilson, a Franklin Delano Roosevelt, a John F. Kennedy, a... a... Jimmy Carter? What is the liberal elite's estimate of that unhappy man?

At any rate, Bill Clinton is not one of the above-mentioned heroes of liberal legend. He is a fluent, if incompetent, liar. The public record abounds with his lies, and he is going to have to lie again to abscond from Paula Corbin Jones' charges that when she was an Arkansas state employee, he sexually harassed her in Little Rock's Excelsior Hotel on May 8, 1991. There, according to Jones, Gov. Clinton had Arkansas state trooper Danny Ferguson direct her to a room the governor had secured by telling the management that he expected a call from the White House. ***(You can imagine in the aftermath of the Gulf War how often President George Bush and, who knows, perhaps his entire cabinet were in telephone communication with the governor of Arkansas.)*** Once she was in his hotel room, Jones asserts the governor took her hand, began kissing her on the neck, and reached under her clothing. She objected. Then, according to The Washington Post, she moved to a nearby couch, "averting her eyes," only to discover that "Clinton had dropped his trousers and underwear and was sitting next to her on the couch. She said he asked her to perform oral sex." She split the scene post haste, though not before the governor mentioned that he knew her boss and asked her to keep silent.

All this appeared in The Washington Post just the other day. Now will come the lies. And they will be beauts. The president has already said through a spokesman that "he does not recall meeting (Jones)." But he met her on several occasions, and she has witnesses. On their first meeting on May 8, 1991, trooper Ferguson told her, "The governor said you make his knees knock." Jones also can produce signed affidavits supporting her account of his churlishness.

continued on page 11

Somebody Call Stephen King!

by Tony Snow

The government of the United States of America has filed suit in a California federal district court against a tractor and a disc (an appliance used to break up chunks of soil). Uncle Sam has ordered the possessed implements to surrender on charges that they ground up animals that may appear on the government's endangered species list.

The case of "United States Of America, Plaintiff, vs. One Ford Tractor, Mdl VC715V, Unit OH22B, Engine OH16A, its tools and appurtenances thereon, One Towner Offset Disc, Model A248, Serial Number 24C665, its tools and appurtenances thereon, Defendant(s)" marks one of the most bizarre episodes in modern environmentalism, challenged only by Washington's assault on the machinery's owner, Taung Ming-Lin.

Lin, an immigrant from Taiwan, arrived in the United States three years ago. He purchased 720 acres of desert land near Bakersfield, Calif., with plans to grow herbs and vegetables on the barren soil. He laid out his farm, hired some help and asked local officials if everything was OK. They told him: The land is zoned for agriculture. Grow what you want. Create jobs. Welcome to America!

Little did they know that federal agents had their eyes on Lin, who had no idea that his property was listed as natural habitat for the Tipton kangaroo rat, a member of the endangered species club. The feds keep such information secret and inform property owners of their legal liability only when they try to do something potentially criminal, like plowing a field.

On Sunday, Feb. 20, a squadron of more than two dozen state and federal agents, accompanied by helicopters, descended upon the farm. They raced through fields taking pictures and looking for animals parts. They reportedly ordered a reluctant county fire department employee to haul away the scofflaw tractor and disc, even though nobody had a permit to transport an oversized vehicle.

Five weeks later, the government told a court that Lin "did knowing take and aid and abet the taking of an endangered species of wildlife, to wit, Tipton kangaroo rats." Last week, they threw in counts of harming San Joachin kit foxes and blunt-nosed leopard lizards.

The interesting thing is that the feds still do not know whether the animals they seized in February were Tipton kangaroo rats, which are virtually identical to some non-endangered rodents. The only thing that distinguishes them from the Herman's kangaroo rat, for instance, is that their rear feet are 1-100th of an inch longer — and they can be used as an excuse to seize private property.

Tony Snow

Furthermore, Tipton kangaroo rats actually prefer plowed to uncultivated fields. Varmints all over the state have begun abandoning brush in favor of airier climes, and local farmers report that the vermin breed zestfully in churned up soil. No matter. Agents seized the murderous farm tools and threatened to fine Lin $300,000 — whereupon he had a mild stroke.

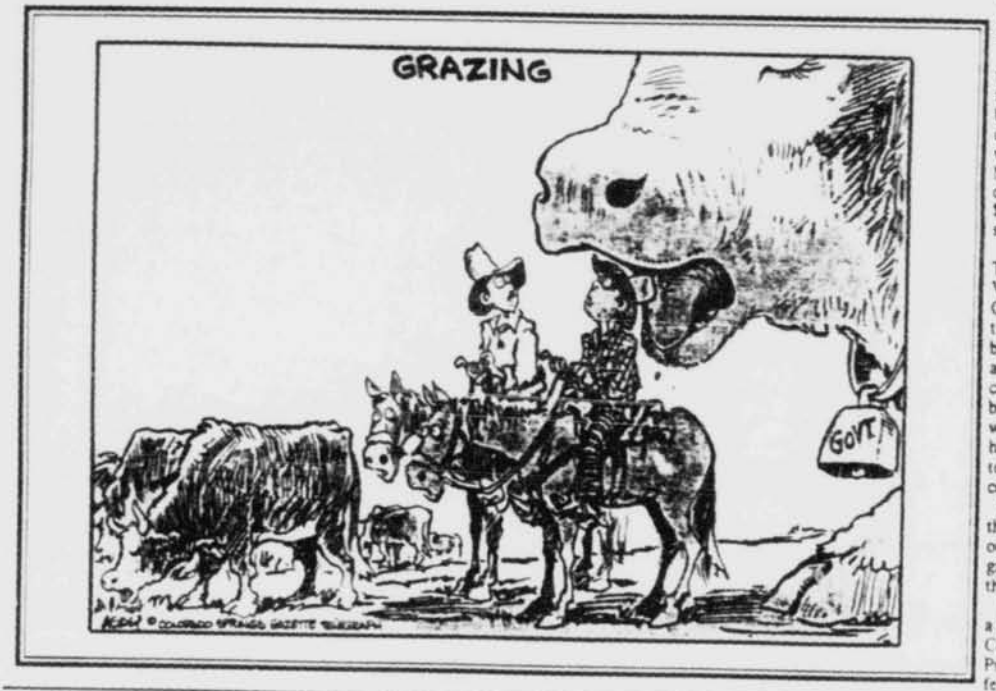
This sort of behavior is not unusual. The government has filed charges against Valley Communities Inc., also in Kern County, claiming that its operators have threatened Tipton kangaroo rats and blunt-nosed leopard lizards by plowing and irrigating fields. (A lawyer in the case says, "I know of no dead [animal] bodies.") If the Clinton administration wins the case, the city of Bakersfield may have to shut down part of its sewer system, since the water to treat the land comes from a city waste treatment plant.

Environmental officials also have asked the county to erect a $150,000 mesh fence outside a landfill, out of anxiety that Kangaroo rats might tumble in and injure themselves.

Such orders have turned the area into a hotbed of rebellion. A group called The Coalition to Protect and Preserve Private Property Rights has organized a full-day festival for June 4, complete with a tractorcade/demonstration, property rights rally, barbecue/fund raiser and western dance/auction — in hopes of preserving a few endangered agrarians.

Meanwhile, the Kern County Board of Supervisors has endorsed a resolution that "deplores the outrageous and abusive behavior of the U.S. Fish and Wildlife Service toward Mr. Lin, Valley communities and other private property owners under cover of the Endangered Species Act, and calls upon the president and the Congress to immediately investigate what appears to be a gross misuse of authority and deprivation of due process by an unelected bureaucracy."

A lawyer familiar with the cases says, "It's just incredible. You see this sort of thing and you think: This can't be America. It has to be some other coun-



continued from page 10

Anita Hill never had any.

There are going to be plenty more lies. Betsey Wright has already said, "What (Jones) alleges is simply inconceivable as Clinton behavior." Inconceivable? A growing number of women and former members of the Clintons' staff have attested to promiscuity in the Clinton gubernatorial mansion. George Stephanopoulos, a senior Clinton adviser, has called Jones' charges "a cheap political fund-raising trick." Here is another aspect of the Clinton lie, deflecting scrutiny from Clinton's character by disparaging an accuser's character and motives.

Now it appears that the liberal elite's latest edition of the valiant activist president is going to appear in court to deny he exposed himself to Jones or committed never suffered so, nor Roosevelt, nor Kennedy. Whether in court or in written deposition, troopers will be asked if they procured women for their boss. They will be asked if they received "residuals" (as trooper L.D. Brown asserts in the May American Spectator), the term they used for women picked up while partying with the governor. Most likely, trooper Ferguson will be asked if, last September, he received a call from the president during which he was offered a job for information on what other troopers were telling the press. It has been reported that he did receive such a call. It could also be asked why trooper Brown flew to Seattle in November 1993 to meet with the president.

Not long ago in this column, I argued that Whitewatergate was not the Clintons' only scandal, and I cited nearly 20 discrete has ever faced so many charges embracing so many kinds of corruption. A couple of months ago, after Whitewatergate came to light, it became the current wisdom in Washington to state that it and not the troopers' charges of the Clintons' sexual misconduct was their most grievous problem. Both scandals are very serious, but Troopergate has always represented the gravest threat to Clinton's political life. It reveals him repeatedly lying to the public, attempting to muzzle the press, corrupting his state police force, politicizing his state's criminal justice system and abusing his authority, perhaps obstruction of justice will now be thrown in. Along with charges of adultery and now sexual harassment, this presidency is our most corrupt ever. And then, there is Whitewatergate.

In My Opinion . . .

By Ronald R. Yates - Editor in Chief

California's REPUBLIC REPORTER

I've Just Got One Question:

Do the Editors of the L.A. Times Bother To Read Their *Own* Newspaper?

One would certainly wonder, considering the current position that the Times editorial staff has taken toward David Roberti for the last several months.

For the past several years the Los Angeles Times has done their best to portray the current-Senator David Roberti as an overindulgent carpetbagger who at best is a liar, and at worst is a corrupt politician who was nimble enough not to get caught red-handed (as were his cronies.)

In issue after issue after issue, the L.A. Times gave credibility to Roberti's nickname of 'Dirty'. Yep, 'Down and Dirty' Roberti always seemed to be just one step ahead of the law, and the Times always seemed to be just one step behind him, ready to pounce at any given moment.

For example:

1. Los Angeles Times - Friday, November 29, 1991 - Page A30:

"The biggest stain on **Roberti's** record as Senate leader is the corruption scandal that led former Sen. Robbins (D-Van Nuys) to resign earlier in this month and agree to plead guilty to racketeering and tax evasion charges. Former Sens. Montoya (D-Whittier) and Carpenter (D-Cypress) were convicted last year by federal juries on extortion and racketeering charges. **Roberti** acknowledged that he could not have become pro tem in 1980 without the support of the trio. After taking power, he **(Roberti)** rewarded all three with important positions. The Senate leader **(Roberti)** appointed Montoya as chairman of the Senate Business and Professions Committee, a post he used to extort honorariums and campaign contributions from people seeking legislative action before his committee. **Roberti** appointed Carpenter (who has since fled the *country*) to the Democrat caucus chairman, the number three position in the Senate. Carpenter was responsible for raising campaign money for Democrat legislators and used his post to extort money from interest groups pushing for passage of legislation in the Senate. Until Robbins resigned from the Senate, **Roberti** kept him in the post of chairman of the Senate Insurance, Claims and Corporations Committee. All three lawmakers had reputations for heavy-handed fund raising and sleazy back-room deals long before the FBI caught up with them. But **Roberti** took no action to limit their power. **Roberti** declined to discuss the cases of the three senators."

2. Los Angeles Times - July 28, 1992 - Editorial Page - Editorials:

Editorial Headline - "Oops - Changed My Mind" Sub-head -Five lawmakers, post-election, now say they'll take that pay hike'

"Candidates say one thing in public then doing something else in private isn't new in American politics. But the recent actions of five California incumbents offer new fuel for cynicism in an already angry electorate. Pointing to the state's $11 billion budget crisis, th. five lawmakers **-including Senate President Pro Tem David Roberti (D-Los Angeles)-** publicly rejected pay hikes during their recent campaigns only to ask for the money when it was too late to affect the election results."

3. Los Angeles Times - June 3, 1993 - Section A - Government Report.

Headline - "State paying for Security at Roberti's Residence" Sub-head- "He is the only lawmaker with a taxpayer-financed home system."

"State Senate President Pro Tem David A. Roberti for the last eight years has been granted the special benefit of a home protection system at taxpayers expense, The Times has learned." "The Senate Rules Committee in 1985 secretly authorized the system costing $10,500 at Roberti's Los Feliz-area house and three years later earmarked another $2,300. for a system at his Sacramento home, committee officials said."

Same Article - "Roberti acknowledged that the security equipment remains at his Los Feliz (Hollywood) house, even though he established a separate voting residence last year by renting a home in Van Nuys just to qualify to run in a special election in the San Fernando Valley. Roberti said he sometimes stays there during the day but hasn't slept there since November (1992)."

The Los Angeles Times took great pains to let the electorate know what kind of a guy Roberti really was. In just these three articles he was portrayed as 1. The leader of three corrupt, indicted, and convicted senators 2. Betraying the public trust by lying saying he wouldn't accept a pay raise to get elected and taking it anyway. 3. Abusing the public trust by taking 'secretly given' taxpayer financed perks. (Do you remember the squabble that went on about Ollie North's tax payer financed security system? He was *crucified* by the media.) 4. Unabashedly carpetbagging to steal the 20th State Senate seat.

For years, the Times consistently painted such a good picture of a scurilous Roberti, that their readers actually believed it to be true, and as the years went by their anger toward Roberti fermented into a rebellion.

Lately, however, the winds of change have been wafting through the Editorial pages of the LA Times. The one-time 'Down and Dirty' Roberti has been magically transformed into **'Saint David de la Sacramento'**. Roberti has become, in the eyes of the Times, Southern California's Golden Boy guilty of no wrong-doing simply because a *certain lobby* has helped the electorate in the district do what they could not do for themselves: help to bring about a recall election and try to finally get rid of the bum!

Here are a few recent examples:

1. Los Angeles Times - February 9, 1994 - Editorial Page - Editorial

Headline - 'Roberti Recall: Taking Aim at Courage'

"To hear his opponents tell it, the campaign to oust longtime state Sen. David Roberti (D-Van Nuys) is an effort by grass roots reformers to clean up corruption and cronyism in Sacramento. But make no mistake: The recall election scheduled for April grew out of a very different issue-gun control. This is inarguable even though the campaign has picked up support from assorted Roberti opponents who were unhappy with him for other reasons... A recall election is intended to remove officials who violate the law, abuse the public trust or become to infirm to carry out their duties. It was never meant to silence those who vote their conscience. Southern California needs a *savvy* veteran like Roberti in Sacramento..."

2. Los Angeles Times - Sunday April 3, 1994 - Editorial Page - Editorial

Headline - "How to Send a Strong Message" Sub-Head - 'Answering the absurdity of the Roberti recall April 12'

"Just eight weeks. The shortness of that period offers the best representation of how silly, vindictive and wasteful the recall election against Sen. David A. Roberti (D-Van Nuys) is... the recall effort should not be ignored or taken lightly. It should be used to send a message to any and all who would bastardize the recall process because they disagree with an elected official on a single issue. It should be used to demonstrate that such juvenile antics will not be tolerated by a sophisticated Los Angeles electorate."

So, the question keeps nagging at me:

Do the Editors of the L.A. Times bother to read their *own* newspaper?

It certainly appears that the long arm of **'Saint David'**, our *savvy* veteran politician, has come down from Sacramento and 'squeezed the grapes' of the editors at the Times. Now, it seems, that L.A.'s booming baritones of the editorial pages have been reduced to squeaky sopranos, screeching and squealing a song FOR Roberti that is so out of tune with their very own words which were published AGAINST him that, "such juvenile antics will not be tolerated by a sophisticated Los Angeles electorate." And these antics will not be soon forgotten, for the wine from those 'squeezed grapes' that is being served up to their readers is not only bitter to swallow, but it's backwash has spilled down upon their journalistic reputation leaving an indelible stain that won't easily be washed away.

My name is Ronald R. Yates, and that's my opinion. What's yours?

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LETTERS TO THE EDITOR

...'pride, integrity, and guts,'

Dear Editor,

On August 31st, 1993, after much discussion with my family, I decided to run for Sheriff of Los Angeles County because rampant disregard for human life and property are everywhere. It is shameful that law breakers are suppressing the rights of the law abiding. It is shameful that law breakers have created an environment in which we cannot accomplish even the simplest of tasks such as: filling your car with gas (car jackings), sending your children to school (drugs and gang violence), or just simply trying to watch TV in the sanctity of your own home (drive-by shootings).

As a 22 year veteran of the Los Angeles County Sheriff's Department, I also know that there are many internal problems that have led to extremely low morale and minimal communication between management and the rank and file within the department.

I just can't sit back and watch anymore. There are too many problems that aren't being addressed and, if we don't get involved, it's going to get worse.

It is my vision that all men and women of the Sheriff's Department be the best and not have anything less than the pride, integrity, and guts that it takes to be a good cop.

It is my opinion that without change, today's cop will not possess the necessary zeal, vigor or desire which is needed to once again be proud of being a member of the Los Angeles County Sheriff's Department!

I believe I am the right person to bring about these changes in the Department, and that is why I am asking for your vote on June 7th for Los Angeles County Sheriff.

Thank You.

Gil Carrillo
Candidate For
L.A. County Sheriff

Tax Bills In The Trash?

Dear Mr. Yates,

The number one reason I decided to run for Assessor is to help Tax Payers who do not receive their bills. It is the continuing policy of the Assessor to trash tax bills which are returned by the Post Office, undeliverable because of a wrong name or address on the bill. This accounts for 50,000 "mysteriously missing" tax bills each year with the Assessor blaming the Tax Payer for the missing bills and thus justifying late penalties and interest. As an investigator for the Assessor I first brought this to the attention of John Lynch, the prior Assessor, in a ten page memo in 1987 (see attached memo, Dan Paul park). I couldn't understand why the Assessor would allow frustrated Tax Payers to constantly be filling our offices and swamping our Public Service Counters when we could so easily avoid the whole problem by promptly correcting and re-mailing the bills. I continued to bring this to the attention of top management each year without success. When John Lynch was running for re-election in 1990, I personally confronted both John Lynch and his Assistant Assessor, Mr. Roy Sharman (both candidates in the coming June Primary) in an attempt to gain permission to correct and remail the returned tax bills. They did no permit me to work on the problem. I think this problem goes to the heart of the mammoth fiasco created by the Lynch administration. John has some good qualities but being a good listener doesn't seem to be one of them. In fact many employees think he is deaf. In spite of overwhelming evidence to the contrary, as Assessor he went blissfully right on his way failing to perceive that his empire was the first incumbent Assessor in 100 years to be voted out of office. Since I was unable to gain Mr. Lynch's ear privately, I had this issue printed in the L. A. Times by his opposition (copy attached). He issued a statement in the paper disclaiming all responsibility. Any tax payer can check his own bill for proof of this. Well, you know the story from there. John Lynch was voted out of office. Kenneth P. Hahn (not related to retired Supervisor Kenneth Hahn) was voted into office and now for the last four years Hahn has continued to trash the undeliverable secured tax bills in spite of my appeals, memo (attached), and conversation with him.

It is my firm belief that my campaign is going to be successful in improving the handling of badly addressed tax bills. It most certainly will be if I am elected.

Nick Stansfield
Candidate - County Assessor

Truth In Claims Vitally Needed

Dear Editor:

Your readers will all be interested in knowing how Jack Harden plans to save 50% on their auto liability policies and 30% to 40% on Workers compensation if elected insurance Commissioner.

Our Truth-In-Claims initiative, by shining the light of truth on the phone bodily injury claims, will end the fraud that comprises more than half of the cost of liability insurance in California. These fraudulent injury claims could not exist, but for the fact that their perpetrators are protected from investigation until after they file the law suit within the one year statute and after they serve the defendant. This information barrier permits the dishonest claim to fester and grow, to accumulate bogus treatment bills and to incur phone disability losses. When finally allowed information through expensive discovery procedures; the defendant finds that the plaintiff has recovered, medical rebuttal is impossible, and the books have been cooked.

The Harden/Furbee claim reform crashes this barrier; forcing the injured to divulge medical and disability information within weeks and attend an examination and early settlement talk without the intervention of attorneys. Honest claims will receive the best ever attention; phony claims will be squelched.

While the prime factor of Work Comp fraud is much the same as auto (both driven by injuries which have no objective evidence); the fraud has arisen in a different cultural setting, due to the employer's right to information. The fraud in Work Comp arises from the acceptance by liberal judges of alleged pain disorder, mental stress, and occupational diseases as valid, even when there is no objective medical evidence.

By deleting pain disorder, stress, and disease with no objective medical evidence from the definition of Compensable; Work comp rates in Oregon were reduced by 30%. They said, "This system is for workers and employers." Those with vested interests in the status quo, i.e. doctors, lawyers, and insurance companies, were left out of decisions. In our State, since we lead the world in fraud, we should best Oregon by 5% and reduce the cost of Work Comp by one third at least. As your Commissioner, that will be Jack Harden's goal.

Jim Furbee
Redondo Beach

What is a President?

Dear Editor,

A president is a person elected to lead a group, such as a nation. He or she should be of good character, honest, truthful, one who has integrity, a leader of the group skillful in handling matters affecting the entity he or she represents, and in matters involving relationships with other groups that may be involved with the larger organization, such as one nation and it's relationship with other nations.

He or she should be one that we can look up to, respect, trust, and have confidence in, whose background is one that is unquestionable as to morals, accepting a call to service, one who has set a good example for others to follow. I wish our country had a President.

Dan Falconer
Harbor City, CA

Dear Dan,
I think that is on everyone's wish list, but before we take back the White House in '96, let's take back Congress in '94!
R.R.Y.

California's REPUBLIC REPORTER

VOLUME 1, #1

Featured Columnists

Washington D.C.
The Inside Report

by Robert Novak

Anti-Dole Revolt

Back-bench Republican senators, unhappy with Minority Leader Robert J. Dole's handling of health care and Whitewater, are proposing a challenge against him for re-election as leader by a reluctant Sen. Trent Lott.

Grousing about Dole is strong among first-termers, particularly Sen. Paul Coverdell. Lott has not launched a campaign to oust Dole but was among members of the Steering Committee, the informal caucus of conservative Republican senators, who complained at a recent meeting that Dole has not been pushing for Whitewater hearings.

Sen. Alfonse D'Amato told the Steering Committee that he was ready to seek a Senate vote on hearings but was dissuaded by Dole on grounds that it would be to no avail. Sens. Ted Stevens and John McCain complained bitterly. An outside guest - Rep. Jim Leach, ranking Republican on the House Banking Committee - egged on the senators.

Quayle Making Enemies

Dan Quayle's memoir "Standing Firm," while intended to revive his political stock, has antagonized key Republicans - led by Jack Kemp and William J. Bennett - who defended him during his beleaguered vice presidency.

"I think he's finished," Bennett tells friends. The Quayle book rakes Bennett's performance as President Bush's Drug Czar. He is furious at receiving this treatment after, "we spent a lot of our effort to make sure that he (Quayle) be kept on the ticket."

Kemp, whose family has had a close relationship with the Quayles, was treated even more roughly. Quayle questioned Kemp's loyalty to Bush, adding that the President would have been justified in letting him go. "When he learned of this, Kemp commented to Bennett in jest: "I'm going to hire Bob Bennett to file a defamation suit." Robert Bennett, Bill's brother, is a leading Washington criminal lawyer just retained by President Clinton.

Quayle's Backers

In the face of angry rebukes from former members of the bush administration over his vice presidential memoir, "Standing Firm," Dan Quayle received a warm endorsement from John Sununu.

Sununu was not exempt from Quayle's sniping, but he is saying that the book is "very accurate." He agrees with Quayle's assessment that there were sufficient grounds to fire Jack Kemp as housing secretary. What's more, Sununu confides that Quayle is best equipped of any Republican to become the next president.

That runs counter to advice Quayle is getting from Washington-based political operatives who in the past had been close to the former vice-president and are now telling him to forget a presidential run in 1996. In fact, they add, Quayle's book may well have also cooked a possible campaign for governor of Indiana that year (which Quayle has ruled out in any event).

The Honorable Dan Quayle, former Vice President of the United States is shown above displaying his good sense of humor during the forum, 'Do Conservatives Have a Sense of Humor?' which was held at the Ronald Reagan Center for Public Affairs in Simi Valley on May 17, 1994.

Photo by Ronald R. Yates

'Vaporize Weird Pork'

by Tony Snow

John Kasich, the ranking Republican on the House budget Committee and a brightening orb in the GOP firmament, sits in his office, looking like the Fifth Beatle.

His hair dangles in a brown mop over his brow. He rocks as he speaks, faster and faster, until something propels him from his leather chair and he declares: "The American people know that the federal government just doesn't work!"

"In Washington, we've got to get rid of stuff that doesn't make any sense! We've got to let people make the decisions that they can make themselves!"

Kasich may be the only person in America who would be as likely to start a bar brawl over the Congressional Budget Office's estimate of Medicare B expenditures as about the Pittsburgh Steelers. Half-nerd, half-jock, he has become a force on Capitol Hill by mastering the normally inscrutable federal budget.

The Ohioan has drafted a Republican alternative to the president's spending blueprint for a second consecutive year, and Official Washington has beaten a path to this door. No sooner had he released his plan than he began receiving requests from such unlikely readers as White House Budget Director Leon Panetta and the editorial board of The Washington Post.

Inquiring minds want to see the tact because Kasich proposes something that Ronald Reagan preached but never practiced. He would reduce taxes — and spending. Indeed, if his proposal has a theme, it is: Lose the Dumb Stuff.

Kasich wants to cut $266 billion more than the administration recommends over the next five years, and he has persuaded fellow Republicans to support sensible slashes: Knock out subsidies to "operate" empty public housing units. Send pink slips to the Legal Service Corp. Stop pumping money into rural rental housing, since many recently built units sit vacant. Shut down the Superconducting Supercollider and the Advanced Solid Rocket Motor program immediately, rather then dragging out their deaths for two or three more years. Turn the Federal Aviation Administration's air-traffic control system over to the air lines, and make them run it. Lump mass-transit and highway money together so politicians will have to make choices about what kind of transporta[illegible] systems works best.

Fortunately, Kasich does more than vaporize weird pork. He also tackles delicate issues, such as the proper status of Indian lands and the need to cut overhead costs at federal departments and agencies.

His most impressive innovation would do something nobody has done for ages in Deal Town, USA—lay the foundations for additional reductions in the size and strength of the federal leviathan. While the Clinton budget contains dozens of seedlings for new bureaucracies, the Kasich alternative wishes a long-term program of privatization. [illegible] the Buckeye pol demonstrates his resolve with the nicest touch of all, a moratorium on the construction and acquisition of new federal office buildings.

Since not every assault on common sense takes place within the halls of Congress, Kasich also tracks down regulatory agencies, demanding that their red tape produce more benefits than costs.

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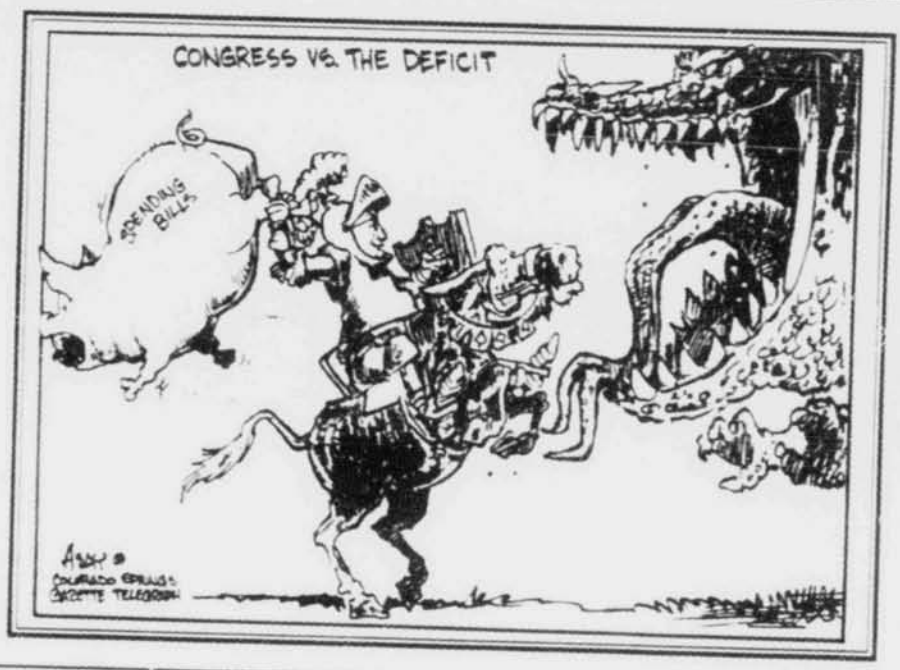

Guest Columnist

It's Time For Penal Reform

by Bob Davis

Crime is the dominant issue in this year's election. An overlooked aspect of crime is penal reform. Liberal candidates are afraid of the crime issue and don't wish to take on "Three Strikes", the death penalty or or the punishment issues. Instead they're suddenly fiscally responsible and concerned about the cost of prison and intent on addressing the "root causes" *(or should I say "rut causes"?)* of crime.

Conservatives should address these issues too. The left has exaggerated the cost of prison from the actual $21,000 a year per prisoner (per the Attorney General) for a total of $2.3 billion dollars up to $30,000 a year and "tens of billions" if 'Three Strikes' is adopted. The ACLU TV ads are sheer demagoguery. The facts are that out of 32 million Californians only about 0.3% (three tenths of 1%) are in prison. This incarceration rate is below the national average. If 'Three Strikes' is adopted there will be a slow increase in this number and expense topping out after 30 years at about $5 billion. We can't afford NOT to imprison repeat offenders. Several studies have been done to ascertain the savings to society of incarcerating violent and/or repeat offenders. The most reliable study added up all the costs of crime theft, damage, medical bills, police, prosecution, lost time at work, insurance costs, etc. etc. and came up with a savings of $425,000 per incarceration. THIS IS THE BEST RESULT FOR OUR MONEY IN GOVERNMENT SPENDING TODAY. If you multiply that figure by the 119,000 current inmates you find a savings of over $48 billion. Almost the entire State budget for the year!

We can look to significant reforms in the prison system that will help us save money and even more importantly contribute to rehabilitation. We should not scorn the goal of rehabilitation just because previous schemes have made a joke of it. We can, by a system of discipline, teach youthful offenders many of the things they need to learn to be a decent member of society.

The system should teach responsibility and consequences in a clear, unambiguous fashion. In prison all the convict should get is a bare bones cell—no TV, nor air conditioning, no luxuries. The Prisoner's Bill of Rights should be redone simply to prevent abuse of prisoners. To get any amenities he has to earn it as well as maintain good behavior. All prisoners will work a minimum of 48 hour a week at a paying job. This should be fair wage, mirroring those in private society. Prisoners who improve their output should be paid more and people should be promoted for doing good work. The idea is to be fair and to show them that working and improving ones'

Bob Davis

skills pays off. Then room and board are deducted from their wages. Victim restitution and child support are deducted where appropriate. After responsibilities such as these are met convicts may then buy amenities for their personal use—a TV, a CD player, etc. And finally a savings account is kept building towards the day of release. In short, these people earn their way, meet their responsibilities and buy their amenities—just as in life. Prisoners who do not cooperate with the process can remain in their bare cell. Hard time prisons would remain for the violent, incorrigible and uncooperative.

In addition to the 48 hours of work all inmates will do at least 12 hours a week of education (educated felons might learn manual arts or substitute teaching for the education). To be eligible for parole one must achieve literacy in English, basic math, and one marketable skill.

For many youthful offenders boot camps are in order. We must study the states that have successful boot camp programs and emulate theirs. We can work with the federal government to acquire discontinued military bases that will be suitable for this purpose and we must look at supply, jobs and supervision upon release from the program. The truth is this kind of experience appeals to the native psychology of men and can be used to turn youths from the paths of wickedness into those of righteousness. After boot camp they might spend more time in prison working and learning (depending on the crime) but when they are ready we assist them with job hunting and we monitor and assist them upon release. In short, a well run prison system can save money and be truly rehabilitative in nature. We CAN save many of our young men.

Its time to junk the touch-feely systems instituted 30 years ago that sounded good and return to principles that work.

Bob Davis is an Assembly candidate for the 42nd Assembly District.

continued from 14

"Look at that!" he shouts, waving Exhibit "A" in his crusade.

"Here's something straight from the Federal Register. The Department of Transportation wants to create what it calls Transit Ambassadors. The Register Says:

"Ambassadors would assist (elderly and disabled citizens) in locating bus stops, understanding how the fare system works and identifying potential destinations, such as grocery stores, medical facilities, etc. Transit

What next? Rest-stop ambassadors to explain the mysteries of roadside hygienic appliances?

While critics accused Kasich of focusing solely on spending cuts last year, his latest production includes sections on international affairs, government reform, welfare reform, health care, crime fighting, and "empowerment."

And it finishes with a flourish, offering the most ambitious pro-growth language since the 1981 Kemp-Roth tax cut. [illegible] ing the use of individual retirement accounts and giving families that earn less than $200,000 a year a $500 per child income-tax credit—something Bill Clinton promised during the 1992 campaign and dropped immediately after taking office.

The late Sen. Everett Dirksen may be known best for quipping, "a billion here, a billion there, and pretty soon you're talking real money." The iconoclastic Kasich may earn his place in GOP annals as the man who [illegible]

'The Welfare Reform That Wasn't'

$15 Billion To Get People OFF Welfare?!?

by Debra J. Saunders

In case you needed a clue that President Clinton's welfare reform isn't, here it is: Any welfare reform that costs money isn't welfare reform. For those of you who learned math in Washington, I will explain in words of two syllables or less — please repeat after me: When people are working, instead of on welfare, it's supposed to cost less tax money.

How then is it that the Clinton administration is drafting a package that promises to get recipients off Aid to Families with Dependent Children after two years — or at least some recipients — **at a five-year cost of $15 billion?**

This week, stories revealed that the gang which couldn't cut straight is having problems finding corresponding cuts in a $1.5 trillion federal budge. There's talk of a tax on gambling revenue to pay for this so-called reform, cutting other benefits or scaling back the already scaled-back proposal. (The task force is tossing around the idea of limited work requirements to parents 25 years or younger.) Please scale back, Clintonia, scale back the whole thing. America can't afford the way you put people to work.

The premise of Reform a la Clinton flies in the face of Candidate Clinton's pledge to "end welfare as we know it." Voters expect this to signal a curb on American's growing dependence on government programs. So how does Team Clinton plan on delivering less government? You know it — with more government.

On this one, Democrats and Republicans are with Clinton. Neither party is impressed with current policy that provides Medicaid coverage for families for a year after parents get off the welfare rolls: both sides propose adding a plethora of training programs. (Program boosters never seem to ask whether taxpayers should trust someone to care for small children who can't find a job before the end of a two-year deadline.) The do-gooders' patronizing view of recipients as helpless people makes it a given that parents shouldn't be expected to find jobs without their patronage.

Washington used to believe that in this capitalistic democracy, workers could start at the bottom and work their way up. Now Washington puts its faith in government and jobs programs even after it has been demonstrated that they don't work. Spend more, the faithful figure, and then the programs will work.

Which is why the task force is having trouble coming up with cuts to make up for the extra $15 billion. The idea of not giving you tax dollars to somebody has the administration up a tree. For example, The Washington Post reported that the task force considered cutting off Social Security Income (SSI) benefits for legal immigrants, three-fourths of whom are elderly immigrants sponsored by their children, with a one-year grace period for current recipients. The five-year savings: $21.3 billion. The number of non-citizens receiving SSI increased fivefold from 1982 to 1992.

In Thursday's press conference, the president rejected this suggestion. Clinton should listen to Rep. Dave McCurdy, D- Okla., a supporter of this cut who told Associated Press, "We want to give (AFDC) recipients a chance to break out. Immigrants should not be coming to the United States in order to get on the welfare system."

McCurdy is right about cutting benefits for non-citizens who haven't paid into Social Security and are under 75. But how about dumping the welfare reform package and still ending SSI benefits for non-citizens? Let the $21 billion go toward deficit reduction.

Debra J. Saunders

If Americans don't trust politicians, this issue shows why. Nobody asked voters if they wanted to give such benefits to new immigrants. It just happened. So by the time Washington did air the matter, not giving was framed as a taking away.

Doesn't make me eager to launch new billion-dollar programs.

Honesty.

Honesty. That's what you want a candidate to have when it involves the appraisal and auditing of property for the County.

Nick Stansfield, Candidate for **Los Angeles County Assessor**, who has 24 years of hands on experience as a Los Angeles County Deputy Assessor says, "The position of County Assessor is a position of trust. The people trust the Assessor to treat them fairly, and not to have their paperwork mishandled resulting in late fees and interest. The incumbent and prior Assessor have allowed hundreds of thousands of secured bills to be thrown away when they returned by the Post Office as undeliverable, and then pretended that they didn't know what happened to the missing bills. As your new Assessor, I will implement procedures to see that all tax payers receive their bills in a timely manner.

Nick STANSFIELD

On June 7th, Vote For

Los Angeles County Assessor

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The History of the Welfare System

45 B.C. to 1932 A.D.

Part 1 3

by Tony Bell

As far back as ancient Rome, governments have administered help to those in need. Yet today, perhaps more than ever before, the concept of welfare arouses serious misgivings, especially in the United States. It is seen as much as a vice than as a virtue. Why does public assistance seem to perpetuate, rather than elevate poverty? A look at the history of the dole will help to answer this. Then later in this serious, a comparison of various systems around the world will shed even more light on the great paradox of modern civilization—welfare.

In 45 B.C. Caesar had finished a major military campaign. He took advantage of the opportunity to carry out a broad program of reorganization and reform. This include cutting the number of free grain recipients in his empire in half, from 320,000 to 150,000. What was the overall effect of this early example of welfare reform? We may never be sure, since Rome went back to war in 43 B.C. and this again altered its economy. Caesar used two other options available in those times that we no longer enjoy — resettling poor and elderly veterans into the uncolonized Italian countryside and offering a vast public works program. However, these undertakings could be extremely hazardous.

In England, 1601, the Tudor Poor Law is launched by government a few years after Henry VIII had abolished monasteries, which for centuries had cared for the poor. Now, under the Poor Law, the parishioners of each local church could appoint an "Overseer of the Poor". The Overseers were given great powers under English Law. They could levy parish taxes for poor support. They could set able bodies to work and apprentice dependent children. They could operate workhouses and soup kitchens.

A VOLUNTEER SOCIAL WORKER visiting a London tenement in the late 19th century. Besides investigating the needs of the applicants for assistance, the "friendly visitors" tried to suggest alternatives to relief.

Most importantly, all of this involved direct personal one-on-one contact between the helpers and "the poor". There was no bureaucracy. Volunteers visited London tenements during the Industrial Revolution and assessed individual situations first hand.

In a more modern example of welfare reform, the Poor Law Reforms of 1834 compelled parishes to unite and form "Poor Law Unions". These would operate workhouses and give relief to able bodies only in exchange for work. The laws were designed to discourage relief applications and to lower taxes. But they were abolished in 1871. The political tide shifted as more persons ascribed poverty to personal inadequacy. This was known by critics as the "Poor Law mentality".

Not all welfare attempts have been humanitarian. Otto von Bismarck used social insurance to reduce support for a revolution. In France after World War I, some wanted welfare to promote population growth and help France equal German military strength. It didn't.

The Pilgrims pretty much took the Poor Law with them to America, and founded the "almshouse". But the 10th Amendment to the Constitution leaves responsibility to the states. Thus, the following landmarks resulted prior to the federal Social Security Act of 1935:

1773 - first hospital for insane, Williamsburg, Va.

1790 - first state prison, Philadelphia, Pa.

1822 - first state school for deaf

1863 - first coordinating authority, Massachusetts State Board of Charities

1898 - first state aid to the blind, Ohio

- ground broken for New York School of Social Work of Columbia University

1910 - first workmen's compensations, New York state

1911 - aid to dependent children, Illinois

1913 - first successful "community chest", Federation for Charity and Philanthropy, Cleveland, Ohio

1923 - old age assistance, Montana

1932 - unemployment compensation, Wisconsin

Another Historical Failure of Socialism

Late 1800's - Germany

by Tony Bell

Nineteenth century German Chancellor Otto von Bismarck devised the first comprehensive system of compulsory insurance for skilled craftsman and mechanics. Employers were aided by the state in providing for workers after an accident, in sickness and in old age. Bismarck knew that keeping his work force happy was the key to meeting his two goals: accelerating Germany's transition to the Industrial Age, and creating the largest army on the continent.

For the most part, the independent unemployed poor were on their own. But after Kaiser William II gently but firmly pushed Bismarck out of office, he faced growing political pressure for poor support. This was the vehicle by which Reichstag, or German [illegible] gain power. William II would have none of this. According to The History And Triumphs of the 19th Century, A Wonderful Story of Progress, written in 1899, "The system seems to have worked satisfactorily, but socialism of a more radical kind has grown in the empire far more rapidly than the emperor has approved of, and he has vigorously, though unsuccessfully, en[illegible]"

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If you would like to help build up the local Republican political infrastructure in your area, we need YOU to help businesses get involved with *California's* REPUBLIC REPORTER.

If you are familiar with the political arena, can make a quality presentation to quality companies, and have a sales background (political fund-raising, for example) we would like to see your resume, TODAY! FAX it to:

Featured Columnist

America's Most Unwanted

by Paul Harvey

Our national leaders still don't know.

Just off the Oval Office of the White House, there's a small hall leading to a private dining room no larger than your own.

President Reagan lined the walls of that small hall with framed cartoons of himself, he said it helped him to keep from taking himself too seriously.

Invited to lunch with the president in that intimate dining room 10 years ago, I enjoyed a spirited conversation about world concerns brightened by Reagan's fascinating recall of anecdotal adventures in the movies and since.

Suddenly, the entire mood of the meeting changed when I asked what were we going to do about the debilitating tide of illegal immigration.

The president, now uncharacteristically grim, was silent for most a pregnant minute before he said, "Paul, I don't know."

Recently, Attorney General Janet Reno, Health and Human Services Secretary Donna Shalala, Education Secretary Richard Riley and Office of Management and Budget Director Leon Panetta invited to Washington the governors of the states most burdened by illegal immigrants; California and Florida, Illinois and Texas, Arizona and New Jersey.

The government officials received a thorough briefing.

Florida's Gov. Lawton Chiles related how the number of foreign-born residents of his state has tripled in two decades.

One million — at least — of Florida's foreign born **ARE NOT CITIZENS.**

Cubans, for example, if they can make it ashore in Florida by whatever means, are allowed to dissolve into the population with neither accreditation nor scrutiny.

It is presumed that they are "political refugees," and federal government policy requires that "political refugees" be made to feel welcome here.

They are not.

Public opinion surveys in Florida, as elsewhere, reveal an angry undercurrent of resentment directed at illegal immigrants who promptly claim welfare at your expense, food stamps at your expense, medical care and education at your expense...

Providing such services costs the state of Florida $2 billion a year. In the meantime, the influx of illegals continues.

At the D.C. meeting, the governors were given some vague promises of better enforcement of immigration laws, federal help with state costs, improved identification of criminal aliens and a contingency plan to respond to any future mass invasion of aliens.

So far none of the above has been implemented.

It would appear that, even as 10 years ago, our federal government leaders do not know what to do about the problem.

Paul Harvey

President Clinton, arguing for the North American Free Trade Agreement, promised that it would create jobs in Latin America and thus reduce the incentive to emigrate. It hasn't yet.

States that are reducing the welfare incentive have the best chance of stemming the tide, but you'll not hear much of that this election year.

ATTENTION!

It is very important that you take the time to read, and then respond, to the information on page 19. Thank you.

The White House In 1996

continued from page 6

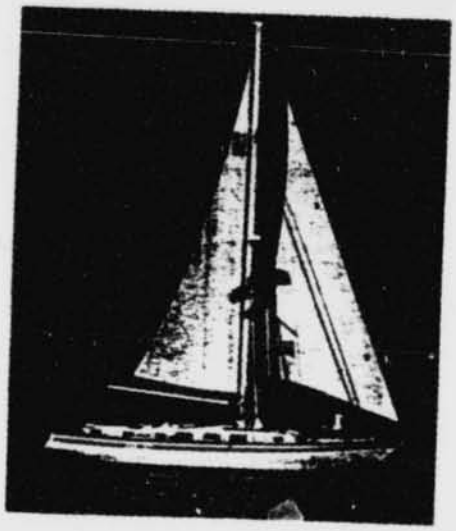
enviroament for private enterprise to flourish, not only enhance the likelihood of profits to investors and entrepreneurs, but also benefit those who choose to invest their time and talents in employment.

All individuals benefit from the Republican party's support for eliminating counterproductive government regulation of capitalism. Republicans must re-educate people that have been misled by Democratic supporters of socialism.

In a three step approach, first explain the essence of the Republican philosophy. Next why it is important. Then offer an example of a current issue and how it should be decided based on the underlining Republican philosophy. We will gain more support by respecting the intelligence of the public and using objective reason and logic than by emotional appeals.

Only supporters of self-contradictory views need to resort to emotional argumentation and theatrics. Republican positions can stand on their own merit and therefore deserve the dignity of logical argument. America is ready for real honest solutions to real problems that have never gone away with the slight-of-hand or the political tap dance. Clinton is in office because Republicans failed to communicate. If we fail again in 1996 there may not be a Republic left in the year 2000.

The Sea Dream



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John Schock & Family

John Schock, candidate for Judge, Superior Court Office #93, Los Angeles County, is shown above with his wife Margaret and his son Eric. John is a family man, and is concerned about the community in which he lives. John is a tireless contributor of time and talent to community organizations, including disaster services, youth activities, Special Olympics and senior citizens activities. John is involved and will do a good job as Judge.

Help Keep This Republican Newspaper In Your Congressional District

by Ronald R. Ames
Editor & Publisher

In every district, in every county, in every state all across the United States of America, candidates face the daunting task of having to raise an enormous amount of cash so that they can advertise their message to the people that can put them in office, you, the voters. Additionally, candidates face a torrid, uphill battle challenging incumbents who always have access to lots and lots of re-election campaign cash. The bad news is that Republican candidates facing democrat incumbents lose 94% of the time.

Here in Los Angeles County, in almost every Congressional District, the democrat incumbents in Congress not only have enormous campaign war chests, but they also have a liberal daily newspaper at their side that will tow their line. Any line. All the time. For free.

The Los Angeles Times has proven time and time again that they will go to extreme lengths to come to the aid of Democrat incumbents, especially those that raise your taxes, take away your freedoms and liberties, and trample over your Constitutional rights.

What can you do?

***California's* REPUBLIC REPORTER** wants to continue publishing customized, local political newspapers for each Congressional District in Los Angeles County, on a monthly basis. To do so we need your **help**, but **NOT** your money!

To make this newspaper a viable asset to the community, we need to have local businesses get involved by supporting the publishing and delivery of the Republican message by placing ads in the paper. These ads will supplement the ads placed by the candidates and will go towards the **extra distribution of the paper.** To help defeat *all democrat incumbents*, our goal is to increase the papers circulation with every monthly issue until we achieve total saturation in Los Angeles County - mailing into every registered voting household regardless of party affiliation. Hopefully, starting on the first of September, the newspaper will be published and delivered by mail to the 3,614,526 voters in Los Angeles County!

We can achieve this goal, but only with your help. If each and every one of the recipients *(this means you)* of these special editions of *California's* Republic Reporter can recommend businesses that they frequent, (the name, address, phone # and the name of the owner) and put in a good word for us, we will call on them and make the presentation.

You can help by filling out this sheet and by mailing it, or faxing it back to ***California's* Republic Reporter**. We have another issue going out before July 1st which will bring you the political updates for your district, including a special section for all the winners of the June 7th Primary. This means we are running out of time. Deadline for ad copy is June 24th, so we need to be calling on these businesses right now.

Let's show the democrats that we mean business. Together we can 'Defeat democrat incumbents, and elect Republican candidates.' Send in your business referrals today! Help to keep this Republican newspaper, and the **'Power of the Press'**, in your Congressional District!

Thank You For Your Support!

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Yes! **I want to help keep this Republican Newspaper in my Congressional District! My name is _____ and here are the names of the Republican businesses I recommend that you call on to put an ad in *California's* REPUBLIC REPORTER.**

Examples of the type of businesses: Lawyers, Doctors, Auto Dealerships, Restaurants, Hotels, Catering Services, Department Stores, Clothing Stores, Real Estate Companies, Investment Firms, Etc. Etc.

NAME _____
ADDRESS _____
CITY _____ CA, ZIP _____
PHONE _____ FAX _____
OWNER _____

NAME _____
ADDRESS _____
CITY _____ CA, ZIP _____
PHONE _____ FAX _____
OWNER _____

NAME _____
ADDRESS _____
CITY _____ CA, ZIP _____
PHONE _____ FAX _____
OWNER _____

You are NOT limited to just three businesses! If you know of any other businesses that are friendly to Republicans, and you think that they may want to help make a difference in their community, list them on another sheet of paper and send them along!

Please Mail To: ***California's* REPUBLIC REPORTER**

28729 S. WESTERN AVE. - BOX #173
RANCHO PALOS VERDES, CA. 90732

Or FAX To: **310-521-8233**

Thank You!

9 7 0 4 3 8 4 2 5 6 9

Local News

Getting To Know You: John L. Moriarity - Family Patriarch

by Ronald R. Yates

John L. Moriarity, is a trial lawyer, Los Angeles County Commissioner of Narcotics and Dangerous Drugs (1885 to date) and is on the Board of Sheriff Block's SANE program. The County Bar Association has given Moriarity it's highest rating regarding his qualifications to be a Superior Court Judge.

But of all the organizations that heap the accolades upon John Moriarity, and there are many, the group that moves the most to him, and one whose endorsement is paramount to any of the others is his family. "I get involved with the programs that I do because I hope that I am able to make our community a better place for my kids to bring up their kids, and people just like them to do the same," said John. "I am very worried about them - I love them all so much - that I think that my family is my strongest motivator when it comes to pinpointing why I do the things that I do."

And judging from the size of his family, you can just imagine the size of his heart and the scope of his desire in his bid for Superior Court - Los Angeles County Office #2. The photo at the right shows John surrounded by his ever-growing family during the Holidays. "One of my favorite times of the year," John, the family patriarch, added.

Moriarity is married to the former Maria Tanzola of Verona, New Jersey; they have five sons and a daughter. Linda, is a General Manager for Pro-Staff Personnel for the Pacific Mountain States; Jack, is in his forth year of medical school at Stanford University; Douglas, is a Captain and Company Commander in the United States Army (Airborne-Ranger) and is a part of the Old Guard in Washington D.C.; Robert is an engineer and is with the United States Army Reserve as a First Lieutenant in the Signal Corps; Donald is a High School Teacher in the Glendale School District and a Private Investigator; Lloyd, has a Key Grip Company in the movie industry and just finished a James Cameron movie starring Arnold Schwartzenager and Jamie Lee Curtis.

"I'm very happy that everyone in the family is behind my efforts to become the Superior Court Judge for Office #2," said Moriarity. "I respect their opinion, and it means a lot to me that I have their support."

It would mean a lot to John, his family, and our entire community if he could have your support at the voting booth on June 7th.

Republican Leadership That Works.

"When I'm elected Congressman from the 29th District, I will work to solve the problems of crime, education and reduce wasteful government bureaucracy that does not provide services to you."

"I will support a Health Care Reform bill that offers a portable, affordable, and easily understood approach as well as one that stresses cost control."

"I will work to provide incentives for the Federal government to be more efficient and responsible with the use of your tax dollars."

Stepanek For Congress

9704384257 0

Mary L. Taskar, Attorney
Central Enforcement Docket
federal Election Commission
999 E. Street, N. W.
Washington, D.C. 20543

OCT 20 10:45 AM '94

27OCT 94

Reference: MUR 4080

Dear Mary L. Taskar:

I am not sure what the FEC wants from me, regarding this matter. As a candidate for U.S. Congress during the June 1994 primary, I was contacted by Mr. Ronald R. Yates, of the Republic Reporter, to advertise my campaign in his newspaper. After an indepth discussion of the type of the benefits in advertizing in his newspaper and me calling a few people I met while campaigning and asking what they knew about Mr. Yates and his newspaper, I got back nothing but good feed back. Also Mr. Yates showed me past copies of his newspaper and I agreed to give him $2,495.00 to advertise in his newspaper for 2 half page "ads".

You have to understand something, I was a Grass Root Campaigner, I was in no position to give money away, not for any reason, especially to a Political Committee. The only money used during my campaign was reported to you (FEC), $4,381.00.

As for not stating who paid for the "AD" and why the "AD". It is clearly stated at the bottom of the article. (Please see attached). So with all due respect, I ask again, what do you want from me?

Yours sincerely

John B. Duke

John B. Duke
P.O.Box 20463
Long Beach, CA. 90801

9704384257 1

Local News

Getting To Know You: John L. Moriarity - Family Patriarch

by Ronald R. Yates

John L. Moriarity, is a trial lawyer, Los Angeles County Commissioner of Narcotics and Dangerous Drugs (1985 to date) and is on the Board of Sheriff Block's SANE program. The County Bar Association has given Moriarity its highest rating regarding his qualifications to be a Superior Court Judge.

But of all the organizations that keep the accolades upon John Moriarity, and there are many, the group that means the most to him, and one whose endorsement is paramount to any of the others is . . . his family. "I get involved with the programs that I do because I hope that I am able to make our community a better place for my kids to bring up their kids, and people just like them to do the same," said John. "I am very worried about them - I love them all so much - that I think that my family is my strongest asset value when it comes to propounding why I do the things that I do."

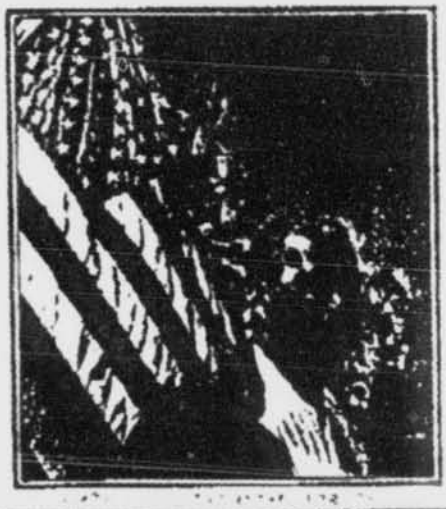
And judging from the size of his family, you can just imagine the size of his heart and the scope of his desire as he bid for Superior Court - Los Angeles County Office #2. The photo at the right shows John surrounded by his ever-growing family during the Holidays. "One of my favorite times of the year," John, the family patriarch, added.

Moriarity is married to the former Marie Tassiale of Verona, New Jersey, they have five sons and a daughter. Lynda, is a Counsel Manager for Pro-Staff Personnel for the Pacific Mountain States. Jack, is in his fourth year of medical school at Stanford University. Douglas, is a Captain and Company Commander in the United States Army (Airborne-Ranger) and is a part of the Old Guard in Washington D.C., Robert is an engineer and is with the United States Army Reserve as a First Lieutenant in the Signal Corps. Donald is a High School Teacher in the Glendale School District and a Private Investigator, Lloyd, has a Key Grip Company in the movie industry and just finished a Jackie Chan movie starring Arnold Schwarzenegger and Jackie Lee Curtis.

"I am very happy that everyone in the family is behind my efforts to become the Superior Court Judge for Office #2," said Moriarity. "I respect their opinion, and it means a lot to me now I have their support."

It would mean a lot to John, his family, and our entire community if he could have your support at the voting booth on June 7th.

Conservative Republican Leadership



"When I am elected your Conservative Republican Congressman from the 38th District I will work, and vote, to reduce wasteful government bureaucracy by voting AGAINST any bill that means higher taxes and bigger government. This is completely different from my incumbent opponent, Steve Horn, who voted FOR higher taxes and bigger government 12 out of 15 times!! Just like his Democrat Colleagues!!

"As your Conservative Republican Congressman, I will work, and vote, to uphold ALL of your Constitutional Rights, including the Second Amendment. This is completely different from my incumbent opponent, Steve Horn, who trampled all over our Constitutional Rights and cast *the deciding vote* FOR the Democrat Gun Control Law!! Just like his Democrat Colleagues!!

Steve Horn votes *more* like a Democrat than most Democrats!! Since he *talks* like a Democrat, and *votes* like a Democrat, maybe he just ought to *re-register* as a Democrat!!

On June 7th, vote for DUKE, the only REAL Republican for Congress.

Duke For Congress

U.S. CONGRESS • 38TH DISTRICT

PAID FOR BY THE DUKE FOR CONGRESS COMMITTEE

9704384257 2

OCT 28'94 7:38 No.006 P.03 SOUTH BAY FIELD OFFICE

LAW OFFICES OF

NORDMAN, CORMANY, HAIR & COMPTON
1000 TOWN CENTER DRIVE
6TH FLOOR
POST OFFICE BOX 9100
OXNARD, CALIFORNIA 93031-9100
(805) 485-1000
(805) 656-3304

6TH FLOOR FAX (805) 988-8387
5TH FLOOR FAX (805) 988-7790

WILLIAM H. HAIR
ROBERT L. COMPTON
MARC L. CHARNEY
RONALD H. GILL
LARRY L. HINES
KENNETH M. HIGH, JR.
MICHAEL C. O'BRIEN
LAURA K. MCAVOY
RANDALL H. GEORGE
JANET ANNE REESE
PAUL W. KURZEKA
ANTHONY H. TREMBLEY
JONATHAN FRASER LIGHT
KENT M. KELLEGREW
WILLIAM E. WINFIELD
GERALD M. ETCHINGHAM
CHRISTOPHER K. KITASAKI
SCOTT B. SAMSKY
MITCHELL F. DISNEY
GUY C. PARVEX, JR.
ROBERT J. LENT
ANNE M. LARSEN
SUSAN M. SEEMILLER
JOANNE M. ANDERSEN
LAUREL A. MCLAUGHLIN
MARK R. PACHOWICZ
PATRICK D. HISCOCKS
PATRICIA A. MALONE
SUSAN WESTEEN NOVATT

BEN E. NORDMAN
(1913-1966)

RALPH L. CORMANY
DAVID A. GERBER
JOHN A. SLEZAK
(OF COUNSEL)

WESTLAKE VILLAGE OFFICE
880 HAMPSHIRE ROAD, SUITE A
WESTLAKE VILLAGE, CALIFORNIA 91361
(805) 497-2796

WRITER'S DIRECT DIAL NUMBER
(805) 988-8306

October 28, 1994

OCT 31 12 42 PM '94
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

VIA EXPRESS MAIL

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

Re: Complaint Filed by Ronald M. Florance
MUR 4080

Dear Sir or Madam:

This law firm represents L. A. Rubber Co. ("Respondent"). A Statement of Designation of Counsel executed by the President of Respondent, Michael Durst, is enclosed. I request that all notifications and communications from the Commission regarding this matter be sent directly to the undersigned.

Respondent generally and specifically denies the allegations contained in the September 20, 1994 complaint ("Complaint") filed by Ronald M. Florance ("Complainant"). Complainant's allegations are without merit and Respondent requests that the Commission take no action regarding the Complaint. [11 C.F.R §111.6(a).]

In May 1994, in response to a marketing and advertising solicitation from California's Republic Reporter ("newspaper"), Respondent purchased advertising space in the newspaper. Respondent was informed by Ronald Yates, the newspaper's publisher, that via Mr. Yates's newspaper, Respondent's business advertisement would reach Republican prospective customers in several State Assembly districts in the Southern California area. Respondent considered the advertisements to be an ordinary and legitimate method of advertising its products to the public. Respondent did not discuss, nor was Respondent aware of, any alleged slate mailings by Respondent Ronald Yates or the newspaper, or any alleged connection by Yates or the newspaper to any political campaign, including

9704038425 3

Respondents Susan Brooks or the Susan Brooks for Congress Committee. Respondent was aware generally that Mr. Yates was attempting to sell advertising space in his newspaper to political candidates, although Respondent was not aware of Mr. Yates' efforts with regard to any specific candidates or campaigns, including the Brooks campaign. Respondent's dealings with Mr. Yates and the newspaper were simply an arms-length purchase of commercial advertising space.

Respondent's purchase of advertising was not an "expenditure" as that term is defined in and intended by 2 U.S.C. §441b(b)(2), since Respondent was not making a payment of money to any candidate, campaign committee, or political party or organization, in connection with a congressional race. Respondent's purchase of advertising space was not from a political committee as defined in 2 U.S.C. §431(4), but from a newspaper or periodical entitled to the exemption of 2 U.S.C. §431(9)(B)(i). Further, Respondent's purchase of advertising space was intended for commercial benefit, not for the purpose of influencing any federal election and, thus, is not an "expenditure." [2 U.S.C. §§441b(b)(2), 431(9)(A).] Further, Respondent's advertisement does not itself advocate, let alone even address, the election of any candidate. FEC v. Massachusetts Citizens for Life (1986) 479 U.S. 238, 249, 93 L.Ed.2d 539, 551. In fact, Respondent's advertisement is no different than the ads of any commercial advertiser placed in The Washington Post, Time Magazine, or any other newspaper or periodical. Finally and fundamentally, Respondent's advertisement is a form of commercial free speech protected by the First Amendment and any infringement thereof would be constitutionally invalid.

Again, Complainant's allegations are without any merit whatever and Respondent requests that the Commission take no action regarding the Complaint.

Thank you for this opportunity to respond. Should you desire further information, please contact the undersigned.

Very truly yours,

NORDMAN, CORMANY, HAIR & COMPTON

Anthony H. Trembley

Anthony H. Trembley

AHT:lp
Enclosure
cc: L. A. Rubber Company
9146763/3541.001

9704384254

DECLARATION OF MICHAEL A. DURST

I, MICHAEL A. DURST, declare:

1. I am the President of L. A. Rubber Co.

2. In May 1994, I was approached by Ronald Yates of the California's Republic Reporter, a newspaper. Mr. Yates asked me to purchase advertising space in his newspaper.

3. Mr. Yates informed me that my company's advertising would reach prospective customers, who were also Republicans, in several State Assembly districts in the Southern California area. I considered these advertisements to be an ordinary and legitimate method of advertising our products to the public.

4. I did not discuss with Mr. Yates, nor was I ever aware of, any alleged slate mailings to be done by Ronald Yates or California's Republic Reporter, nor did I ever discuss with Mr. Yates or was ever made aware of any connection between Mr. Yates or his newspaper to any political campaign, including the Susan Brooks for Congress Committee. I was aware generally that he was attempting to sell advertising space to political candidates, although I was not aware of his efforts with regard to any specific candidates or campaigns, including the Brooks campaign. As far as I was concerned, my advertisements were strictly commercial advertising done in an arms-length manner with Mr. Yates and his newspaper.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on October 27, 1994 at Los Angeles, California.

Michael A. Durst

MICHAEL A. DURST

9704384255

STATE OF CALIFORNIA)
)
COUNTY OF VENTURA)

On October 27, 1994, before me, M. Hennice Matthews, Notary Public, personally appeared Michael A. Durst, as President of L. A. Rubber Co., ~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

M. Hennice Matthews

9704384256

STATEMENT OF DESIGNATION OF COUNSEL

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
OCT 31 12 42 PM '94

MUR 4080

NAME OF COUNSEL: ANTHONY H. TREMBLEY

ADDRESS: NORDMAN, CORMANY, HAIR & COMPTON
1000 Town Center Drive, 6th Floor
Post Office Box 9100
Ventura, California 93031-9100

TELEPHONE: (805) 485-1000

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.

L. A. RUBBER CO.

October 27, 1994
Date

By: Michael A. Durst
Signature
Michael A. Durst, President

RESPONDENT'S NAME: L. A. RUBBER CO.

ADDRESS: Michael A. Durst, President
2915 East Washington Boulevard
Los Angeles, California 90023

HOME PHONE:

BUSINESS PHONE: (213) 263-4131

2704384257

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 1, 1994

Ronald M. Florance
1025 Via Mirabel
Palos Verdes Estates, CA 90274

RE: MUR 4080

Dear Mr. Florance:

This letter acknowledges receipt on October 20, 1994, of the supplement to the complaint you filed on October 6, 1994. The respondent(s) will be sent copies of the supplement. You will be notified as soon as the Federal Election Commission takes final action on your complaint.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

9704384258

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 1, 1994

President
L.A. Rubber Co.
2915 E. Washington Blvd.
P.O. Box 23910
Los Angeles, CA 90023

RE: MUR 4080

Dear Sir or Madam:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On October 20, 1994, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

27043842579

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 1, 1994

President
Joe Vilarino's Showcase
1201 S. Pacific Coast Hwy
Redondo Beach, CA 90277

RE: MUR 4080

Dear Sir or Madam:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

9704384250

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 1, 1994

Ronald R. Yates, Publisher
California's Republic Reporter
28729 Western Avenue
P.O. Box 173
Rancho Palos Verdes, CA 90732

RE: MUR 4080

Dear Mr. Yates:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

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Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

27043842581

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

November 1, 1994

Edward E. Firth, Treasurer
Wolf Dalichau for U.S. Senate Committee
3156 Glendale Blvd.
Los Angeles, CA 90039

RE: MUR 4080

Dear Mr. Firth:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

9704384252

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 1, 1994

John B. Duke, Treasurer
John Bernard Duke for Congress Committee
P.O. Box 20463
Long Beach, CA 90801

RE: MUR 4080

Dear Mr. Duke:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

9704384253

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 1, 1994

Hilda Daiber, Treasurer
Susan Brooks for Congress Committee
3525 Pacific Coast Highway
Torrance, CA 90505

RE: MUR 4080

Dear Ms. Daiber:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

9704384254

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

November 1, 1994

Susan Brooks
3419 Corrina Dr.
Rancho Palos Verdes, CA 90274

RE: MUR 4080

Dear Ms. Brooks:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On October 20, 1994, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

9704384255

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

Nov 3 12 01 PM '94

Joe Vilarino's Showcase
1201 S. Pacific Coast Highway
Redondo Beach, California 90277
310-540-8444

October 28, 1994

Nov 3 12 25 PM '94

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Ms. Mary L. Taksar
Central Enforcement Docket
Federal Election Commission
999 E Street N.W.
Washington, DC 90453

RE: MUR4080

Dear Ms. Taksar:

This letter is in response to a letter I received regarding the above referenced complaint filed with the FEC.

I am a sole proprietor operating a audio/video sales and service center in Redondo Beach, California.

Earlier this year, I placed a paid advertisement in the California Republic Reporter. Mr. Ron Yates, owner of the paper, solicited advertising that would be included in an upcoming edition sent to Republican households in the South Bay area.

I paid $500 for the insertion of my advertisement in the paper. This ad was not in conjunction with any campaign or with any political committee.

Even if the FEC decides that Mr. Yates is running a political committee, our advertisement expense is neither from a corporation nor in excess of contribution limits.

Please continue to advise me as to the status of this matter.

Sincerely,

Joe Vilarino

Joe Vilarino

9704384256

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4080

NAME OF COUNSEL: SELF / JOE VILARINO

ADDRESS: 1201 SO. P.C.H.
R.B. CA. 90277

TELEPHONE: 310 540 8915

NOV 3 12 25 PM '94
OFFICE OF GENERAL COUNSEL
FEDERAL ELECTION COMMISSION

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.

10/28/94
Date

Joe Vilarino
Signature

RESPONDENT'S NAME: JOE VILARINO

ADDRESS: 1201 SO. P.C.H.
R.B. CA. 90277

HOME PHONE:

BUSINESS PHONE: 310 540 8915

9704384257 87

SUSAN BROOKS FOR CONGRESS

CO-CHAIRS
LYN NOFZIGER
ROBERT A. VIRTUE

ENDORSED BY
DICK CHENEY
SENATOR BOB DOLE
CONGRESSMAN NEWT GINGRICH
JACK KEMP
LYNN MARTIN

ELECTED OFFICIALS
ROBERT G. BEVERLY
Senator 27th District
DEANE DANA
Supervisor, 4th District
MIKE ANTONOVICH
Supervisor, 5th District
PAUL HORCHER
Assemblyman, 60th District
ERNEST DRONENBURG JR.
Board of Equalization
COUNCILMAN NORM STOW
Avalon
COUNCILMAN LIAM WESTON
COUNCILWOMAN JANE FRIEDKIN
El Segundo
MAYOR SAM EDGERTON
COUNCILMAN ROBERT BENZ
Hermosa Beach
COUNCILMAN CHARLES BELBA
COUNCILMAN DAVE ALBERT
COUNCILMAN HAL CROYTS
Lomita
COUNCILMAN HAL BERNSON
Los Angeles
COUNCILMAN STEVE BARNES
COUNCILMAN TIM LILLIGREN
Manhattan Beach
COUNCILMAN WILLIAM FINER
COUNCILMAN RAY MATTINGLY
COUNCILMAN MIKE MOODY
COUNCILWOMAN ROSEMARY HUMPHREY
Palos Verdes Estates
MAYOR STEVE KUYKENDALL
COUNCILWOMAN MARILYN LYON
COUNCILMAN LEE BYRD
Rancho Palos Verdes
MAYOR BRAD PARTON
Redondo Beach
MAYOR BARBARA RAUCH
COUNCILMAN BOB BECK
Rolling Hills Estates
COUNCILMAN DAN WALKER
Torrance

CIVIC LEADERS
GILBERT ALBERIO
Chair R.P.V. Planning Commission
GUNTHER BUERK
Former Councilman RPV
ELEANOR CURRY
Former Trustee P.V. Board of Education
JAN DENNIS
Former Mayor, Manhattan Beach
BARBARA FERRARO
R.P.V. Planning Commissioner
JOAN MILKE FLORES
Former Los Angeles Councilwoman
PAULA GALE
LA Convention Center Commissioner
ROBERT HARGRAVE
Former Mayor, Lomita
JAMES A. HAYES ESQ
Former LA County Supervisor
SONJA PEDERSON HAYES
R.P.V. Planning Commission
BOB HOLMES
Former Mayor, Manhattan Beach
HUGH MULLER
Former Mayor, Rolling Hills Estates
ANGIE PAPADAKIS
Little Hoover Commission
ED REA SR
Former Trustee P.V. Board of Education
PETER ROSSICK
Former Mayor, Lomita
DAVE 'CISCO' RUTH
Former Councilman RPV
ROBERT E. RYAN
LA County Planning Commissioner
STEVE SCHLESINGER
Treasurer, Manhattan Beach
CONNIE SIEBER
Former Mayor, Manhattan Beach
DON VANNORSDALL
RPV Planning Commissioner
TERRY WARD
Former Mayor, Redondo Beach
KIM WANG
RPV Planning Commissioner
EDIE WEBBER
Former Mayor, Hermosa Beach
LAWRENCE WHITENECK
RPV Planning Commissioner

November 2, 1994

Federal Election Commission
Washington, D. C. 20463
Attn: Mary L. Taksar, Attorney

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

NOV 7 10 02 AM '94

RE: MUR 4080

Dear Ms. Taksar:

I am responding to your letter of October 14, 1994.

The Susan Brooks for Congress Committee wants to take the opportunity to respond to matter MUR 4080.

With the general election on November 8, 1994 being just six days away, we request an extension of time in which to do so.

Please reply regarding the above request.

Very truly yours,

Hilda Daiber

Hilda Daiber
Treasurer

FAXED TO 202 219 3923, LETTER TO FOLLOW

NOV 7 9 10 AM '94

36TH CONGRESSIONAL DISTRICT
Bring Government Home!

3525 Pacific Coast Hwy. • Torrance, California 90505 • Telephone: (310) 534-5505 • Fax: (310) 534-3711

PAID FOR AND AUTHORIZED BY SUSAN BROOKS FOR CONGRESS: I.D. #C00283481

Ronald R. Yates

1501 Sunnyside Terrace • San Pedro Ca 90732 • 310-833-9441

RECEIVED FEDERAL ELECTION COMMISSION OFFICE OF GENERAL COUNSEL
NOV 9 5 02 PM '94

Request For Extension

November 9th, 1994

Mary L. Taksar / Alva E. Smith
Federal Election Commission

I received your document - MUR 4080 - on Thursday, October 27, 1994 and wish to give you 100% cooperation in this matter.

As per my conversation with Alva Smith, to fully comply with your request for a response, I would like to request a short extension to do so.

If I could have until November 25th, 1994, I promise to submit to you my reply in full as to why no action should be taken against me / California's Republic Reporter, and will submit for your review factual documents and materials that I believe to be relevant to the Commission's analysis to this matter.

Please notify me as soon as possible to your decision regarding my request.

If you have any questions please don't hesitate to call me at 310-833-9441.

Thank You for cooperation in this matter.

Sincerely,

Ronald R. Yates
California's Republic Reporter

9704384259

SUSAN BROOKS FOR CONGRESS

CO-CHAIRS
LYN NOFZIGER
ROBERT A. VIRTUE

ENDORSED BY
DICK CHENEY
SENATOR BOB DOLE
CONGRESSMAN NEWT GINGRICH
JACK KEMP
LYNN MARTIN

ELECTED OFFICIALS
ROBERT C. BEVERLY
Senator, 27th District
DIANE FANA
Supervisor, 4th District
MIKE ANTONOVICH
Supervisor, 5th District
PAUL HORCHER
Assemblyman, 68th District
ERNEST DRONENBURG JR.
Board of Equalization
COUNCILMAN NORM STOW
Avalon
COUNCILMAN LIAM WESTON
COUNCILWOMAN JANE FRIEDRIN
El Segundo
MAYOR SAM EDGERTON
COUNCILMAN ROBERT BENZ
Hermosa Beach
COUNCILMAN CHARLES BELBA
COUNCILMAN DAVE ALBERT
COUNCILMAN HAL CROYTS
Lomita
COUNCILMAN HAL BERNSON
Los Angeles
COUNCILMAN STEVE BARNES
COUNCILMAN TIM LILLIGREN
Manhattan Beach
COUNCILMAN WILLIAM PINER
COUNCILMAN RAY MATTINGLY
COUNCILMAN MIKE MOODY
COUNCILWOMAN
ROSEMARY HUMPHREY
Palos Verdes Estates
MAYOR STEVE KUYKENDALL
COUNCILWOMAN MARILYN LYON
COUNCILMAN LEE RYRD
Rancho Palos Verdes
MAYOR BRAD PARTON
Redondo Beach
MAYOR BARBARA RAUCH
COUNCILMAN BOB BECK
Rolling Hills Estates
COUNCILMAN DAN WALKER
Torrance

CIVIC LEADERS
GILBERT ALBERTO
Chair R.P.V. Planning Commission
GUNTHER BUERK
Former Councilman RPV
ELEANOR CURRY
Former Trustee P.V. Board of Education
JAN DENNIS
Former Mayor, Manhattan Beach
BARBARA FERRARO
R.P.V. Planning Commissioner
JOAN MIKE FLORES
Former Los Angeles Councilwoman
PAUL A GALE
LA Convention Center Commissioner
ROBERT HARGRAVE
Former Mayor, Lomita
JAMES A. HAYES ESQ.
Former LA County Supervisor
SONJA PEDERSON HAYES
R.P.V. Planning Commissioner
BOB HOLMES
Former Mayor, Manhattan Beach
HUGH MULLER
Former Mayor, Rolling Hill Estates
ANGIE PAPADAKIS
Little Hoover Commission
ED REA SR.
Former Trustee P.V. Board of Education
PETER ROSSIOS
Former Mayor, Lomita
DAVE "CISCO" RUTH
Former Councilman RPV
ROBERT E. RYAN
LA County Planning Commissioner
STEVE SCHLESINGER
Treasurer, Manhattan Beach
CONNIE SIEBER
Former Mayor, Manhattan Beach
DON VANNORSDALL
RPV Planning Commissioner
TERRY WARD
Former Mayor, Redondo Beach
KIM WANG
RPV Planning Commissioner
EDIE WEBBER
Former Mayor, Hermosa Beach
LAWRENCE WHITENECK
RPV Planning Commissioner

FEDERAL ELECTION COMMISSION
Nov 14 11 22 AM '94

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Nov 14 12 15 PM '94

November 9, 1994

Federal Election Commission
Washington, D.C. 20463

Attention: Alva Smith

Re: MUR 4080

Dear Ms. Smith:

I am responding to your telephone call of November 8, 1994 during which you requested a letter designating a time limit for the extension request in which to respond to the above case.

The Susan Brooks for Congress Committee requests an extension of 60 days from the original response date, which was 15 days after the receipt of your letter of October 14, 1994. Since your letter was received on October 19, 1994, 75 days thereafter would be January 3, 1995.

Thank you for your consideration of this matter.

Very truly yours,

Hilda Daiber

Hilda Daiber
Treasurer

FAXED TO 202 219 3923, LETTER TO FOLLOW

36TH CONGRESSIONAL DISTRICT
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9704184250

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COMMISSION
OFFICE OF GENERAL

Nov 14 12 10 PM '94

Nov 14 11 30 AM '94

Federal Election Commission.
999 E Street, N. W.
Washington, D.C. 20453

10-31-94

Reference your request of Oct. 14, 1994 MUR 4080 regarding our advertisement in the California's Repulican Reporter in the 1994 Republican Primary Election.

This was presented to us as a newspaper. It looked like any other newspaper to us. With our slender campaign funds there was no way that we could afford mainstream media such as the Los Angeles Times or Daily News. Thus, we felt this was a fine opportunity to reach prospective Republican voters, and to gain name recognition we could not obtain otherwise. It still looks like any other newspaper to us.

Yours truly,

Wolf G. Dalichan

Wolf G. Dalichan
former candidate for U.S. Senate

9704384259 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 14, 1994

Ronald R. Yates, Publisher
California's Republic Reporter
1501 Sunnyside Terrace
San Pedro, CA 90732

RE: MUR 4080

Dear Mr. Yates:

This is in response to your letter dated November 9, 1994, requesting an extension until November 25, 1994, to respond to the complaint filed in the above-noted matter. 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 November 25, 1994.

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

Sincerely,

Mary L. Taksar (ASS)

Mary L. Taksar, Attorney
Central Enforcement Docket

9704384259 2

LAW OFFICES OF

NORDMAN, CORMANY, HAIR & COMPTON
1000 TOWN CENTER DRIVE
6TH FLOOR
POST OFFICE BOX 9100
OXNARD, CALIFORNIA 93031-9100
(805) 485-1000
(805) 656-3304

6TH FLOOR FAX (805) 988-8387
5TH FLOOR FAX (805) 988-7790

WILLIAM H. HAIR
ROBERT L. COMPTON
MARC L. CHARNEY
RONALD H. GILL
LARRY L. HINES
KENNETH M. HIGH, JR.
MICHAEL C. O'BRIEN
LAURA K. McAVOY
RANDALL H. GEORGE
JANET ANNE REESE
PAUL W. KURZEKA
ANTHONY H. TREMBLEY
JONATHAN FRASER LIGHT
KENT M. KELLEGREW
WILLIAM E. WINFIELD
GERALD M. ETCHINGHAM
CHRISTOPHER K. KITASAKI
SCOTT B. SAMSKY
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SUSAN M. SEEMILLER
JOHN M. ANDERSEN
LAUREL A. McLAUGHLIN
MARK R. PACHOWICZ
PATRICK D. HIBCOCKS
PATRICIA A. MALONE
SUSAN WESTEEN NOVATT

BEN E. NORDMAN
(1913-1992)

RALPH L. CORMANY
DAVID A. GERSER
JOHN A. SLEZAK
(OF COUNSEL)

WESTLAKE VILLAGE OFFICE
880 HAMPSHIRE ROAD, SUITE A
WESTLAKE VILLAGE, CALIFORNIA 91361
(805) 497-8765

WRITER'S DIRECT DIAL NUMBER

(805) 988-5306

November 14, 1994

VIA EXPRESS MAIL

Mary L. Taksar, Attorney at Law
Central Enforcement Docket
Federal Election Commission
999 E Street, N. W.
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

NOV 15 2 43 PM '94

9704384253

Re: MUR 4080
October 20, 1994 Additional Information
Received from Complainant

Dear Ms. Taksar:

Our client, L. A. Rubber Co., is in receipt of additional information from the Complainant, transmitted via your November 1, 1994 letter. Your November 1, 1994 letter was received by our client on November 10, 1994.

Our response to this "additional information" is the same indicated in our October 28, 1994 response to the original complaint. An additional copy of the October 28, 1994 response is enclosed for your review.

Very truly yours,

NORDMAN, CORMANY, HAIR & COMPTON

Anthony H. Trembley

Anthony H. Trembley

AHT:lp
Enclosures
cc: L. A. Rubber Co.
9243040/3541.014

WILLIAM H. HAIR
ROBERT L. COMPTON
MARC L. CHARNEY
RONALD H. GILL
LARRY L. HINES
KENNETH M. HIGH, JR.
MICHAEL C. O'BRIEN
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LAW OFFICES OF

NORDMAN, CORMANY, HAIR & COMPTON
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POST OFFICE BOX 9100
OXNARD, CALIFORNIA 93031-9100
(805) 485-1000
(805) 656-3304

6TH FLOOR FAX (805) 988-8387
5TH FLOOR FAX (805) 988-7790

BEN E. NORDMAN
(1913-1996)

RALPH L. CORMANY
DAVID A. GERSER
JOHN A. SLEZAK
(OF COUNSEL)

WESTLAKE VILLAGE OFFICE
530 HAMPSHIRE ROAD, SUITE A
WESTLAKE VILLAGE, CALIFORNIA 91361
(805) 497-2798

WRITER'S DIRECT DIAL NUMBER
(805) 968-6306

October 28, 1994

RETAIN THIS NUMBER-CUSTOMER RECEIPT WILL BE MAILED TO YOU.
TB662003331 US

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
NOV 15 2 43 PM '94

9704384259 4

VIA EXPRESS MAIL

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

Re: Complaint Filed by Ronald M. Florance
MUR 4080

Dear Sir or Madam:

This law firm represents L. A. Rubber Co. ("Respondent"). A Statement of Designation of Counsel executed by the President of Respondent, Michael Durst, is enclosed. I request that all notifications and communications from the Commission regarding this matter be sent directly to the undersigned.

Respondent generally and specifically denies the allegations contained in the September 20, 1994 complaint ("Complaint") filed by Ronald M. Florance ("Complainant"). Complainant's allegations are without merit and Respondent requests that the Commission take no action regarding the Complaint. [11 C.F.R §111.6(a).]

In May 1994, in response to a marketing and advertising solicitation from California's Republic Reporter ("newspaper"), Respondent purchased advertising space in the newspaper. Respondent was informed by Ronald Yates, the newspaper's publisher, that via Mr. Yates's newspaper, Respondent's business advertisement would reach Republican prospective customers in several State Assembly districts in the Southern California area. Respondent considered the advertisements to be an ordinary and legitimate method of advertising its products to the public. Respondent did not discuss, nor was Respondent aware of, any alleged slate mailings by Respondent Ronald Yates or the newspaper, or any alleged connection by Yates or the newspaper to any political campaign, including

Respondents Susan Brooks or the Susan Brooks for Congress Committee. Respondent was aware generally that Mr. Yates was attempting to sell advertising space in his newspaper to political candidates, although Respondent was not aware of Mr. Yates' efforts with regard to any specific candidates or campaigns, including the Brooks campaign. Respondent's dealings with Mr. Yates and the newspaper were simply an arms-length purchase of commercial advertising space.

Respondent's purchase of advertising was not an "expenditure" as that term is defined in and intended by 2 U.S.C. §441b(b)(2), since Respondent was not making a payment of money to any candidate, campaign committee, or political party or organization, in connection with a congressional race. Respondent's purchase of advertising space was not from a political committee as defined in 2 U.S.C. §431(4), but from a newspaper or periodical entitled to the exemption of 2 U.S.C. §431(9)(B)(i). Further, Respondent's purchase of advertising space was intended for commercial benefit, not for the purpose of influencing any federal election and, thus, is not an "expenditure." [2 U.S.C. §§441b(b)(2), 431(9)(A).] Further, Respondent's advertisement does not itself advocate, let alone even address, the election of any candidate. FEC v. Massachusetts Citizens for Life (1986) 479 U.S. 238, 249, 93 L.Ed.2d 539, 551. In fact, Respondent's advertisement is no different than the ads of any commercial advertiser placed in The Washington Post, Time Magazine, or any other newspaper or periodical. Finally and fundamentally, Respondent's advertisement is a form of commercial free speech protected by the First Amendment and any infringement thereof would be constitutionally invalid.

Again, Complainant's allegations are without any merit whatever and Respondent requests that the Commission take no action regarding the Complaint.

Thank you for this opportunity to respond. Should you desire further information, please contact the undersigned.

Very truly yours,

NORDMAN, CORMANY, HAIR & COMPTON

Anthony H. Trembley

AHT:lp
Enclosure
cc: L. A. Rubber Company
9146763.3541.001

9704384259 5

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4080

NAME OF COUNSEL: ANTHONY H. TREMBLEY

ADDRESS: NORDMAN, CORMANY, HAIR & COMPTON
1000 Town Center Drive, 6th Floor
Post Office Box 9100
Ventura, California 93031-9100

TELEPHONE: (805) 485-1000

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.

L. A. RUBBER CO.

October 27, 1994
Date

By: Michael A. Durst
Signature
Michael A. Durst, President

RESPONDENT'S NAME: L. A. RUBBER CO.

ADDRESS: Michael A. Durst, President
2915 East Washington Boulevard
Los Angeles, California 90023

HOME PHONE:

BUSINESS PHONE: (213) 263-4131

9704384254 6

9243004/3541.001

DECLARATION OF MICHAEL A. DURST

I, MICHAEL A. DURST, declare:

1. I am the President of L. A. Rubber Co.

2. In May 1994, I was approached by Ronald Yates of the California's Republic Reporter, a newspaper. Mr. Yates asked me to purchase advertising space in his newspaper.

3. Mr. Yates informed me that my company's advertising would reach prospective customers, who were also Republicans, in several State Assembly districts in the Southern California area. I considered these advertisements to be an ordinary and legitimate method of advertising our products to the public.

4. I did not discuss with Mr. Yates, nor was I ever aware of, any alleged slate mailings to be done by Ronald Yates or California's Republic Reporter, nor did I ever discuss with Mr. Yates or was ever made aware of any connection between Mr. Yates or his newspaper to any political campaign, including the Susan Brooks for Congress Committee. I was aware generally that he was attempting to sell advertising space to political candidates, although I was not aware of his efforts with regard to any specific candidates or campaigns, including the Brooks campaign. As far as I was concerned, my advertisements were strictly commercial advertising done in an arms-length manner with Mr. Yates and his newspaper.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on October 17, 1994 at Los Angeles, California.

MICHAEL A. DURST

9704384257

STATE OF CALIFORNIA)
)
COUNTY OF VENTURA)

On October 27, 1994, before me, M. Glennice Matthiesen, Notary Public, personally appeared Michael A. Durst, as President of L. A. Rubber Co., ~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

M. Glennice Matthiesen

M. GLENNICE MATTHIESEN
COMM. # [illegible]
Notary Public — California
LOS ANGELES COUNTY
My Comm. Expires AUG 16, 1997

9704384259 8

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 16, 1994

Hilda Daiber, Treasurer
Susan Brooks for Congress Committee
3525 Pacific Coast Highway
Torrance, CA 90505

RE: MUR 4080

Dear Ms. Daiber:

This is in response to your letter dated November 15, 1994, requesting a 30-day extension to respond to the complaint filed in the above-noted matter. 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 December 3, 1994.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

9704384259 9

RONALD M. FLORANCE
1025 VIA MIRABEL
PALOS VERDES ESTATES, CALIFORNIA 90274

Nov 21 12 12 PM '94

November 16, 1994

Mr. Lawrence Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20453

Re; Complaint against "California's Republic Reporter", aka "The Republican Reporter"; Ronald R. Yates; Susan Brooks for Cogress Committee and Susan Brooks
RE: MUR 4080

Dear Mr. Noble;

The following document is submitted to supplement the complaint filed by the undersigned against the proposed Respondents set forth above. This complaint was dated September 20, 1994 and received by the Federal Election Commission on October 6, 1994.

The enclosed document is a separate and additional November, 1994 edition of the California's Republic Reporter. This document was circulated within the California 53rd State Assembly District and the 36th Congressional District, in support of federal and non-federal candidates.

The proposed Respondents California's Republic Reporter, aka the Republican Reporter, and Mr. Ronald R. Yates, received contributions and/or payments and made expenditures in connection with a federal or state campaign without filing required reports or making required disclosures, as set forth more fully in the September 20, 1994 complaint.

Please make this document a part of the file in this matter.

Very truly yours,

Ronald M. Florance

Ronald M. Florance

cc: Mary L. Taksar, Esq. Central Enforcement Docket

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1994 REPUBLICAN VOTER GUIDE - INSIDE!

California's

SPECIAL EDITION

$2.50

VOL. 1 # 3

NOVEMBER, 1994

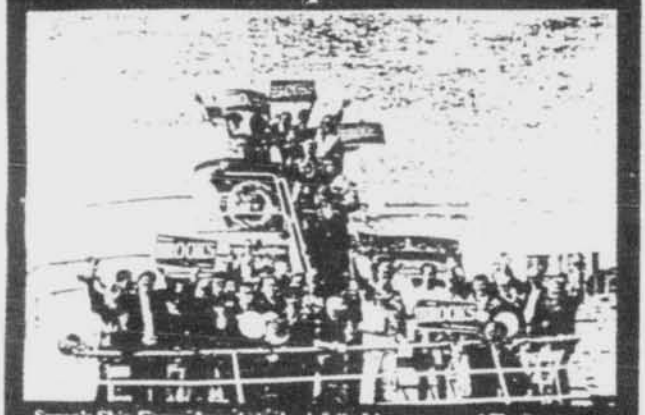
REPUBLIC REPORTER

CALIFORNIA REPUBLIC

COUNTY, STATE, AND NATIONAL POLITICAL NEWS

Brooks Gears For Victory

Brooks Ship Comes In!



Susan's Ship Comes In and it's chock full of her supporters! The Sundowner Yacht, at Marina Del Rey, was the scene of a fund raiser and support rally that drew over a hundred people that want to get the district. "Out of Harman's Way!"

Photo by Ronald R. Yates

Race Against Harman Goes Down To The Nov. 8th Wire

Jane Harman Viewed As 'Clinton Clone'

Lower Taxes, More Local Jobs Through A Strong Defense Industry Are Issues Propelling Candidiate Susan Brooks Closer To A Seat In Congress

by Ronald R. Yates

"I'm going to go to Washington as your Congressional Representative on November 9th and begin my work to repeal the Social Security Tax Increase that Jane Harman helped to make law, slash taxes that Jane Harman helped to raise, and rebuild a Defense industry that Jane Harman and Bill Clinton worked to gut!" exclaimed Susan Brooks to the cheer of the crowd that gathered on Sunday, October 30th, to give her 'Campaign for Congress' a push towards victory on November 8th.

With the race for the 36th Congressional District going down to the wire between the multi-millionaire Democrat incumbent and local Republican Challenger Susan Brooks, the Brooks campaign has attracted the support of national Republican leaders including Senator Bob Dole, RNC Chairman Haley Barbour, and Deputy House Whip Bob Walker, who was the special guest speaker at the Sunday event at the Sundowner Yacht in Marina Del Rey.

Republican Whip Newt Gingrich, who recently attended another support rally for Brooks, gave her a commitment that positions on the House Armed Services Committee and the Science, Space and Technology Committee are reserved for her in Washington. These committees address the concerns of the defence and aerospace industries which employ heavily in the district.

"The Committee positions that I will serve on," said Brooks, "will put me in a strong position to address the needs of our community, as well as ensure that we right-size defense to our national needs."

Fueling her fire in her 'Campaign for Congress' is her strong belief that Jane Harman and Bill Clinton are social engineers who feel that Bigger Government is the solution to our problems. These policies, Brooks said, have wreaked havoc upon the citizens in the South Bay. "The truth is," said Brooks, "Jane Harman's Bigger Government isn't the solution, it's the problem. I need to get elected to get our district 'Out of Harmans Way!'"

David B. Cohen, 28th State Senate Candidate, Feels It's . . .

"Time To Change The Tune!"

[illegible]

GOP Challenger David B. Cohen

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RANCHO PALOS VERDES, CA 90732

9704384260 1

Featured Columnist

Freedom Has Four Wheels

by Paul Harvey

One day in Philadelphia in 1776, for the first time in the history of the world, men of experience blueprinted the Republic. There began the world's first great era of governmental progress.

What was their formula? It was written contract called the Constitution, which established four units. It provided for the authority of a president, a Congress, a court and the individual. It guaranteed that none could runaway with the others.

Every tyranny in history has a short life, and, as James Madison said, every democracy has died a violent death.

But here was a republic – a government that governs neither too little nor too much.

It provided that one man, in the interests of others, may be told what 'not' to do. But it does not tell him what 'to' do.

He may work or quit, pray or not and say what he thinks, and is no ones business but his own.

No government ever before had secured for its people religious freedom, civil liberty, freedom of speech and press, security of individual rights, or popular education or universal franchise.

Here, in the words of a sacred compact, was a government of moderation.

Like a race horse, not completely unharnessed, but with a long rein, we sprinted forward.

We, the People of the United States, took a world of ox carts and put it on wheels of steel and powered the new world with steam and electricity and gasoline.

Men were free.

Nothing could stop them.

And so it was that Henry Esterbrook said, "I would fight for every line in the Constitution as I would fight for every star in the flag."

Then something happened.

We had begun to radiate this great new gospel of government all over the world.

Just as surely as other good things had been copied, good government was being imitated.

The idea of being married to only one woman at a time was first evolved in some country, and when the world recognized that it was better than either polygamy or promiscuity, it met with almost universal adoption.

The clock was first evolved in some country, and when the world recognized the 24-hour day as the best means of telling and recording time, it met with universal adoption.

And so with weights and measures and the fish-shaped boat. For land travel, men who had experimented with one and two and three and six and eight finally agreed – universally – that the four-wheeled vehicle was the most efficient.

In government, mankind was copying us. From all over the earth, men were beginning to lay down their burdens on this new altar of liberty.

Here was government, evolved through reason and experiment and tested by experience and demonstration, and by every standard, it proved it worked best.

Sometimes we like to think we are rich because we have worked harder.

Hard work is not new. The apostle Paul once cautioned the Romans to be "not slothful in business." The galley slaves and peasant farmers and shopkeepers of the old world had worked hard.

But as a plow horse under the whip – not as a race horse, free to run!

So, after 7,000 years of experimental failures, we held aloft for all the world to see the fruits of a republic – a government that worked!

Then one day, while we were not watching, selfish politicians began to lease our freedom away.

Jealous neighbors and foolish friends began to talk democracy. Political democracy! Ancient mob rule!

Socially, our principles are democratic, but politically, we are a republic. To spoil it, the enemies knew that all they had to do was push it off balance.

Do we have to see our flag trampled by an unharnessed mob, or must we get smashed in the teeth by some dictator's musket before we can see what we have lost.

There is no such thing as fractional freedom. A man is not free when he has even one foot in a bear trap. We have left too many freedoms at the international hock shop already.

We have strayed a long way from the principles of the men who blueprinted our republic and who warned us to avoid entangling alliances.

We "cautioned that we should love our neighbors but keep our hedges high, and who knew that inheriting a republic was like inheriting any other kind of riches." It is hard to hang onto it.

We must rededicate ourselves to individual liberty and opportunity. We must rally behind the battle cry of "Back to the Constitution!"

For the Constitution of the United States is a sacred compact binding the dead, the living and the yet unborn...signed in the snow of Valley Forge, sealed with the blood of Fort Sumter.

So that men no bigger than you and I might be free.

Once upon a time, in a land far off, a lad asked his father for money, tied a knapsack on a stick and started off, whistling down the road.

He was free. Free of work, worry, stuffy conventions, stodgy religion, free. Not a care in the world.

He went to town and had himself a time. He burned his bankroll at both ends.

Until, broke, he had to go to work...and got a job on a farm. One day, so hungry that he ate of the stuff he was feeding the pigs, he said to himself, "enough of this!" And he headed home to Dad.

In the 15th verse of Luke, he is quoted as saying, "Father, I am no more worthy to be called thy son, make me as one of thy hired servants." The lad who had had freedom was ready to be servant. What had happened? As a free man, he might have fed the stranger's pigs until he had earned enough to buy a farm for himself. Instead, he preferred some guaranteed mediocrity. Any animal of the forest would fight to the death for its freedom.

But here is this lad who had it...did not know how to use it...and came running home, exclaiming, "Make me a hired hand. It is too hard to be a son."

What I am getting at is that it takes a pretty good man to know what to do with freedom when he gets it.

Here in the New World, when the 18th century was in its teens, men found freedom.

Freedom to work, play, debate and pray and they used it.

They leaned into the wind, and armed with their shiney, new-found freedoms, they wrestled the wilderness for the highest stakes in history.

Then a couple of decades ago, some political medicine men started telling us that freedom is not worth the trouble of keeping. "Look how hard you have to work for it," they said.

The pills they peddled were guaranteed to make life all ease – all honey and no bees – and we bought.

We were ready, like the boy at the pig trough, to trade our freedom for a place to sleep and a bit of bread.

Just let the government make us hired hands, we said.

We had seen the spirit of the Old World corrode away where men traded liberty for security and lost both...until, as the late Jan Christian Smuts said, "even the desire for freedom" was gone.

But still, we bought their little pills. Make me a hired man, we said. It is too hard to be a son.

"Men are slaves," said Nikolay Berdyaev, "because freedom is difficult, and slavery is easy."

History is full of people sinking into servitude because they would not face the hard fight to stay free.

So we surrendered all that makes man human – the right to think and venture – for bread an soup and chains.

The mechanized world had become too vast and complicated. We could lessen the struggle by reducing our freedom.

In fatigue and frustration, we threw ourselves at the feet of the state and said, "Make me a hired man. It is too hard to be a son."

And you can coast...only downhill.

But here is where the pessimists and I part ways. I think all the prodigal son needs is a willow switch applied to the seat of his pants, and he might yet be a man.

Dr. Curt Richter of John Hopkins University stated that all our oomph comes from our adrenal glands and that laziness is shrinking them. Our ease is sapping the fight out of us.

God answers some prayers "yes" and some "no" because if a father, however

continued on page 5

Paul Harvey

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House Put In Order

Republican Party of Los Angeles County Names Charles House As Executive Director

Los Angeles, CA – The Republican Party of Los Angeles County, at their August Executive Committee Meeting, named Charles House of Hacienda Heights, as Executive Director of its organization. House, who was commissioned by President George Bush as a member of the White House delegation to monitor the first free elections in El Salvador in 1989, is committed to accelerate the Republican Voter Registration Program in the County. "High on the list of my priorities as Executive Director," said House, "will be to build upon the voter education program to increase voter participation in the political process. Since Los Angeles County accounts for nearly one-third of the total population of California, the success of this program is very significant.

"We are all pleased and excited about the skills and talent that Charles House brings to the Republican Party," said Keith McCarthy, RPLAC Chairman. "In this very important election cycle, a major thrust will be in the political communities where he is instrumental to the success that we hope to achieve on November 8th."

House was the Republican Nominee for Congress in 1986 and 1988 in L.A. County's 34th Congressional District and in 1990, was nominated by President Bush to serve in the U.S. Department of Justice as the Director of the Office for the Victims of Crime. House was the International Liaison Officer for the L.A. County Sheriff's Department dealing with 72 foreign governments, and was honored with the highest award bestowed to an American by the Government of Chile.

"People all over the world die in the fight for their right to vote," said House, "and it's a crime when so many in this country take such a lackadaisical attitude towards this basic responsibility of citizenship. As Executive Director of the Republican Party of Los Angeles County, I will work night and day to see that we educate our electorate so that they will want to participate in our great American political process."

Welcome Aboard! Republican Party of Los Angeles County Chairman Keith McCarthy (L) welcomes Charles House as Executive Director of the organization. Photo by Ronald R. Yates

Meet Our Columnists

Large, liberal daily news papers often buy up the rights to conservative political news writers and then *don't publish them!* In our effort to bring our readers the words, ideas and thoughts of the best and most revered of these writers, *California's* **REPUBLIC REPORTER** proudly presents our All-Star lineup.

Tony Snow

Tony has been the Editorial page editor for three metropolitan daily newspapers, commentator for National Public Radio, Deputy Assistant to President Bush for media affairs, communications, and served as his Director of Speech Writing.

Walter Williams

Dr. Walter Williams, the George Mason University Economics professor challenges his readers to understand the consequences of economic and social policy. His writing reveals a man of great courage, conviction and depth.

Robert Novak

Robert Novak has been writing descriptively, accurately and concisely about American politics since the days of Eisenhower. He also appears on CNN's "Evans and Novak: Capitol Gang" and is a frequent co-host of "Crossfire".

Debra Saunders

Debra Saunders does not attempt to be a political pundit or legislative insider, instead she plays the role of informed friend willing her beliefs directly to her readers in down-to-earth, everyday language that is accessible and personal.

Paul Harvey

On radio, "Paul Harvey News" encapsulates the nation's pertinent cultural news of the day in brief vignettes lasting more than 30 seconds each. On paper, however, "Paul Harvey News" expands and elaborates, giving the reader depth and insight into the subject and into Harvey himself.

R. Emmett Tyrrell Jr.

Tyrrell is the founder and editor-in-chief of The American Spectator, a political and cultural monthly. He appears the guestmic on "The Machiavelli Letter report", ABC's "Nightline", and on PBS's "Firing Line". He is among President Reagan's favorite political columnists.

Thomas Sowell

Currently a senior fellow at Stanford's Hoover Institute, Sowell has written a weekly political and economic column since 1984. He has been a professor of economics at UCLA, Cornell U., Amherst U. and Brandeis University, and has served as a consultant to three administrations.

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Superior Court Judge Candidate Tough On Crime Earns

21-Ton Salute!

Susan Bryant Deason, candidate for L.A. County Superior Court Judge, has recently been given a 21-Ton Salute by several organizations for her successful prosecution of the largest narcotics case in history involving the 21-Ton seizure of cocaine in Sylmar.

All of the major defendants have received 27-year mandatory life sentences without the possibility of parole.

For this effort, Susan received the United States Drug Enforcement Administration's Special Achievement Award and the California Narcotic Officers' Association Special Award.

For the past eight years, Susan has been cross-designated as a Special Assistant United States Attorney to try cases and head a program while on special assignment in federal court. From 1987 through 1989 Susan headed the Schoolyard Drug Trafficking Program in the Central District of California to prosecute drug dealers who were trafficking near schools. Over 100 drug dealers were successfully prosecuted.

Susan graduated from U.C.L.A. and earned her J.D. degree at Southwestern University School of Law. She is a guest lecturer and instructor for law enforcement agencies, seminars, conferences and training academies. She is one of several Deputy District Attorneys who address local community groups on behalf of the Los Angeles County District Attorney's Office.

In the photo below, the Pacific Palisades Republican Women Federated Group after being addressed by Susan, show who they support for Superior Court Judge.

Giving Susan Bryant Deason a 21-Ton Salute are (L-R) Emily Brucker - Pacific Palisades RWF, Roberta Harper - Area II Chair for the L.A. County Federation of Republican Women, Candidate Deason, and Wilma Kalabe - Pacific Palisades RWF.

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Featured Columnist

A Minority View

by Dr. Walter Williams

I love robust California zinfandels, merlots and cabernet sauvignons. But you may have as strong a passion for chardonnay, wine coolers and beer. I love biking 20-40 and 60 miles on my custom-made Klein, Campagnolo-fitted road bike. But YOU may hate biking and rather play tennis, golf or just watch television.

How come there's no conflict between us on these strongly held values? The answer's easy. I drink my zinfandel and bike my 40 miles, and you down your wine coolers and play several sets of tennis. We can be friends and team up to go fishing. When's the last time you've seen bikers organized against tennis players and merlot lovers organized against beer drinkers? The chances for conflict are so slim that even to ask the question is silly.

To produce conflict among people having different values and preferences would be easy. Beer and tennis lovers could use threats, intimidation and coercion to make wine and biking lovers play tennis and drink beer. If they did this privately, they'd risk going to jail or getting punched out or shot by bike and wine lovers. So it'd be safer for them to use government power to get their way. And, of course, if one group of people has the right to use government to get its way, what's fair about denying another group the same privilege?

Free people have the right to choose whether they'll use their time and money resources to bike or play tennis, or drink wine or beer. They also have the right to choose what form of health insurance they wish, including none at all. Parents have the right to decide whether their children will say a prayer at school or not, be taught strict moral values or not, and whether they're taught what's passed off as a sex education.

Conflict arises when there's government involvement. In the case of government schools, there's either going to be prayer in school or no prayer in school. If I want my kid to have a morning prayer, and the government forces me to pay for schools, I'm going to join forces with like-minded people to try to impose my preference on others, and others will do the same thing. It's a zero-sum game, and one of us must lose. Most government activity is a zero-sum game. But if schools were privately produced, I'd send my kid to the school of my preference and you to yours, and we'd be friends.

Liberty means free choice. If I don't want to be in Clinton's socialized health-care plan, what moral standard dictates that I should be forced to be or ultimately suffer the pain of death if I don't go along? You say, "Williams, what do you mean, death?" Suppose I refuse to be in Clinton's plan? The government fines me. I say, "Your actions are criminal. I have not violated the rights of others. I refuse to pay the fine." The government says, "We'll send marshals to take your house to settle the fine." I say, "No, you won't." Then the government says, "Remember Waco and Randy Weaver!" At that point, I either yield to the threats or say, "Come on, suckers—you've got to bring ass to get ass."

The genius of the framers was their call for limited government. The fewer decisions made through the political process, the lower the potential for the brutal, human conflict. That's the beauty of market decisions—people with different tastes and values live side by side in harmony. When government decides, the same people fight one another. There's a lot to be said for the emerging Tenth Amendment and secessionist movements sweeping the nation. Many Americans are demanding that they be left alone.

Dr. Walter Williams

Freedom

continued from page 4

serving, did all his son's homework, he would rust the son.

The ancient Greeks had a saying that goes, "If you want to destroy a man, give him everything he wants."

We got to the point where Rudyard Kipling said all men would be "paid for loafing," and we set in.

Today, we are travelling on the same old detour to decay.

There is a high road.

It is uphill, but we need the exercise.

We can buy back the last good hope on Earth—if we really are willing to go back to work.

If we are willing to do without a lot of civil servants and fancy services we cannot afford and really go to work, this great government under God could last intact through all the earthly time there is.

In Winchester, Ind., there is a great stone base in the middle of the courthouse lawn.

Atop that base is a Grecian-type lamp.

Some time ago, at a ceremony in which all faiths participated, they ignited the wick in that lamp.

The inscription on the lamp reads:

"Behold, friend, you are on hallowed ground.

For here burns Freedom's Holy Light."

The Winchester plan is to keep it burning...always.

It will be a community responsibility.

Each in his turn.

To remind all men that freedom is not permanent...unless there are enough keepers of the flame.

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CALIFORNIA REPUBLIC

Republican Party of Los Angeles County

GOVERNOR OF CALIFORNIA

Pete Wilson

Pete Wilson has always welcomed challenges. As mayor of San Diego, he transformed it into one of America's most vibrant and economically diverse cities. As a U.S. Senator, he authored important economic and crime legislation, including a federal death penalty law for cop killers.

As Governor, Pete Wilson has faced his toughest challenge ever: a state reeling from international recession, natural disasters and national defense cuts. But Pete Wilson is making the fundamental changes necessary to revive California. He has displayed the leadershipand vision necessary to lead what many are calling the "California Comeback."

Thomas Parrott *

Fair, qualified and experienced describes Superior Court Commissioner Pro Tem, Thomas H. Parrott. Appointed by the Los Angeles Superior Court in March 1990, Commissioner Parrott brings with him a unique blend of experience as a police officer, reserve deputy sheriff and a criminal defense attorney.

He is endorsed by law enforcement organizations, attorneys and over 100 judges serving Municipal, Superior, Appellate. Other noted endorsements are former Governor of CA, George Dinkmeyian, Sheriff Sherman Block, CA Attorney General Dan Lungren, Ret. Brigadier Gen. Celeste King and Bert Boeckman.

Cathie Wright

Dan Lungren

Susan Bryant-Deason *

Susan Bryant-Deason, a criminal prosecutor for 14 years, so-prosecuted the 21-day seizure of cocaine in Sylmar, the largest drug case in history. All the major drug traffickers were convicted and received life sentences. Susan unearthed federal 'Schoolyard Drug Trafficking Program' which resulted in more than 100 drug dealers being convicted for selling drugs within 1000 feet of schools. Endorsed by L.A. County Peace Chiefs Association, California's Narcotic Officers Association and L.A. County Professional Peace Officers Association.

Tom McClintock

Matt Fong

L.A. SUPERIOR COURT JUDGE

John L. Moriarity *

John Moriarity is a Commissioner of Narcotics & Dangerous Drugs for the County of Los Angeles and is a member of the Sheriff's Board of Directors for the S.A.N.E. Program. During 20 years in the Army Reserve and active duty he rose to the rank of Colonel, and was a Judge Advocate and then Supervising Judge Advocate for Arizona, Southern California and Southern Nevada.

SECRETARY OF STATE

Bill Jones

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UNITED STATES SENATE

Mike Huffington

Mike Huffington has run one of the most aggressive campaigns in the history of the United States, and it appears that this is what Californians can come to expect with Huffington as United States Senator.

Huffington is a true independent Republican voice for California, and has proven that by his voting record as a Congressman. Huffington favors a meaningful balanced budget Amendment. He voted for $90 Billion in spending cuts. Citizens Against Government Waste calls him 'Heroic' for his votes to cut Federal waste. Huffington has the drive, energy and vision to be an effective leader in the Senate.

Susan Brooks *

As a local Community leader, Susan Brooks has demonstrated strong leadership by cutting bureaucracy and privatizing services. Susan Brooks balanced the city budget without raising taxes. As a Congresswoman, Susan will vote to repeal the Clinton-Harmon tax increase including the higher tax on social security. Susan Brooks is a life-long supporter of the death penalty and she will fight for real criminal justice reform including truth-in-sentencing and minimum mandatory sentences. Susan will vote to end the defense melt-down and restore our nation's capability to defend itself. Vote for Susan Brooks on November 8th.

David B. Cohen *

David Barrett Cohen, local business owner, is committed to bringing jobs and safety back to our community. He simultaneously earned a Wharton MBA and a JD from Penn, where he was a Law Review editor. He earlier earned three degrees from Penn, including a Master's—and all by age 21. David teaches at Long Beach State and has coauthored two college textbooks. He is active in Rotary and has been honored for his community volunteer work.

Julian Sirull *

Julian Sirull is a local businessman from Redondo Beach with both a Bachelors and Masters Degrees in Business Administration.

Improving the business climate and attracting new businesses and jobs to the South Bay is his top legislative priority. Unlike his Democrat opponent, he supports the SOS Initiative, 3 Strikes and new crime prevention programs.

Julian has been endorsed by the Howard Jarvis Taxpayers Association and will oppose all tax increases.

WEST BASIN WATER DISTRICT

Charles Stuart *

During my Presidency, your Water Agency has initiated the largest Reclamation Plant in the nation and a Desalinization Plant. Together, they will help protect us and our environment from future crisis. But we must remain vigilant and protective of our fragile ecosystem.

As your representative, I will continue to search for new ways to provide you with clean, abundant water in a manner that will not deprive future generations of the beauty of our natural environment.

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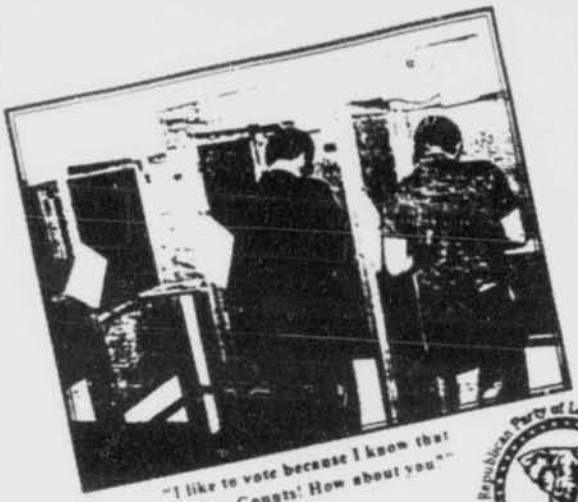

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"My Wheelchair didn't stop me from going to the voting booth. What's your excuse?"

Republican Party of Los Angeles County

Republican Party Chairman Urges You To VOTE!

Los Angeles County Republican Party Chairman Keith McCarthy

"Right now is the time to respond" McCarthy says, "Your one vote does make a difference."

"The price of liberty is eternal vigilance."
- *Thomas Jefferson*

Thomas Jefferson's words resonate clearly in this November, 1994 election. Vigilance in current times means involving oneself in the community and more immediately, fulfilling that most important of duties in our constitutional republic: Voting.

Please make yourself familiar with Republican candidates and issues. These qualified men and women have made great sacrifices and have continually pushed themselves in order to best represent your interests, and the Republican philosophy.

Democrats have held the federal Executive Branch, the Senate, and the House. They've also controlled both houses of California's legislature. Their resulting failed policies, gashes in our national defense, and increases in taxes (taking from your precious paycheck) have damaged our society -- namely you, me, and our neighbors.

Right now is the time to respond. Take the time to volunteer at your local headquarters, or to support your favorite candidate. Your participation is critical. Your one vote does make a difference.

- ONE vote gave Oliver Cromwell control of England
- ONE vote caused Charles I of England to be executed
- ONE vote gave Americans the English language instead of German
- ONE vote brought Texas into the Union
- ONE vote saved President Andrew Jackson from impeachment
- ONE vote gave Rutherford B. Hayes the presidency of the United States
- ONE vote changed France from a Monarchy to a Republic
- ONE vote gave Adolf Hitler leadership of the Nazi Party
- ONE vote per precinct elected John F. Kennedy President of the United States

Vigilance, Vote, and Victory all begin with the letter "V". Fulfill your responsibility and flash that "V" sign on November 8th.

Keith McCarthy

Your One Vote Counts!

VOTE

Please Vote November 8th

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Suicide Treatment Program Opens In Beverly Hills

Lt Governor candidate Cathie Wright (L) presents Dr. Nikakhtar with Governor Pete Wilson's special commission to the Metropolitan State Hospital Advisory Board. Photo by Ronald R. Yates

by Ronald R. Yates

Beverly Hills, CA - Deciding in January of 1993 to do something to help suicide patients, Dr Manijeh K. Nikakhtar, M.D., started on a rigorous journey to bring her idea of a suicide program to life.

Realizing that no specific program in an outpatient setting was available, Dr Nikakhtar (Dr. Nik, to her friends) designed and developed the SAT program and dedicated herself to excellence in the delivery of this special care to the suicidal client.

On Friday, September 9, Dr. Nik unveiled the program in Beverly Hills, the first outpatient program of it's kind in the United States.

"In addition to my regular practice," said Dr. Nik, who is a Psychiatrist, "I wanted to focus on helping suicidal patients. There are 'Hotlines and 'Prevention Clinics', but no outpatient service was available." Dr. Nik says that Psych Hospitals are viewed as a form of punishment by the suicidal, and something needed to be done to help.

The SAT Program is designed to avert suicidal thoughts and behaviors and alter them to life-preserving thoughts and acts. The period of treatment is short, but intense, mainly focusing on suicidal or self-destructive attitudes by understanding the patients helplessness and frustration.

Suicide is considered a major health public health problem. It is the eighth leading cause of death in the United States and is one of the top three causes of death among adolescents.

Dr. Nikakhtar, who is also a Clinical Assistant Professor at UCLA, said that, "The SAT Program consists of three phases, Suicide Aversion Treatment, Suicide Abstinence Treatment, and Suicide Anonymous." The period of treatment is a structured and consecutive 10 day outpatient program.

The Grand Opening of the SAT facility was attended by about seventy guests including State Senator and Lt. Governor candidate Cathie Wright. "I think that what Dr. Nikakhtar has accomplished in such a short period of time is nothing less than a miracle!" exclaimed Wright who then presented Dr. Nik with a special commission by Governor Pete Wilson. "I'm honored to be here in the Governors stead to present this commission to a remarkable woman who had the foresight to initiate a program that is so desperately needed in not only this community, but around the entire state as well."

"I try to be a useful person," said Dr. Nik, "and I hope that this program helps many people to improve their lives."

Sandra Smolly, California's Secretary of Health and Welfare, was another special guest on hand to present Dr. Nik with a proclamation from Governor Wilson and was honored by cutting the ribbon to open the new facility.

The program is operated Monday through Fridays from 3:00 pm to 6:00 pm at 8920 Wilshire Blvd, Suite 438 in Beverly Hills. For more information and referral please call 310-855-0233 or 1-800-222-4SAT.

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Reprinted - New York Newsday - Sunday, March 11, 1990

Soft Spot for a Crusty Newsman

A few months ago, it seemed that the 38-year run of the newspaper that calls itself, "Suffolk's Most Enterprising Weekly" was over.

Frank J. Mooney, editor of The Main Street Press, was in the hospital with cancer. Mooney, an 84-year-old curmudgeon his friends say is "the last of the old country editors," hadn't missed an issue of writing, editing and publishing The Press since unleashing it on the Village of Patchogue and the Town of Brookhaven on Oct. 18, 1951.

Week in, week out the past 38 years, the 6-foot-2 Mooney could be seen striding purposefully down Main Street in search of news, or pounding out puns and punditry in his Patchogue office, wearing suspenders and a hat.

Even when cancer first struck him a dozen years ago, Mooney and the presses rolled on. Mooney, that time, checked himself into the hospital for a colon operation. The next day, his family swears, he was back at work. He demanded a table be brought alongside his hospital bed, and with paper, glue and gumption, Mooney got the paper out.

But when cancer reoccurred at the end of 1989, Mooney was unable to go on by himself.

Word of his illness spread to Suffolk Life, another weekly, where many of the editors and reporters began their careers with a gentle push from Mooney's tips, information and advice. A group of them immediately told Mooney they'd serve for a while as his staff, carrying out his telephoned directions. Suffolk Life agreed to publish The Main Street Press for free for eight weeks. Mooney's grandson, Ron Yates, volunteered to serve as an apprentice and learn the trade.

Lou Grasso, Suffolk Life's managing editor, said it wasn't merely gratitude that prompted one newspaper to save another.

"As the Paper goes," Grasso said, "so goes Frank Mooney. Journalism isn't his work. It's what he is."

Photo by Jim Hamlin

Frank J. Mooney bangs out a story in his first Patchogue office, on North Ocean Avenue.

Until his illness, Mooney and the Main Street Press thrived in a dimly lit, three-room office over a store on Patchogue's West Main Street. The office is an archive of yellowed paper, photos curling with age and dust-covered plaques - all of them still lying, it would seem, where a tornado dropped them.

"You'd walk up there and there he'd be, sitting under this light hanging from the ceiling, typing away on a 1940's-style typewriter," said Franklin Leavendosky, Patchogue's Mayor.

Mooney's camera's are old-fashioned, too, as is his sense of righteous indignation. "Town Hall!" he raged in a headline some years ago, after Brookhaven's Town Board voted itself a raise.

His interviewing style is, characteristically, blunt and wasteful of neither words nor sentiment. "All right, what do you have?" he demanded of his quarry. "Tell me what you're going to do so that I can report it." His telephone conversations last only until Mooney decides that there is nothing further to say.

Asked recently to be interviewed for this story, Mooney said he saw no point in that. "I'm a newspaperman," he said. His voice went on the phone, rose toward a growl. "A newspaperman doesn't give interviews." And then Mooney dropped the phone back into it's cradle, a click his only good-bye.

Over the two months of daily one-on-one contact with his gruff grandfather, Yates' fondness for Mooney has grown into something approaching wonder. Mooney, the 29-year-old Yates marvels, still calls money "dough," friends "bub," and - out of the earshot of his wife - women "dames."

"It's like watching those movies from the 1940's," Yates said.

Mooney, in fact, dates his start in the newspaper trade to 1932. He began reporting at the age of 26, he explained to Yates recently, propelled by the love even more fundamental than his affection for words, puns and politics.

"I needed to eat," Mooney told his grandson.

Having moved to Ronkonkoma from Brooklyn with his mother, Mooney had found that in the Depression there wasn't much money in insurance or in accounting. So Mooney took a job with the Long Island Advance, a weekly based in Patchogue. Enterprising even then, Mooney branched out by feeding stories from Suffolk County to the Brooklyn Eagle. Mooney went on to strung for a host of dailies, including the Long Island Press, Newsday, the New York Herald-Tribune and the New York Daily News. He and his wife, Marie, also found the time to raise ten children.

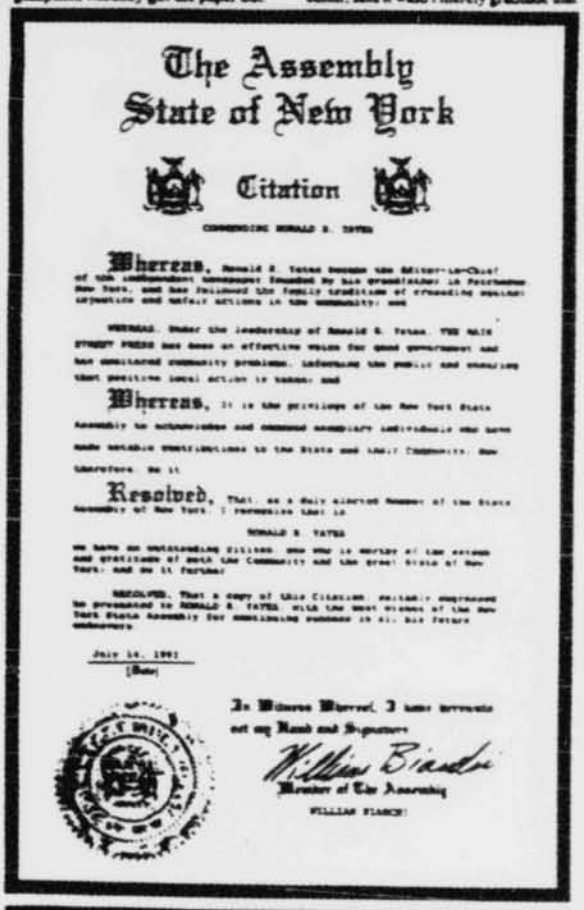
In 1951, Mooney launched The Main Street Press. It was then, as it is now, a proudly hokey, hometown paper of pounted prose - "the world's shortest newspaper," he often boasted. The Press' eight to twelve pages are filled with clever headlines, stories about the Lion's Club dinners and village and town politics and endless photos of community activists gripping plaques and saying "cheese."

It's not the Wall Street Journal, but Mooney's 1,400 readers like it that way. "Mr. Main Street," people call him. "The owner of the most recognizable face in Patchogue."

Over the years, Mooney has adopted in his newspaper a series of pet issues, showing remarkable foresight. He took up the cause of protecting the aquifers in the 1960's and was warning as early as 1959 that the rise of shopping malls outside the Village centers could mean "the beginning of the decline of Patchogue."

Mooney also championed innumerable charitable cause., raising funds for people needing kidney dialysis, for example, and

continued on page 9



The Assembly
State of New York

Citation

COMMENDING RONALD B. YATES

Whereas, Ronald B. Yates became the Editor-in-Chief of the independent newspaper founded by his grandfather in Patchogue New York, and has followed the family tradition of crusading against injustice and unfair actions in the community; and

WHEREAS, Under the leadership of Ronald B. Yates, THE MAIN STREET PRESS has been an effective voice for good government and has educated community problems, informing the public and stimulating that positive social action in Nassau; and

Whereas, It is the privilege of the New York State Assembly to acknowledge and commend exemplary individuals who have made valuable contributions to the State and their Community. Now therefore, be it

Resolved, That, as a duly elected Member of the State Assembly of New York, I recognize that

RONALD B. YATES

as have an outstanding citizen, who may be proud of the service and greatness of both the Community and the great State of New York; and be it further

RESOLVED, That a copy of this Citation, suitably engrossed be presented to RONALD B. YATES, with the best wishes of the New York State Assembly for continuing success in all his future endeavors.

July 14, 1993
[Date]

In Witness Whereof, I have hereunto set my Hand and Signature

William Bianchi
Member of The Assembly
WILLIAM BIANCHI

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The Attack On The United States Constitution

by Ronald R. Yates - Publisher & Editor

The purported lawsuit, and complaints, that were recently filed against *California's Republic Reporter* by the defeated republican (?) 36th Congressional District candidate Ron Florance, not only has the awful, stinking stench of sour grapes emitted by a sore loser, but is clearly a blast against our 1st Amendment Rights of Freedom of the Press.

Since the time of the framing of the United States Constitution, newspapers have been, and continue to be, political in nature and were protected by the very first amendments to the Constitution so that there would Freedom of Speech, and therefore Freedom of the Press, throughout the land.

Politics are controversial, probably more so today than at any other time in our history, because the people now involved in politics come under more public scrutiny. *(Controversy - A dispute of length and public one, between sides holding opposing views.)* Newspapers, our founding fathers so wisely decided, should be protected to report and comment on these people in the political arena, and be able to do so unhindered by threats of reprisal from those being reported on.

In every edition of *California's Republic Reporter*, we highlight the local, county, state and national political news including the local political infrastructure such as political clubs, organizations and candidates and then deliver this news by mail to our growing audience.

The defeated Ron Florance is crying in his beer *(and bellowing to the County Superior Court)* because we reported that his June Primary opponent, Susan Brooks, had the grass-root support of almost every Republican group and organization in the South Bay, (which she did) and he did not. We reported on his background and how often he found himself in the courtroom involved in one lawsuit or another (60, *and counting*, in just the past few years). We asked whether he would be a Republican Asset or a Republican Embarrassment when it came time in the General Election to face the hard-hitting Democrat Incumbent Jane Harman, especially since he was going to be in the courtrooms again just a few weeks prior to the general.

With his recent public pouting and childish tirades making headlines, Florance has proven to be an embarrassment to most of the South Bay Republican political community. He's living up to the dark and dirty side of 'politics', sounding and acting more like a vanquished *democrat* than anything else.

Florance also filed complaints with the FPPC and the FEC claiming yet another controversy. California's Republic Reporter may look like a newspaper, sound like a newspaper, feel like a newspaper, sell business advertising and subscriptions like a newspaper but, according to Ron Florance as he cries in his complaints, "It's NOT a newspaper!" Florance was also quoted in a liberal South Bay daily newspaper as wanting to "Put a stop to California's Republic Reporter."

If Millionaire Ron Florance feels that he needs to fight my first amendment rights to publish a newspaper, he can. If he wants to snuff out my fledgling business, he can try. But what's his motive? Is it because he out-spent Susan Brooks by almost $-1 in his costly primary bid and lost? Is it because he tried to buy the election but the voters wouldn't give him the win? Or is it because, as a multi-millionaire, he always gets his way and when he doesn't - *look out!* It's like that spoiled brat in the grocery store checkout line, making a scene, screaming at his mother, "Gimme, gimme, gimme! Buy me that! Buy me that!" And when she refuses to give in, the little snot kicks her in the shins.

It certainly appears that was because, well, my shins hurt. Ronnie Florance has kicked me, not once, but three times.

However, all three harassment suits are based on Florance's misguided logic that I am NOT allowed the Freedom of the Press and the right to publish a newspaper and report the news and offer commentary to my readers. Since, as a citizen of the United States of America, I do have that right, ALL of his claims are groundless, baseless and are therefore negated.

I am proud to be a third-generation newspaperman, carrying on in my grandfathers footsteps, and no one will stop me from continuing our 60 year family tradition - no matter how many times they decide to kick me.

And no one, no matter how hard they kick or how loud they scream and shout, is bigger than the United States Constitution.

Newsman

continued from page 8

organizing the "Letter from Home" to servicemen abroad. Under Mooney's crust, say those that know him, is a man of warmth and compassion who simply prefers sentiment demonstrated to sentiment expressed.

When Mooney's friends and grandson began their eight week stint Jan. 24th, The Main Street Press announced their arrival with a lead headline of "We're Still Here!!"

Eight weeks later, Mooney's paper is still here. Yates, having developed a crush on journalism during his crash course, vows to keep the paper going. Next week, he says, he and his grandfather will get the paper out themselves.

And earlier this month, after having not appeared in public for weeks, a clearly ailing Mooney made an appearance at a Patchogue Village Board meeting. He not only covered the meeting, but led the audience in a recital of the Pledge of Allegiance. "It kept him up for days," Yates said.

But his gratitude didn't stop Mooney from placing a characteristic phone call to Mayor Leavandosky. Mooney, it seems had seen a copy of the Village of Patchogue's annual report. It's dedicated to "Frank J. Mooney, publisher, editor and journalist, second to none, and one of the best friends the Village of Patchogue has ever known."

"Why the heck did you do that?" Leavandosky said Mooney demanded of him. "Don't ever do that again." And with that, Mooney hung up, a click his only good-bye.

Frank J. Mooney passed away at home with his family, three weeks after this story was originally published. His oldest grandson, Ron Yates, took over as the Editor & Publisher of the Main Street News on April 4th, 1994.

LETTERS TO THE EDITOR

Ronald R. Yates, Editor & Publisher
California's Republic Reporter

Dear Ron:

As President of the Los Angeles County Federation of Republican Women, I wish to express to you how delighted I and my Republican Women's Clubs are to have you and California's Republic Reporter in Los Angeles County.

You are to be commended for your educational articles, range of issues and candidate information which can be credited for motivating voters to the polls in the June primary giving several Republican candidates the edge needed for victory.

The professional presentation of California's Republic Reporter is a great service to Republicans and civic-minded leaders throughout Los Angeles providing an outlet for their activities and contributions of their groups to fellow Republicans in our area.

I am so impressed with you and your untiring efforts to provide this service, I am urging my 62 Republican Women's Clubs with over 7,000 members to support your publication in every way possible. Because of your dedication and commitment to the Republican Philosophy, I highly recommend that Republicans everywhere, in business as well as in voluntary organizations, support you and your efforts to deliver California's Republic Reporter to every Republican in Los Angeles County.

Thank you for all your efforts,

Wanda J. Brand

No On Prop 190

To The Editor,

Prop 190 is nothing more than Willie Brown's proposal to revamp the Commission on Judicial Performance, which is the overseer of the California judiciary. When viewing the proposition at face value there are many who will want to support this measure because it expands the powers to discipline judges for misconduct. But when you go a little deeper you find that it also removes the constitutional checks on the agency's power.

Unlike most measures before the people, this measure was not sponsored by any citizens group. Prop 190 was ushered through a legislature still angry that the Supreme Court upheld the voter's initiative on term limits (Prop 140). What this means is that Prop 190 is really a blast against our three branches of government and it's built in system of checks and balances.

Another reason why Prop 190 is so dangerous is that it will give the people of California a judiciary which reports to politicians.

If Prop 190 is defeated, there will be a

continued on page 11

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Featured Interview

LACFRW Ballot Recommendations

California's Republic Reporter recently asked the Los Angeles County Federation of Republican Women how they stand on the upcoming Propositions. The Federation has more than 7,000 members in Los Angeles County.

Prop 180 — No

The mother of all propositions weighs in as the longest ballot initiative in California history. The nickname "CalPaw" (Californians for Parks and Wildlife) fits because, if approved, this King Kong of an initiative will grab huge tracts of land, and will leave a lasting imprint on the Golden State for decades.

The chief sponsors, the Planning and Conservation League might have saved ink had they just called it the "Everything but the kitchen sink Initiative." It is a $2 billion bond measure that targets about 400 specific projects throughout the state, mostly land acquisitions straight from environmentalists wish list. It bypasses legislative deliberation and oversight. Prop. 180 is an attempt to pass the hat around to all of the taxpayers for parochial interests. We oppose this measure.

Prop 181 — No

This is the only bond issue on the November ballot. It would authorize $1 billion bond issue for rail systems and would cost taxpayers about $1.6 billion over the 20 year life of the bonds. Opponents say the bonds are too costly and that the state has more pressing fiscal needs. We oppose this measure.

Prop 183 — No

Recall elections - state officers. This constitutional amendment would allow recall elections to be consolidated with the next regular scheduled election, avoiding the need for a special election. Current law requires recall elections to be held 50 to 90 days after the Secretary of State's certification of signatures. We oppose this measure.

Prop 184 — Yes

Three Strikes and You Are Out - increases sentences for repeat offenders of serious violent felonies. This remains on the ballot even after the legislature passed an identical measure into law. Its passage would ensure that the legislature won't weaken the law ultimately. It is opposed by victims' rights activist Mark Klaas who favors laws targeting only violent criminals. Leading financial backers are U.S. Senate candidate Michael Huffington and the State Prison Guards Union. We support this measure.

Prop 185 — No

Would place a 4% sales tax on gasoline and use the money for mass transit and related projects. It was placed on the ballot by the Planning and Conservation League, a coalition of environmental groups which say it would help clean the air. Opponents say that California's economy cannot withstand another tax increase. We oppose this measure.

Prop 186 — No

Single Payer Health Plan - Taxes. The state would administer a system of health care coverage for California residents financed by new taxes and potentially a transfer of existing government funds for health care programs. (It's a state Hillary). We oppose.

Prop 187 — Yes

(SOS) Would ban education, health care and social services to any person not in this country legally. It was put on the ballot by the Republican Party and several Republicans Politicians, who already have spent more than $5,000,000.00 on the measure. It has been embraced by Gov. Pete Wilson's re-election campaign. Opponents are led by Latino groups who say the measure is racist. We support this measure.

Prop 188 — No

Smoking and Tobacco. An effort by tobacco companies to undo the states sweeping new law banning smoking in the workplace. It would require segregated areas for smoking and ban cigarette vending machines in areas accessible to children. Opponents are the environmental groups. We oppose this measure.

Prop 189 — Yes

Constitutional amendment - would make it more difficult for suspects in sexual assault cases to be released on bail. We support this measure.

Prop 190 — Yes

Would expand the powers of the Commission on Judicial Performance to discipline judges for misconduct. We support this measure.

Prop 191 — Yes

Would re-structure county courts, upgrading all Justice Courts to Municipal Courts. We support this measure.

Vote Nov. 8th

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LETTERS TO THE EDITOR

No On Prop 190 - Judicial Performance

continued from page 9

reform bill in January of 1995 which will provide open hearings and increased public appointments, but which will preserve a balance of judges, lawyers, and politically appointed public members on the Commission. The Kopp amendment will be a true reform which will put California on sound constitutional ground. The ABA has just approved the first national Model Rules of judicial discipline. California could have the benefit of this 5-year study instead of the hurried act of a hostile liberal legislature.

BRIAN LEE
Torrance

Three Cheers For Susan Brooks

Dear Editor,

I have been following the Congressional race for the 36th District for about a year now, and I am constantly amazed how the local news media seems to enjoy bashing not only Susan Brooks, but any Republican for that matter.

Susan has fought the good fight, first with Jane Harman (going back to last summer), then with the guy she beat in the primary, and now back again with Jane Harman.

I hope that the community will circle the wagons for Susan, and help her beat Harman, because she typifies the type of representative that this district, and country, needs in Washington. She has my vote, and all my friends and neighbors vote. Three Cheers for Susan Brooks!

Sincerely
Dana Adler
San Pedro, CA

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"Time To Change The Tune!"

continued from page 1

was a perfect representative for where he used to live, but a terrible representative for our community."

After Dills' former district, centered in Gardena and Compton, was collapsed in the 1992 reapportionment, Dills began renting a house in El Segundo so that he could run in the new 28th District. This includes Torrance, the Beach Cities, El Segundo, Westchester and other communities that are much more conservative than the territory that Dills has represented for decades.

A portion of Dills' old district, mostly Carson, remains in the new 28th. Cohen, however, has a very strong base in that part of town. Cohen is half Samoan, and has hundreds of relatives in Carson's large Samoan community. "We have excellent grass roots support right in the heart of Dills country," said Cohen. "Not only are the Pacific Islanders with us, but we also have tremendous support in the Filipino community and in other communities."

Cohen has frequently criticized Dills as being a "pawn of the special interests." Dills, who raised over $450,000 for his narrow primary victory over Torrance City Councilman George Nakano, has relied almost exclusively on lobbyists and other Sacramento special interests to finance his campaign.

"Dills raises large sums of money from people he regulates," said Cohen, referring to Dills' chairmanship of the committee that regulates alcohol, gambling and tobacco. "I think that presents a very disturbing conflict of interest." Cohen notes that Dills, who received a $20,000 check from the liquor industry during his primary campaign this year, voted against a bill to crack down on drunk drivers and sponsored legislation that would have protected liquor distributors from competition at the expense of consumers.

"Dills says that if he were that bad, he'd be in jail," said Cohen. "Well, after being in Sacramento for so long, I can understand why Ralph's real proud of himself simply for not being in jail. Down here, however, we hold our elected officials to a higher standard than that."

Dills earned the ire of Jewish voters in 1985 when he was the only State Senator to vote against a modest matching grant to build the Museum of Tolerance, which commemorates the Holocaust and other tragedies. "He said it would be a violation of the separation of church and state for California to fund the Museum of Tolerance," explained Cohen. "If Dills thinks the Holocaust is a Jewish religious issue, and that its lessons are relevant only to Jews, then he's even more out of touch than everybody thinks."

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SOME DIFFERENCES BETWEEN SUSAN BROOKS AND JANE HARMAN

BROOKS	HARMAN
Opposes tax increases without referendum. Opposes BTU & Social Security tax increases. **Endorsed by Howard Jarvis Taxpayers Association.**	Voted for the FY94 Clinton budget which cost each household in the district $6400 in new taxes. (Vote #406, August 5, 1993). **Graded "F" and rated 22% by the National Taxpayers Union.**
Opposes DC Statehood	Lived in DC from 1970-1992, and voted for DC Statehood (Vote 595, 11/21/93).
Supports death penalty and favors local control of law enforcement. **Justice for Victims. Prison for Criminals**	Voted for the Racial Justice Act, (Vote 109, 4/14/94) which would effectively eliminate the death penalty. Voted for social programs over crime control in the Crime Bill. **ACLU Rating of 90%**
Opposes abuses of power in DC & supports full disclosure of information	Voted to block release and stop investigation of the House Post Office Scandal (Vote 357, 7/2/93 & Vote 337, 3/2/94)
As mayor, cut budget, **bureaucracy and privatized services.** Supports welfare reform, deficit reduction, balanced budget amendment and line item veto with a 3/5 override	Voted for the final Clinton five year budget plan, which includes the largest tax increase in US history and adds nearly $700 billion to the national debt. (Vote 406, 8/5/93). **Ranked #53 among biggest spenders in the House** (top 12%). Voted against balanced budget amendment and line item veto with a 3/5 override. (Vote #66, 3/16/93)
Supported by local businesses; opposes defense cuts which put local economy and national security at risk	Voted to cut defense by $156 billion; her votes eliminated 50,000+ jobs in the district. District is in the top 5% of those hardest hit by the tax increase. (Heritage Found.)
Endorses Save Our State Initiative (Prop 187). No welfare and food stamps for illegals	Voted to allow federal funds for illegal aliens. (Vote 171, 5/19/93). (Vote 502, 10/14/93).

VOTE NOVEMBER 8, 1994

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TIME MAG[illegible] August [illegible] 1993 pp.20-21

[illegible] the decisive vote, Jane Harman beams with approval at Bill Clinton [illegible] signed the largest [illegible] in history.

CONGRESSWOMAN JANE HARMAN VOTES W[illegible]TH BILL CLINTON 90% OF THE TIME!

How [illegible] Harman sold out her constituen[illegible]

[illegible] for defense [illegible] over 45,000 jobs [illegible] for Clinton [illegible] district harder than [illegible] rest of the [illegible] pursued her [illegible] businesses [illegible]

Want proof? Look at her rating

[illegible]		Business Groups	
	[illegible]	Business Industry PAC	16%
		Assoc. of General Contra[illegible]	17%
[illegible] Democratic		[illegible] Chamber of Comme[illegible]	18%
	[illegible]	National Federation of In[illegible]	
[illegible] Support Rating	[illegible]	Business	22%
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DEANE DANA
Supervisor 4th District
MIKE ANTONOVICH
Supervisor 5th District
PAUL HORCHER
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Former Mayor, Redondo Beach
KIM WANG
RPV Planning Commissioner
LESE WEBBER
Former Mayor, Hermosa Beach
LAWRENCE WHITENECK
RPV Planning Commissioner

November 15, 1994

Federal Election Commission
Washington, DC 20463

Attention: Alva Smith

Re: MUR 4080

Dear Ms. Smith:

In response to our telephone conversation, this letter is a request for a 30 day extension, or the maximum time allowable for an extension, to respond to the above case, due to the reasonable cause stated below.

The Susan Brooks for Congress Committee is involved in a protracted count of absentee ballots which will decide the outcome of the election for her House of Representatives seat for the California 36th District.

Two other races are to be decided by the count of 200,000 Los Angeles County absentee ballots and one of those received a court order to hold counting until a fraud allegation is considered. Due to delays beyond our control, the Committee has been entirely involved in this process which will continue into the week of November 21, 1994.

Therefore, we request the maximum extension of time in which to respond.

Very truly yours,

Hilda Daiber

Hilda Daiber
Treasurer

FAXED TO 202 219 3923, LETTER TO FOLLOW

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OFFICE OF GENERAL
COUNSEL

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November 30, 1994

Federal Election Commission
999 E Street, NW
Washington, DC 20463
Attention: Ms. Alva Smith

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Nov 30 6 59 PM '94

Dear Ms. Smith:

Re: MUR 4080

The above referenced case has an extension date of 12/2/94.

Statements from witnesses have been completed but it will take us several days to obtain the signatures of the witnesses on the prepared statements.

We request an additional extension of time until December 5, 1994, Monday, at which date the statements will be sent to you by overnight courier, arriving on December 6, 1994.

To explain our request, let me say that the election was not decided on November 8, 1994, and continual involvement of all Susan Brooks for Congress Committee personnel was needed at the Registrar of Voters, Los Angeles County until November 28, 1994, with a likelihood that additional challenges will ensue.

Further, a supplement to this case was not received by us until late in November.

Therefore, we sincerely hope that you will consider the above request.

Very truly yours,

Hilda Daiber

Hilda Daiber
Treasurer

FAXED TO 202 219 3923, LETTER TO FOLLOW

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ELECTED OFFICIALS
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Avalon
COUNCILMAN LIAM FESTON
COUNCILWOMAN JANE FRIEDKIN
El Segundo
MAYOR SAM EDGERTON
COUNCILMAN ROBERT BENZ
Hermosa Beach
COUNCILMAN CHARLES BELBA
COUNCILMAN DAVE ALBERT
COUNCILMAN HAL CROYTS
Lomita
COUNCILMAN HAL BERNSON
Los Angeles
COUNCILMAN STEVE BARNES
COUNCILMAN TIM LILLIGREN
Manhattan Beach
COUNCILMAN WILLIAM FINER
COUNCILMAN RAY MATTINGLY
COUNCILMAN MIKE MOGGY
COUNCILWOMAN
ROSEMARY HUMPHREY
Palos Verdes Estates
MAYOR STEVE KUYKENDALL
COUNCILWOMAN MARILYN LYON
COUNCILMAN LEE BYRD
Rancho Palos Verdes
MAYOR BRAD PARTON
Redondo Beach
MAYOR BARBARA RAUCH
COUNCILMAN BOB BECK
Rolling Hills Estates
COUNCILMAN DAN WALKER
Torrance

CIVIC LEADERS
GILBERT ALBERIO
Chair R.P.V. Planning Commission
GUNTHER BUERK
Former Councilman RPV
ELEANOR CURRY
Former Trustee P.V. Board of Education
JAN DENNIS
Former Mayor Manhattan Beach
BARBARA FERRARO
R.P.V. Planning Commissioner
JOAN MILKE FLORES
Former Los Angeles Councilwoman
PAULA GALE
LA Convention Center Commissioner
ROBERT HARGRAVE
Former Mayor, Lomita
JAMES A. HAYES ESQ
Former LA County Supervisor
SONJA PEDERSON HAYES
R.P.V. Planning Commission
BOB HOLMES
Former Mayor Manhattan Beach
HUGH MULLER
Former Mayor Rolling Hills Estates
ANGIE PAPADAKIS
Little Hoover Commission
ED REASR
Former Trustee P.V. Board of Education
PETER ROSSICK
Former Mayor, Lomita
LAVE CISCO RUTH
Former Councilman RPV
ROBERT E. RYAN
LA County Planning Commissioner
STEVE SCHLESINGER
Treasurer Manhattan Beach
CONNIE SIEBER
Former Mayor Manhattan Beach
DON VANNORSDALL
RPV Planning Commissioner
TERRY WARD
Former Mayor Redondo Beach
KIM WANG
RPV Planning Commissioner
EDIE WEBSER
Former Mayor Hermosa Beach
LAWRENCE WHITENECK
RPV Planning Commissioner

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
DEC 6 12 26 PM '94

December 5, 1994

Lawrence Noble, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
6th Floor
Washington D.C. 20463

Re: MUR 4080

Dear Mr. Noble:

Susan Brooks and the Susan Brooks for Congress Committee (hereinafter collectively the "Brooks Respondents") provide the following response to the Complaint filed against them in the above-identified Matter-Under-Review.

The Complaint principally alleges that Respondent Ronald R. Yates and his newspaper entitled ***California's Republic Reporter*** violated provisions of Title 2, United States Code, by failing to register as a political committee, by failing to file required reports, by accepting prohibited contributions from corporations and by failing to state on political advertisements who paid for such advertisements. The Complaint secondarily alleges (on "information and belief," but no facts) that the Brooks Respondents likewise violated sections of Title 2, United States Code, because Mr. Yates' newspaper ***California's Republic Reporter*** was a "committee authorized by the Susan Brooks for Congress Committee, acting at her direction and in concert with the candidate, her agents, servants and employees". The Complaint finally alleges that, given the purported relationship between the Susan Brooks for Congress Committee and Mr. Yates' newspaper, alleged payments for advertisements in the newspaper "constitute prohibited or excessive contributions" to the Susan Brooks for Congress Committee.

9 7 0 4 3 8 4 2 6 1 9

36TH CONGRESSIONAL DISTRICT
Bring Government Home!
3525 Pacific Coast Hwy. • Torrance, California 90505 • Telephone: (310) 534-5505 • Fax: (310) 534-3711

PAID FOR AND AUTHORIZED BY SUSAN BROOKS FOR CONGRESS; I.D. #C00283481

The allegations in the Complaint regarding the Brooks Respondents are baseless, without merit and totally frivolous. Even a cursory review of Exhibit F attached to the Complaint and the supplemental Exhibit which was submitted to the Commission on October 15, 1994 reveals that multiple candidates advertised in the various editions of ***California's Republic Reporter***. It is preposterous to suggest under these circumstances that Mr. Yates' newspaper was a "political committee" somehow "authorized" by the Brooks Respondents.

As the appended Declarations of Susan M. Brooks and Hilda B. Daiber further emphatically demonstrate, the only relationship between the Brooks Respondents on the one hand and Mr. Yates and his ***California's Republic Reporter*** newspaper on the other hand was that of advertiser-publisher (see Brooks Declaration ¶¶ 3 and 7-9; Daiber Declaration ¶¶ 2-5). Specifically, the Susan Brooks for Congress Committee purchased two full-page advertisements in the June, 1994 edition of Mr. Yates' newspaper circulated in California's 53rd Assembly District. These two advertisements can be found at pages 5 and 20 of the newspaper (see Exhibit F attached to Complaint). Both advertisements prominently display the required disclaimer identifying the advertisements as paid for by the Susan Brooks for Congress Committee.

No evidence of any sort exists to suggest that the Brooks Respondents had any relationship with Mr. Yates and his newspaper other than the relationship of a paid advertiser in the newspaper. Indeed, the appended Declarations of Susan M. Brooks and Hilda B. Daiber show that the Brooks Respondents had no involvement whatsoever with the organization and operation of Mr. Yates' newspaper, and most certainly did not engage in any writing, layout, printing, publication or distribution of the newspaper, apart from the aforementioned purchase of two full-page advertisements (see Brooks Declaration ¶¶ 4-6 and 10-12; Daiber Declaration ¶¶ 6-7).

The lack of any factual evidence to support Complainant's allegations against the Brooks Respondents is therefore apparent from the record. In reality, the Brooks Respondents believe that Complainant's allegations have been motivated solely out of malice and bad faith and as an attempt to seek political revenge against the Brooks Respondents for

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prevailing against the Complainant in the Primary Election of June 7, 1994.

Based on the preceding arguments and the uncontroverted Declarations appended hereto, no action of any sort is warranted against the Brooks Respondents in connection with Matter-Under-Review 4080.

Very truly yours,

Hilda Daiber

Hilda Daiber
Treasurer Susan Brooks for Congress Committee

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IN THE FEDERAL ELECTION COMMISSION

RONALD M. FLORANCE,	)	**MUR No. 4080**
Complainant,	)	
v.	)	
RONALD R. YATES, et al.,	)	
Respondents.	)	

RECEIVED FEDERAL ELECTION COMMISSION OFFICE OF GENERAL COUNSEL
Dec 6 12 26 PM '94

DECLARATION OF SUSAN M. BROOKS

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I, SUSAN M. BROOKS, do hereby declare and state as follows:

1. I was the Republican candidate for Congress in California's 36th Congressional District for the General Election of November 8, 1994. I was also a candidate for the Republican nomination in the Primary Election of June 7, 1994. I am a named Respondent in the above-identified matter. I have personal knowledge of the facts set forth below, and if called upon to testify to these facts could and would do so.

2. I have been accused by my Republican Primary opponent, Mr. Ronald M. Florance, of being involved in an agency relationship with Ronald R. Yates and his newspaper, ***California's Republic Reporter***. Mr. Florance has further accused ***California's Republic Reporter*** as being a slate mailer improperly organized and disseminated under the Federal Election Laws, 2 U.S.C. §§ 431

et seq. I have no knowledge of the particulars concerning Mr. Yates' activities with respect to ***California's Republic Reporter*** or the standing of his newspaper under the Federal Election Laws. However, Mr. Florance's accusations regarding the existence of an agency relationship between myself and Mr. Yates, and Mr. Florance's further accusations regarding my involvement with the publication and distribution of ***California's Republic Reporter*** are categorically false.

3. My only relationship with ***California's Republic Reporter*** has been that of an arms-length purchaser of advertising space in the newspaper. More particularly, my campaign purchased two full-page advertisements in the edition of Mr. Yates' newspaper which was circulated to households with Republican voters in California's 53rd Assembly District. I paid $1995.00 for each advertisement, resulting in a total expenditure of $3990.00. At no time did I pay for any other advertisement, story, endorsement or similar publicity in Mr. Yates' newspaper.

4. I have personally known Mr. Yates since approximately September of 1993. Shortly after my announcement for the Republican nomination in the 36th Congressional District appeared in local newspapers, I received a telephone call from Mr. Yates asking if he could help with my campaign. I met with Mr. Yates to discuss his interests. At that time, my campaign was staffed completely by volunteers. There were no paid

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positions available, although the campaign contemplated hiring staffers at some later point in the campaign cycle.

5. Mr. Yates and I soon developed a friendship. He came from New York state and had grown up not far from my home town. He was eager to help on the campaign as a volunteer and his previous experience working on a family-owned newspaper in New York made him a valuable asset in the early days of my candidacy. During September and October of 1993, Mr. Yates helped me prepare a campaign newsletter and generally provided advice with respect to press relations. At one point during the September-October, 1993 time frame, I believe I referred to Mr. Yates as my campaign's Press Secretary. However, because I could not compensate Mr. Yates for his work, Mr. Yates left the campaign to take a paying job. I believe during the last few months of 1993 Mr. Yates worked as a car salesman.

6. Sometime in January of 1994, Mr. Yates reappeared on the scene and announced that he had intentions to form a politically-oriented newspaper which he intended to aim at a Republican audience. He was enthusiastic about this project, and told me that his newspaper experience gave him the background necessary to successfully organize a newspaper. I told him we were interested in his efforts, and to keep our campaign informed.

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7. In February 1994, Mr. Yates showed up at my campaign headquarters in Torrance, California and told me he was definitely going to publish a political newspaper appropriate to the upcoming Primary Election. He further told me he was trying to solicit advertising commitments for the newspaper in order to get the project off the ground. After some lengthy discussion, Mr. Yates convinced my campaign to make an early payment of $1,000 toward advertising space in the newspaper. I believe Mr. Yates was approaching other candidates and organizations for similar commitments as a means of generating sufficient money to publish the newspaper.

8. Throughout the remainder of the Spring of 1994, I maintained my contact with Mr. Yates. I saw him at numerous Republican party functions and Primary Election campaign events, where he appeared as a member of the press interviewing Republican candidates and party officials, taking photographs and generally trying to spark interest in his newspaper project. During this period Mr. Yates occasionally stopped by my campaign headquarters to discuss politics in general and the progress of my own campaign in particular. I believe on one of these visits Mr. Yates also lent two or three hours of his volunteer assistance to helping my campaign put out another newsletter.

9. I did not revisit the subject of advertising in Mr. Yates' newspaper with Mr. Yates again until late April or

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early May, 1994. Mr. Yates came to my campaign headquarters one day and showed me a copy of his newspaper published in connection with a special election which had been held out in the San Fernando Valley of California in March of 1994. Mr. Yates promised that multiple editions of his newspaper would be published in several geographic areas prior to the Primary Election date. He specifically promised a circulation of approximately 50,000 Republican households in the 36th Congressional District. I then agreed to purchase two full-page ads in his newspaper for $3990, with the balance owing to be determined after subtracting the $1,000 we had given Mr. Yates in February. The cost of the advertisements in Mr. Yates' newspaper worked out to about 8 cents per household, considerably cheaper than the 25 cents to 35 cents per household normally required to circulate a direct mail piece. I therefore considered the advertisement in Mr. Yates' newspaper as an economical supplement to my campaign's own in-house direct mail program.

10. I reiterate that at no time did I have any knowledge of how Mr. Yates was going about the internal organization and operation of his newspaper, nor did I have any involvement whatsoever with the drafting, composition or layout of any of the articles or editorials in his newspaper. I knew nothing about how he published or distributed his newspaper, apart from his promised circulation figures. My role and my

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campaign's role was simply that of an advertiser for a political ad.

11. From the time he first told me that he would be publishing a newspaper, Mr. Yates had expressed a desire to write an article about my campaign. As I discussed above, I saw Mr. Yates at numerous Republican party functions and Primary Election campaign events. He sometimes took photographs of me as he did of other Republican party officials and candidates. I told him I would be happy to provide information for any article about my campaign that he wished to write. In May of 1994, Mr. Yates did in fact visit my campaign headquarters to gather information about my campaign and take photographs of me and my campaign staff. Mr. Yates' visit led to the article about my campaign which appeared on the front page of his newspaper edition circulated in the 53rd Assembly District. I have no knowledge whatsoever concerning any other articles written by or for Mr. Yates and his newspaper, including in particular any articles Mr. Yates may have written about Mr. Florance or his campaign.

12. Mr. Florance's FEC complaint against me and my campaign has no merit to it whatsoever. Mr. Florance appears to be a "sour grapes" loser in the Primary Election who decided to take political revenge during the General Election campaign. Indeed, he waited until shortly before the General Election of November 8, 1994 to file his FEC complaint, and when he did file

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he apparently took special pains to turn the occasion into a media event. In this regard, I am informed that Mr. Florance personally visited various newspapers circulating in our Congressional District with copies of his FEC complaint and generally sought to influence the press to publicize the fact that he was filing the complaint. It is therefore my firm belief that Mr. Florance's complaint is motivated solely by malice and bad faith.

I declare under penalty of perjury according to the laws of the State of California that the foregoing statements are true and correct.

Executed at Rancho Palos Verdes, California on this 5th day of December, 1994.

Susan M. Brooks

Susan M. Brooks

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IN THE FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
DEC 6 12 26 PM '94

RONALD M. FLORANCE,	)	MUR No. 4080
Complainant,	)	
v.	)	
RONALD R. YATES, et al.,	)	
Respondents.	)	

DECLARATION OF HILDA B. DIABER

I, HILDA B. DIABER, do hereby declare and state as follows:

1. I am the Treasurer of the Susan Brooks for Congress Committee. I have been the Committee's Treasurer since August of 1993. In my role as Treasurer, I am responsible for keeping all the Committee's financial records itemizing receipts and disbursements, reconciling the Committee's account ledgers, overseeing the Committee bank account and filing reports with the Federal Election Commission. I believe I am thoroughly familiar with the organization and operation of the Susan Brooks for Congress Committee. I have personal knowledge of the facts set forth below and if called upon to testify to these facts could and would do so.

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2. In February of 1994, James Brooks, husband of Susan Brooks and advisor to the Susan Brooks for Congress Committee, asked me to write a check in the amount of $1000 to Ronald R. Yates. Mr. Brooks explained that the Susan Brooks for Congress Committee was going to be purchasing some advertising space in a newspaper to be published by Mr. Yates. I thereafter prepared such a check.

3. In April, 1994, I was told by Mr. Brooks that Mr. Yates would soon be publishing his newspaper and that a decision had been made on behalf of the Susan Brooks for Congress Committee to purchase advertising space in Mr. Yates' newspaper. I believe Mr. Brooks indicated to me that two full page advertisements would be placed in Mr. Yates' newspaper on behalf of Susan Brooks and the Susan Brooks for Congress Committee.

4. Because the Susan Brooks for Congress Committee was operating on a very tight budget throughout the Primary Election campaign of 1994, an arrangement was worked out with Mr. Yates whereby the balance owing for the purchase cost of the two full-page advertisements, after subtracting the $1000 down-payment made in February, 1994, would be made in two installments. I thought the total cost of the two advertisements was $3900. I thus made out one check to Mr. Yates in the amount of $1500 in May of 1994, and wrote a second check for $1400 in early June of 1994. Subsequently, Mr. Yates advised us that the

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total cost of the ads was $3990, and that we still owed his newspaper $90. I accordingly prepared a check for that amount and sent it to Mr. Yates in early August, 1994.

5. Attached hereto as Exhibit A is an invoice from Mr. Yates' newspaper ***California Republic Reporter***, detailing the payments made for the two full-page advertisements.

6. The Susan Brooks for Congress Committee had nothing to do with organizing or operating Mr. Yates' newspaper, nor was it involved in any of the newspaper's publication and distribution activities. The relationship between the Susan Brooks for Congress Committee and Mr. Yates' newspaper was simply one of publisher and advertiser. The only FEC reporting obligation of the Susan Brooks for Congress Committee with respect to Mr. Yates' newspaper was the need to report as campaign disbursements the payment to Mr. Yates for the two full-page campaign advertisements in his newspaper. These disbursements were in fact respectively reported to the FEC on April 15, July 15 and October 15, 1994 (see Exhibit B hereto).

7. I understand the complainant in this matter has alleged that the Susan Brooks for Congress Committee had an obligation to report the advertisement purchases made by other advertisers in Mr. Yates' newspaper as contributions to the Susan Brooks for Congress Committee. These allegations are utterly

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without merit. As I stated above, the Susan Brooks for Congress Committee had no relationship with Mr. Yates' newspaper other than the straightforward relationship of advertising purchaser.

I declare under penalty of perjury according to the laws of the State of California that the foregoing statements are true and correct.

Executed at Rancho Palos Verdes, California on this 5th day of December, 1994.

Hilda B. Diaber

Hilda B. Diaber

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REPUBLIC REPORTER
COUNTY, STATE, AND NATIONAL POLITICAL NEWS
CALIFORNIA REPUBLIC

ADVERTISING INVOICE

CLIENT INFORMATION

NAME Susan Brooks DATE 6/1/94

ADDRESS 3525 Pacific Coast Hwy. CITY Torrance, CA ZIP 90505

PHONE# FAX#

QTY	SIZE	DISTRICT	PRICE	TOTAL
2	Full page ads	53rd	$1995. ea	$3990.
	[illegible]	[illegible]	[illegible]	7/20/94
	[illegible]	[illegible]	[illegible]	5/24/94
	[illegible]	[illegible]	[illegible]	6/4/94
	[illegible]			

Please Make Checks Payable To: California's Republic Reporter

Mail To: 1501 Sunnyside Terrace
San Pedro, CA 90732

SUB TOTAL $ 3990.

AMT PAID $ 3900.

BAL DUE $ 90.

Thank You!

Sue #473 8-5-94

9 7 0 4 3 8 4 2 6 3

Exhibit B

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)
SUSAN BROOKS FOR CONGRESS COMMITTEE

ADDRESS (number and street) [ ] Check if different than previously reported.
3525 PACIFIC COAST HIGHWAY, SUITE D

CITY, STATE and ZIP CODE
TORRANCE, CA 90505

STATE/DISTRICT
CALIFORNIA, 36TH

2. FEC IDENTIFICATION NUMBER
C 00283481

3. IS THIS REPORT AN AMENDMENT?
[X] YES [ ] NO

4. TYPE OF REPORT

[X] 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 _____ (Type of Election) 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 [X] Primary Election [ ] General Election [ ] Special Election [ ] Runoff Election

SUMMARY

	COLUMN A This Period	COLUMN B Calendar Year-to Date
5 Covering Period 1-1-94 through 3-31-94		
6 Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (from Line 11(e))	18,796.00	18,796.00
(b) Total Contribution Refunds (from Line 20(d))	0	0
(c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))	18,796.00	18,796.00
7 Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17)	35,383.59	35,383.59
(b) Total Offsets to Operating Expenditures (from Line 14)	0	0
(c) Net Operating Expenditures (subtract Line 7(b) from 7(a))	35,383.59	35,383.59
8 Cash on Hand at Close of Reporting Period (from Line 27)	40,099.40	
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)	33,119.00	

For further information contact:
Federal Election Commission
999 E Street, NW
Washington, DC 20463
Toll Free 800 424 9530
Local 202 219 3420

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
HILDA DAIBER

Signature of Treasurer

Date
June 10, 1994

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
(revised 4/87)

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SCHEDULE B
Operating Expenditures

ITEMIZED DISBURSEMENTS

FOR LINE NUMBER 17

NAME OF COMMITTEE(in Full)
Susan Brooks for Congress Committee C00283481

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

Full Name Mailing Address	Purpose of Disbursement	Date MM/DD/YY	Amount
Postmaster 955 Deep Valley Dr. Rolling Hills Est, CA 90274-	Postage Disbursement for [X]Primary	02/04/94	$150.00
Postmaster 955 Deep Valley Dr Rolling Hills Est, CA 90274-	Postage Disbursement for [X]Primary	02/22/94	$300.00
Postmaster 955 Deep Valley Dr. Rolling Hills Est, CA 90274-	Postage Disbursement for [X]Primary	02/28/94	$401.45
Postmaster 955 Deep Valley Dr. Rolling Hills Est, CA 90274-	Postage Disbursement for [X]Primary	03/15/94	$438.48
Postmaster 955 Deep Valley Dr. Rolling Hills Est, CA 90274-	Postage Disbursement for [X]Primary	03/25/94	$287.10
CA Republican Reporter Torrance, CA 90505-	Advertising Disbursement for [X]Primary	02/14/94	$1000.00
Stronghold Security P.O. Box 1851 Lomita, CA 90717-	Office Expense Disbursement for [X]Primary	01/02/94	$45.00
Stronghold Security P.O. Box 1851 Lomita, CA 90717-	Office Expense Disbursement for [X]Primary	01/25/94	$45.00
Stronghold Security P.O. Box 1851 Lomita, CA 90717-	Office Expense Disbursement for [X]Primary	03/10/94	$45.00

SUBTOTAL of Disbursements This Page.....> $2712.03

TOTAL This Period.....>

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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)
SUSAN BROOKS FOR CONGRESS

ADDRESS (number and street) [ ] Check if different than previously reported.
3525 Pacific Coast Highway

CITY, STATE and ZIP CODE: Torrance, CA 90505
STATE/DISTRICT: California, 36th

2. FEC IDENTIFICATION NUMBER
C00283481

3. IS THIS REPORT AN AMENDMENT?
[ ] YES [x] NO

4. TYPE OF REPORT

[ ] April 15 Quarterly Report
[x] 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 _____ (Type of Election) 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 [x] Primary Election [x] General Election [ ] Special Election [ ] Runoff Election

SUMMARY

		COLUMN A This Period	COLUMN B Calendar Year-to-Date
5	Covering Period May 19, 1994 through June 30, 1994		
6	Net Contributions (other than loans)		
	(a) Total Contributions (other than loans) (from Line 11(e))	20,813.72	72,854.02
	(b) Total Contribution Refunds (from Line 20(d))	0	50.00
	(c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))	20,813.72	72,804.02
7	Net Operating Expenditures		
	(a) Total Operating Expenditures (from Line 17)	99,046.73	180,486.09
	(b) Total Offsets to Operating Expenditures (from Line 14)	965.92	965.92
	(c) Net Operating Expenditures (subtract Line 7(b) from 7(a))	98,080.81	179,720.17
8	Cash on Hand at Close of Reporting Period (from Line 27)	2,594.79	
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)	85,619.00	

For further information contact:
Federal Election Commission
999 E Street, NW
Washington, DC 20463
Toll Free 800 424 9530
Local 202 219 3420

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
Hilda Daiber, CPA

Signature of Treasurer: Hilda Daiber

Date: 7-15-94

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
(revised 4/87)

9 7 0 4 3 8 4 2 6 3 6

SCHEDULE B
Operating Expenditures

ITEMIZED DISBURSEMENTS

FOR LINE NUMBER 17

NAME OF COMMITTEE(in Full)
Susan Brooks For Congress Committee C00283481

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

Full Name Mailing Address	Purpose of Disbursement	Date MM/DD/YY	Amount
Pac Bell 21281 S. Western Ave Torrance, CA 90501-	Telephone Expense Disbursement for [X]General	06/28/94	$595.21
Political Data 4000 Warner, Bldg. #155 Burbank, CA 91522	Office Expense Disbursement for [X]Primary	05/19/94	$250.45
Political Data 4000 Warner, Bldg. #155 Burbank, CA 91522	Office Expense Disbursement for [X]Primary	05/27/94	$223.82
Political Data 4000 Warner, Bldg. #155 Burbank, CA 91522	Office Expense Disbursement for [X]Primary	06/03/94	$171.47
Political Data 4000 Warner, Bldg. #155 Burbank, CA 91522	Office Expense Disbursement for [X]Primary	06/07/94	$515.79
California's Republic Reporter 1501 Sunnyside Ter. San Pedro, CA 90732-	Adv. Disbursement for [X]Primary	05/24/94	$1500.00
California's Republic Reporter 1501 Sunnyside Ter. San Pedro, CA 90732-	Adv. Disbursement for [X]Primary	06/03/94	$1400.00
SCE P.O. Box 600 Rosemead, CA 91771-	Utilities Disbursement for [X]Primary	05/27/94	$145.41
SCE P.O. Box 600 Rosemead, CA 91771-	Utilities Disbursement for [X]General	06/28/94	$124.72

SUBTOTAL of Disbursements This Page.....> $4926.87

TOTAL This Period.....>

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REPORT OF RECEIPTS AND DISBURSEMENTS

For A[illegible]orized Committee
(Summary Page)

USE FEC MAILING LABEL OR TYPE OR PRINT

1. NAME OF COMMITTEE (in full)
SUSAN BROOKS FOR CONGRESS

ADDRESS (number and street) ☐ Check if different than previously reported.
3525 Pacific Coast Highway

CITY, STATE and ZIP CODE: Torrance, CA 90505
STATE/DISTRICT: California, 36th

2. FEC IDENTIFICATION NUMBER
C00283481

3. IS THIS REPORT AN AMENDMENT?
☐ YES ☒ NO

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 _____ (Type of Election) 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 July 1, 1994 through September 30, 1994		
6	Net Contributions (other than loans)		
	(a) Total Contributions (other than loans) (from Line 11(e))	157,542.57	228,008.60
	(b) Total Contribution Refunds (from Line 20(d))	2,475.00	2,525.00
	(c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))	155,067.57	225,483.60
7	Net Operating Expenditures		
	(a) Total Operating Expenditures (from Line 17)	87,488.82	267,974.91
	(b) Total Offsets to Operating Expenditures (from Line 14)	326.33	1,292.25
	(c) Net Operating Expenditures (subtract Line 7(b) from 7(a))	87,162.49	266,682.66
8	Cash on Hand at Close of Reporting Period (from Line 27)	70,173.54	
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)	114,524.63	

For further information contact:
Federal Election Commission
999 E Street, NW
Washington, DC 20463
Toll Free 800-424-9530
Local 202-219-3420

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
Hilda Daiber, CPA

Signature of Treasurer

Date

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

4-00145

FEC FORM 3
(revised 4/87)

9 7 0 4 3 8 4 2 6 3 8

0222012945 473

16-7061/3220

SUSAN BROOKS FOR CONGRESS
3248 CORINNA DR. 310-544-3229
RANCHO PALOS VERDES, CA 90274

August 5 19 94

PAY TO THE ORDER OF California's Republic Reporter $ 90.00

Ninety and 00/100 DOLLARS

HIGHLAND FEDERAL BANK
A Federal Savings Bank
25 Miramar Plaza
Rancho Palos Verdes, California 90274

MEMO 6/1/94 Invoice Hildegarde Daile

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BAC 1000 W TEMPLE LA, CA
08/09/94 0450805743 4034

434028

Credited to the Account of the within
in named Payee in [illegible] Place with
Payee's [illegible]
Absence of Endorsement Guaranteed

Bank of America
BRANCH
TELLER

Ronald R. Yates

1501 Sunnyside Terrace • San Pedro Ca 90732 • 310-833-9441

FAX INFO

December 8th, 1994

Mary L. Taksar / Alva E. Smith
Federal Election Commission

97043842641

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Dec 8 4 01 PM '94

In regards to document - MUR 4080 - I would like to thank you for granting me an extension to file an answer.

As per my conversation with Alva Smith on December 8, 1994, my answer that I thought was sent on November 25, 1994, was put under gift wrapping and was found today December 8th. I am forwarding, by FAX, a copy of the answer with the hard copy to follow by mail which will include all of my exhibits of proof that I believe to be relevant to the Commission's analysis to this matter as to why no action should be taken against me / California's Republic Reporter by the Commission.

If you have any questions please don't hesitate to call me at 310-833-9441.

Thank You for cooperation in this matter.

Sincerely,

Ronald R. Yates
California's Republic Reporter

California's
RONALD R. YATES
EDITOR & PUBLISHER
PH. 310-833-9441

1501 SUNNYSIDE TER.
SAN PEDRO, CA 90732
FX. 310-521-8233

REPUBLIC REPORTER

CALIFORNIA REPUBLIC

Mr. Lawrence Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20453

November 25, 1994

Re: MUR 4080 - Complaint against "California's Republic Reporter", Ronald R. Yates.

RONALD R. YATES, dba 'California's Republic Reporter', hereby responds to the complaint filed against him by Ronald M. Florance on September 20th, 1994 known as MUR 4080:

Alleged Violations

1. Admits the allegations that Ronald R. Yates is the sole owner of 'California's Republic Reporter', which is, in fact, a **newspaper** operating as a business existing under California law with their principal place of business in Los Angeles County. Except as so admitted, YATES denies each and every allegation in said paragraph.

2. Admits the allegations that Ronald R. Yates is the sole owner of 'California's Republic Reporter', which is, in fact, a **newspaper** operating as a business existing under California law with their principal place of business in Los Angeles County. Except as so admitted, YATES denies each and every allegation in said paragraph.

3. Admits the allegations that Ronald R. Yates is the sole owner of 'California's Republic Reporter', which is, in fact, a **newspaper** operating as a business existing under California law with their principal place of business in Los Angeles County. Except as so admitted, YATES denies each and every allegation in said paragraph.

4. Admits the allegations that Ronald R. Yates is the sole owner of 'California's Republic Reporter', which is, in fact, a **newspaper** operating as a business existing under California law with their principal place of business in Los Angeles County. Except as so admitted, YATES denies each and every allegation in said paragraph.

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4. Admits the allegations that Ronald R. Yates is the sole owner of 'California's Republic Reporter', which is, in fact, a **newspaper** operating as a business existing under California law with their principal place of business in Los Angeles County. Except as so admitted, YATES denies each and every allegation in said paragraph.

5. YATES denies each and every allegation in said paragraph.

6. YATES denies each and every allegation in said paragraph.

Alleged Violations

A. - Paragraph 1 - Admits the allegations that Ronald R. Yates is the sole owner of 'California's Republic Reporter', which is, in fact, a **newspaper** operating as a business existing under California law with their principal place of business in Los Angeles County. Except as so admitted, YATES denies each and every allegation in said paragraph. Submitted (**Exhibit A**) is a copy of a story that originally appeared in New York Newsday on Sunday, March 11, 1990 about YATES' Grandfather Frank J. Mooney, and which was reprinted in the November Edition of California's Republic Reporter. There is also a copy of a 'Citation' (**Exhibit B**) that YATES received from the **New York State Assembly** commending YATES for becoming the Editor-in-Chief of the **newspaper** founded by his grandfather, and for YATES' efforts for crusading against injustice and unfair actions in the community. YATES is now continuing the 60 year family tradition of publishing a local **newspaper** with the publication of California's Republic Reporter in Los Angeles County, California.

- Paragraph 2 - YATES denies each and every allegation in said paragraph.
- Paragraph 3 - YATES denies each and every allegation in said paragraph.
- Paragraph 4 - Admits the allegations that such packages were offered for a short time, but were discontinued because none were sold. Marketing strategy often changes as is evidenced by the submitted copy of an old rate card (**Exhibit C**) where a full page ad was offered for $7,500. No ads were sold, or any others for that matter, at those prices, so circulation was modified as were the prices.

B. YATES denies each and every allegation in said paragraph. YATES publishes a **Newspaper**, not a slate mailer, and all advertisements which were purchased by candidates were so marked and identified at the bottom of the ad as required by law.

C. YATES denies each and every allegation in said paragraph.

D. - Paragraph 1 - Admits that the April 1994 and two June issues of California's Republic Reporter contain several **paid advertisements** from non-political enterprises, (and only wish that there were more of them!) Except as so admitted, YATES denies each and every allegation in said paragraph.

- Paragraph 2 - YATES denies each and every allegation in said paragraph.

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For The Record

1. **California's Republic Reporter is a Newspaper** - *NOT* a slate mailer or a political committee.

2. **Ronald R. Yates is a third-generation newspaperman carrying on a 60 year family tradition** - *NOT* an agent acting on the behalf of, or in concert with, any candidate or enterprise.

3. **California's Republic Reporter sells advertising space to businesses, as well as candidates, and sells subscriptions to the newspaper** - The newspaper *DOES NOT* receive contributions, or make expenditures for any candidate involved in a federal election.

4. Ronald M. Florance also filed a complaint against California's Republic Reporter with the California Fair Political Practices Commission (FPPC) on September 30, 1994 for alleged violations of the Political Reform Act, ie. that California's Republic Reporter was an illegal slate mailer, not a newspaper, and received contributions and made expenditures for statewide candidates acting as a political committee.

5. In a letter to Ronald M. Florance dated November 7, 1994 from Vanessa G. Porter, Enforcement Counsel - Enforcement Division of the California Fair Political Practices Commission, **(Exhibit D)** it was stated that, "This letter is in response to your September 30, 1994 request that the Commission commence civil prosecution of the above referenced matter, pursuant to Government Code Section 91007, for alleged violations of the Political Reform Act. Please be advised that 'WE SHALL **NOT BE FILING A CIVIL** ACTION IN THIS INSTANCE.'" This action took place after a lengthy interview of YATES by an investigator of the FPPC who spent most of October 25th at the California's Republic Reporter office.

6. Ronald M. Florance filed a libel suit in the Los Angeles County Superior Court on October 19, 1994 against Ronald R. Yates, California's Republic Reporter, Public Reporter aka California's Republic Reporter News Bureau, Susan Brooks, Jim Brooks, Les Martin **(who wrote a letter to the editor in another paper that was not in favor of Florance)**, Susan Brooks For Congress Committee, John Duke, John Duke For Congress Committee, Michael Durst individually and doing business as L. A. Rubber Co (one of California's Republic Reporters business advertisers that has ceased advertising). In his amended complaint filed in the Los Angeles County Superior Court on November 14th, 1994 Florance states in his 'Fifth Cause of Action' paragraph 42 that "On November 7, 1994 the FPPC by letter to plaintiff, declined to prosecute the violations alleged herein by filing of a civil action. Thereby, FLORANCE and the FLORANCE COMMITTEE have exhausted the administrative remedies available to them." **(Exhibit E)**

7. In same suit in his 'First Cause of Action' paragraph 3, FLORANCE claims that 'Defendants S. Brooks, J. Brooks, Martin, Brooks Committee and Does 1 through 5 at all times herein mentioned were the AGENTS and SERVANTS of their co-defendants, YATES, REPORTER, NEWS BUREAU," **(Exhibit F)**. However, in his complaint filed with the FEC (Alleged Violations #5) he claims that **"California's** Republic Reporter was a committee authorized by the Susan Brooks Committee, acting at her direction and in concert with the candidate." **(Exhibit G)**. Why the switch? What's Florance's agenda?

8. It is public record that Florance, and his cronies/mates, have been involved in over **60 lawsuits** in just the past few years. He has proven to be overly litigious and it has been claimed that Florance has used the judicial system to make a fortune, as well as to **harrass** and **intimidate** people who can't fight back.

9. In his June primary campaign against Susan Brooks, FLORANCE was said to have out-spent Brooks by almost 5-1 (spending an estimated $350,000), expected to win, but when he didn't he sued people that he felt was not on his side, in every way that he could, **at the most opportune time to exact the most pain and suffering from his victims**. Florance called up YATES six weeks after the election and said, "I'm going to **get** you! I'm going to **sue** you! You'll be sorry!" He didn't ask for a retraction, he just wanted **revenge** for accurate reporting. Florance has the vast resources of money to commit to lengthy **courtroom campaigns** against those that don't. As evidenced in his **October 6, 1994** L. A. Times interviews, **(Exhibit H)** Florance takes delight that several government agencies are carrying out his revenge tactics (at **NO COST** to him!) **NOTE:** The **timing** of the article was about 1 month prior to the general election. If a 'violation' had, in fact, been committed wouldn't it, or shouldn't it, have been reported **immediately?** Florance articles were printed in several local papers throughout October. This cost YATES advertising revenue and it probably

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lost Susan Brooks her election to Congress (she lost by 500 votes in over 170,000 cast for the seat).

10. Florance has filed complaints with the **FEC**, **FPPC**, and suit in the **L.A. County Superior Court.** Florance did so at the end of September so as to disrupt YATES' business during the busiest period of the year, costing YATES additional advertising revenue that couldn't be cultivated due to the fact that YATES unfairly had to deal with these three matters. Several of the newspapers advertisers opted not to advertise again in the newspaper due to the harassment from Florance's lawsuits in which they were named as co-defendants. In an interview published in the Daily Breeze on Thursday, October 6, 1994 Florance stated he wants to "...stop California's Republic Reporter, which is soliciting ads..." (**Exhibit 1**). Florance has successfully harassed California's Republic Reporter, Ronald R. Yates and their customers, and continues to do so through this complaint made to the FEC.

PRAYER

WHEREFORE defendant YATES respectfully prays:

1. The **Federal Election Commission** finds that California's Republic Reporter and Ronald R. Yates as Publisher & Editor-in-Chief has **NOT** violated the Federal Election Campaign Act of 1971 in regards to the matter of MUR 4080.

2. The **Federal Election Commission,** in view of these facts and circumstances, will decide that **NO** action should be taken against California's Republic Reporter and Ronald R. Yates as Publisher and Editor-in-Chief in regards to the matter of MUR 4080.

The foregoing is true and correct and of my personal knowledge, except as to matters stated on information and belief, which I believe to be true.

Ronald R. Yates
Publisher & Editor
California's Republic Reporter

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 9, 1994

Ronald M. Florance
1025 Via Mirabel
Palos Verdes Estates, CA 90274

RE: MUR 4080

Dear Mr. Florance:

This letter acknowledges receipt on November 21, 1994, of the supplement to the complaint you filed on November 16, 1994. The respondent(s) will be sent copies of the supplement. You will be notified as soon as the Federal Election Commission takes final action on your complaint.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 9, 1994

Edward E. Firth, Treasurer
Wolf Dalichau for U.S. Senate Committee
3156 Glendale Blvd.
Los Angeles, CA 90039

RE: MUR 4080

Dear Mr. Firth:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On November 21, 1994, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information.

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

Sincerely,

Mary L Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

9704384264 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 9, 1994

Ronald R. Yates, Publisher
California's Republic Reporter
28729 Western Avenue
P.O. Box 173
Rancho Palos Verdes, CA 90732

RE: MUR 4080

Dear Mr. Yates:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On November 21, 1994, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 9, 1994

President
L.A. Rubber Co.
2915 E. Washington Blvd.
P.O. Box 23910
Los Angeles, CA 90023

RE: MUR 4080

Dear Sir or Madam:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

9704384269

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 9, 1994

President
Joe Vilarino's Showcase
1201 S. Pacific Coast Hwy
Redondo Beach, CA 90277

RE: MUR 4080

Dear Sir or Madam:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 9, 1994

Hilda Daiber, Treasurer
Susan Brooks for Congress Committee
3525 Pacific Coast Highway
Torrance, CA 90505

RE: MUR 4080

Dear Ms. Daiber:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On November 21, 1994, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 9, 1994

John B. Duke, Treasurer
John Bernard Duke for Congress Committee
P.O. Box 20463
Long Beach, CA 90801

RE: MUR 4080

Dear Mr. Duke:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On November 21, 1994, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

9704384262 52

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 9, 1994

Susan Brooks
3419 Corrina Dr.
Rancho Palos Verdes, CA 90274

RE: MUR 4080

Dear Ms. Brooks:

On October 14, 1994, you were notified that the Federal Election Commission received a complaint from Ronald M. Florance alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time you were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On November 21, 1994, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information.

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

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure

9704384263

FAX 202 219-3923

RE: MUR 4080.

19 Dec 94

Dear Alva E. Smith

For your information - attached is a letter from Mr. Florance attorney addressed to me.
In part, the letter states - I am off the hook as far as this allegation is written, I do not have to answer.
This writer and Mr. Florance met and discussed this matter, and Mr Florance stated, I am not the person he feels who withheld Federal expenditure information or made false disclosures.
As I stated before, I don't know what your office expect from me, but I do hope this letter will aid in bring my involement in this matter to a close —
Thank You.

John B. Duke

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Dec 19 3 09 PM '94

ROBERT ALDEN WELBOURN
ATTORNEY AT LAW
2811 WEST TORRANCE BOULEVARD
TORRANCE, CALIFORNIA 90501
(310) 320-7525

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
DEC 19 3 09 PM '94

November 2, 1994

John Bernard Duke
P.O. Box 20463
Long Beach, CA. 90801

RE: Florance vs. Yates, et al.
LASC No. YC021569

Dear Mr. Duke,

Please permit this letter to confirm the personal service upon you individually, and on behalf of the Duke for Congress Committee copies of Summons and Complaint on file in the above-entitled matter on October 31, 1994.

As was stated to you by Mr. Florance and Mr. Greenberg, you are granted an open extension to answer, or otherwise plead to the complaint, subject to a thirty (30) day written notice sent to you at the post office box set forth above.

Thank you for your cooperation.

Very truly yours,

ROBERT ALDEN WELBOURN

RAW:hs
cc: Ronald M. Florance

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LAW OFFICES OF

NORDMAN, CORMANY, HAIR & COMPTON
1000 TOWN CENTER DRIVE
6TH FLOOR
POST OFFICE BOX 9100
OXNARD, CALIFORNIA 93031-9100
(805) 485-1000
(805) 656-3304

6TH FLOOR FAX (805) 988-8387
5TH FLOOR FAX (805) 988-7790

WILLIAM H. HAIR
ROBERT L. COMPTON
MARC L. CHARNEY
RONALD H. GILL
LARRY L. HINES
KENNETH M. HIGH, JR.
MICHAEL C. O'BRIEN
LAURA K. McAVOY
RANDALL H. GEORGE
JANET ANNE REESE
PAUL W. KURZEKA
ANTHONY H. TREMBLEY
JONATHAN FRASER LIGHT
KENT M. KELLEGREW
WILLIAM E. WINFIELD
GERALD M. ETCHINGHAM
CHRISTOPHER K. KITASAKI
SCOTT B. SAMSKY
GUY C. PARVEX, JR.
ROBERT J. LENT
ANNE M. LARSEN
SUSAN M. SEEMILLER
JOHN M. ANDERSEN
LAUREL A. McLAUGHLIN
MARK R. PACHOWICZ
PATRICIA A. MALONE
SUSAN WESTEEN NOVATT

BEN E. NORDMAN
(1913-1988)

RALPH L. CORMANY
DAVID A. GERBER
JOHN A. SLEZAK
(OF COUNSEL)

WESTLAKE VILLAGE OFFICE
880 HAMPSHIRE ROAD, SUITE A
WESTLAKE VILLAGE, CALIFORNIA 91361
(805) 497-2795

WRITER'S DIRECT DIAL NUMBER
(805) 988-8306

December 19, 1994

DEC 22 12 47 PM '94
RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Mary L. Taksar, Attorney at Law
Central Enforcement Docket
Federal Election Commission
999 E Street, N. W.
Washington, D.C. 20463

Re: MUR 4080
October 20, 1994 Additional Information
Received from Complainant

Dear Ms. Taksar:

Our client, L. A. Rubber Co., is in receipt of additional information from the Complainant, transmitted via your December 9, 1994 letter. Your December 9, 1994 letter was received by our client on or about December 15, 1994.

Our response to this "additional information" is the same indicated in our October 28, 1994 response to the original Complaint. I also note that in the Complainant's November 16, 1994 letter enclosing the "additional information," he does not even name L. A. Rubber Co. as a defendant.

Your December 9, 1994 letter further indicates that L. A. Rubber Co. was given a copy of the [original October 14, 1994] Complaint and informed that a response to the Complaint should be submitted within 15 days of receipt of the notification. Given this statement, and the fact that your office is continuing to communicate directly with my client despite the Statement of Designation of Counsel which we filed with your office as part of our October 28, 1994 response, leads me to believe that you may not have received our original October 28, 1994 response. Therefore, an additional copy of our October 28, 1994 response to the original Complaint is enclosed for your review. **In addition, I request that your office correspond with me directly, rather than my client.**

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Should you have any questions, please contact me at the above telephone number. Thank you for your courtesy.

Very truly yours,

NORDMAN, CORMANY, HAIR & COMPTON

Anthony H. Trembley

Anthony H. Trembley

AHT:lp
Enclosure

cc: L. A. Rubber Co.

9243085/3541.014

9704384267

WILLIAM H. HAIR
ROBERT L. COMPTON
MARC L. CHARNEY
RONALD H. GILL
LARRY L. HINES
KENNETH M. HIGH, JR.
MICHAEL C. O'BRIEN
LAURA K. McAVOY
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SCOTT B. SAMSKY
MITCHELL F. DISNEY
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MARK R. PACHOWICZ
PATRICK D. HISCOCKS
PATRICIA A. MALONE
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LAW OFFICES OF

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1000 TOWN CENTER DRIVE
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5TH FLOOR FAX (805) 988-7790

BEN E. NORDMAN
(1913-1995)

RALPH L. CORMANY
DAVID A. GERBER
JOHN A. SLEZAK
(OF COUNSEL)

WESTLAKE VILLAGE OFFICE
280 HAMPSHIRE ROAD, SUITE A
WESTLAKE VILLAGE, CALIFORNIA 91361
(805) 497-2705

WRITER'S DIRECT DIAL NUMBER
(805) 988-8306

October 28, 1994

RETAIN THIS NUMBER-CUSTOMER RECEIPT WILL BE MAILED TO YOU.
TB662003331 US

VIA EXPRESS MAIL

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

Re: Complaint Filed by Ronald M. Florance
MUR 4080

Dear Sir or Madam:

This law firm represents L. A. Rubber Co. ("Respondent"). A Statement of Designation of Counsel executed by the President of Respondent, Michael Durst, is enclosed. I request that all notifications and communications from the Commission regarding this matter be sent directly to the undersigned.

Respondent generally and specifically denies the allegations contained in the September 20, 1994 complaint ("Complaint") filed by Ronald M. Florance ("Complainant"). Complainant's allegations are without merit and Respondent requests that the Commission take no action regarding the Complaint. [11 C.F.R §111.6(a).]

In May 1994, in response to a marketing and advertising solicitation from California's Republic Reporter ("newspaper"), Respondent purchased advertising space in the newspaper. Respondent was informed by Ronald Yates, the newspaper's publisher, that via Mr. Yates's newspaper, Respondent's business advertisement would reach Republican prospective customers in several State Assembly districts in the Southern California area. Respondent considered the advertisements to be an ordinary and legitimate method of advertising its products to the public. Respondent did not discuss, nor was Respondent aware of, any alleged slate mailings by Respondent Ronald Yates or the newspaper, or any alleged connection by Yates or the newspaper to any political campaign, including

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Respondents Susan Brooks or the Susan Brooks for Congress Committee. Respondent was aware generally that Mr. Yates was attempting to sell advertising space in his newspaper to political candidates, although Respondent was not aware of Mr. Yates' efforts with regard to any specific candidates or campaigns, including the Brooks campaign. Respondent's dealings with Mr. Yates and the newspaper were simply an arms-length purchase of commercial advertising space.

Respondent's purchase of advertising was not an "expenditure" as that term is defined in and intended by 2 U.S.C. §441b(b)(2), since Respondent was not making a payment of money to any candidate, campaign committee, or political party or organization, in connection with a congressional race. Respondent's purchase of advertising space was not from a political committee as defined in 2 U.S.C. §431(4), but from a newspaper or periodical entitled to the exemption of 2 U.S.C. §431(9)(B)(i). Further, Respondent's purchase of advertising space was intended for commercial benefit, not for the purpose of influencing any federal election and, thus, is not an "expenditure." [2 U.S.C. §§441b(b)(2), 431(9)(A).] Further, Respondent's advertisement does not itself advocate, let alone even address, the election of any candidate. FEC v. Massachusetts Citizens for Life (1986) 479 U.S. 238, 249, 93 L.Ed.2d 539, 551. In fact, Respondent's advertisement is no different than the ads of any commercial advertiser placed in The Washington Post, Time Magazine, or any other newspaper or periodical. Finally and fundamentally, Respondent's advertisement is a form of commercial free speech protected by the First Amendment and any infringement thereof would be constitutionally invalid.

Again, Complainant's allegations are without any merit whatever and Respondent requests that the Commission take no action regarding the Complaint.

Thank you for this opportunity to respond. Should you desire further information, please contact the undersigned.

Very truly yours,

NORDMAN, CORMANY, HAIR & COMPTON

Anthony H. Trembley

AHT:lp
Enclosure
cc: L. A. Rubber Company
9146763/3541.001

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 4080

NAME OF COUNSEL: ANTHONY H. TREMBLEY

ADDRESS: NORDMAN, CORMANY, HAIR & COMPTON
1000 Town Center Drive, 6th Floor
Post Office Box 9100
Ventura, California 93031-9100

TELEPHONE: (805) 485-1000

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.

L. A. RUBBER CO.

October 27, 1994
Date

By: [signature]
Signature
Michael A. Durst, President

RESPONDENT'S NAME: L. A. RUBBER CO.

ADDRESS: Michael A. Durst, President
2915 East Washington Boulevard
Los Angeles, California 90023

HOME PHONE:

BUSINESS PHONE: (213) 263-4131

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DECLARATION OF MICHAEL A. DURST

I, MICHAEL A. DURST, declare:

1. I am the President of L. A. Rubber Co.

2. In May 1994, I was approached by Ronald Yates of the California's Republic Reporter, a newspaper. Mr. Yates asked me to purchase advertising space in his newspaper.

3. Mr. Yates informed me that my company's advertising would reach prospective customers, who were also Republicans, in several State Assembly districts in the Southern California area. I considered these advertisements to be an ordinary and legitimate method of advertising our products to the public.

4. I did not discuss with Mr. Yates, nor was I ever aware of, any alleged slate mailings to be done by Ronald Yates or California's Republic Reporter, nor did I ever discuss with Mr. Yates or was ever made aware of any connection between Mr. Yates or his newspaper to any political campaign, including the Susan Brooks for Congress Committee. I was aware generally that he was attempting to sell advertising space to political candidates, although I was not aware of his efforts with regard to any specific candidates or campaigns, including the Brooks campaign. As far as I was concerned, my advertisements were strictly commercial advertising done in an arms-length manner with Mr. Yates and his newspaper.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on October [illegible], 1994 at Los Angeles, California.

MICHAEL A. DURST

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STATE OF CALIFORNIA)
)
COUNTY OF VENTURA)

On October 27, 1994, before me, M. Glennice Matthews, Notary Public, personally appeared Michael A. Durst, as President of L. A. Rubber Co., ~~personally known to me~~ (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

M. Glennice Matthews

M. GLENNICE MATTHEWS
COMM. # 1022614
Notary Public — California
LOS ANGELES COUNTY
My Comm. Expires AUG 16, 1997

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California's
RONALD R. YATES
EDITOR & PUBLISHER
PH. 310-833-9441
1501 SUNNYSIDE TER.
SAN PEDRO, CA 90732
FX. 310-521-8233
REPUBLIC REPORTER
CALIFORNIA REPUBLIC
COUNTY, STATE, AND NATIONAL POLITICAL NEWS

Mr. Lawrence Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20453

December 16, 1994

Re: MUR 4080 - Complaint against "California's Republic Reporter", Ronald R. Yates.

RONALD R. YATES, dba 'California's Republic Reporter', hereby responds with his First Amended Answer to the complaint filed against him by Ronald M. Florance on September 20th, 1994 known as MUR 4080:

Alleged Violations

1. Admits the allegations that Ronald R. Yates is the sole owner of 'California's Republic Reporter', which is, in fact, a **newspaper** operating as a business existing under California law with their principal place of business in Los Angeles County. Except as so admitted, YATES denies each and every allegation in said paragraph #2.

2. Admits the allegations that Ronald R. Yates is the sole owner of 'California's Republic Reporter', which is, in fact, a **newspaper** operating as a business existing under California law with their principal place of business in Los Angeles County. Except as so admitted, YATES denies each and every allegation in said paragraph #3.

3. Admits the allegations that Ronald R. Yates is the sole owner of 'California's Republic Reporter', which is, in fact, a **newspaper** operating as a business existing under California law with their principal place of business in Los Angeles County. Except as so admitted, YATES denies each and every allegation in said paragraph.

4. Admits the allegations that Ronald R. Yates is the sole owner of 'California's Republic Reporter', which is, in fact, a **newspaper** operating as a business existing under California law with their principal place of business in Los Angeles County. Except as so admitted, YATES denies each and every allegation in said paragraph #4.

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5. YATES denies each and every allegation in said paragraph.

6. YATES denies each and every allegation in said paragraph.

Alleged Violations

A. - Paragraph 1 - Admits the allegations that Ronald R. Yates is the sole owner of 'California's Republic Reporter', which is, in fact, a **newspaper** operating as a business existing under California law with their principal place of business in Los Angeles County. Except as so admitted, YATES denies each and every allegation in said paragraph. Submitted **(Exhibit A)** is a copy of a story that originally appeared in New York Newsday on Sunday, March 11, 1990 about YATES' Grandfather Frank J. Mooney, and which was reprinted in the November Edition of California's Republic Reporter. There is also a copy of a 'Citation' **(Exhibit B)** that YATES received from the **New York State Assembly** commending YATES for becoming the Editor-in-Chief of the **newspaper** founded by his grandfather, and for YATES' efforts for crusading against injustice and unfair actions in the community. YATES is now continuing the 60 year family tradition of publishing a local **newspaper** with the publication of California's Republic Reporter in Los Angeles County, California.

- Paragraph 2 - YATES denies each and every allegation in said paragraph.
- Paragraph 3 - YATES denies each and every allegation in said paragraph.
- Paragraph 4 - Admits the allegations that such packages were offered for a short time, but were discontinued because none were sold. Notice of the discontinuation went out to potential advertisers on May 1, 1994 **(Exhibit C)** Marketing strategy often changes as is evidenced by the submitted copy of an old rate card **(Exhibit D)** where a full page ad was offered for $7,500. No ads were sold, or any others for that matter, at those prices, so circulation was modified as were the prices. Marketing is an ongoing, ever changing part of the advertising business. Except as so admitted, YATES denies each and every allegation contained in paragraph 4.

B. YATES denies each and every allegation in said paragraph. YATES publishes a **Newspaper**, not a slate mailer, and all advertisements which were purchased by candidates **were so marked and identified** at the bottom of the ad as required by law. Except as so admitted, YATES denies each and every allegation contained in section B.

C. YATES denies each and every allegation in said paragraph.

D. - Denies each and every allegation described in section D.

- Paragraph 1 - Admits that the April 1994 and two June issues of California's Republic Reporter contain several **paid advertisements** from non-political enterprises, (and only wish that there were more of them!) California's Republic Reporter is a For-Profit newspaper located in Los Angeles

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County and doing business under California State law. Paid advertising, as well as subscription sales are the only forms of revenue for this newspaper. Except as so admitted, YATES denies each and every allegation in said paragraph.

- Paragraph 2 - YATES denies each and every allegation in said paragraph.

For The Record

1. **California's Republic Reporter is a Newspaper** - *NOT* a slate mailer or a political committee.

2. **Ronald R. Yates is a third-generation newspaperman "carrying on a 60-year family tradition of crusading against injustice and unfair actions in the community, as well as being an effective voice for good government, monitoring community problems, informing the public and ensuring that positive action was taken."**- The newspaper *DOES NOT* receive contributions, or make expenditures for any candidate involved in a federal election, and is *NOT* an agent acting on the behalf of, or in concert with, any candidate or enterprise.

3. Ronald M. Florance takes it upon himself to decide a point of United States and California law and file complaints against California's Republic Reporter with the California Fair Political Practices Commission (FPPC) on September 30, 1994. Florance falsely alleging violations of the Political Reform Act, ie. that California's Republic Reporter was an illegal slate mailer, not a newspaper, and received contributions and made expenditures for statewide candidates acting as a political committee.

4. In a letter to Ronald M. Florance dated November 7, 1994 from Vanessa G. Porter, Enforcement Counsel - Enforcement Division of the California Fair Political Practices Commission, **(Exhibit E)** it was stated that, "This letter is in response to your September 30, 1994 request that the Commission commence civil prosecution of the above referenced matter, pursuant to Government Code Section 91007, for alleged violations of the Political Reform Act. Please be advised that 'WE SHALL **NOT** BE FILING A CIVIL ACTION IN THIS INSTANCE..." This action took place after a lengthy interview of YATES by an investigator of the FPPC who spent most of October 25th at the California's Republic Reporter office.

5. Ronald M. Florance filed a libel suit in the Los Angeles County Superior Court on October 19, 1994 against Ronald R. Yates, California's Republic Reporter, Public Reporter, aka California's Republic Reporter News Bureau, Susan Brooks, Jim Brooks, Les Martin **(who wrote a letter to the editor in another paper that was not in favor of Florance)**, Susan Brooks For Congress Committee, John Duke, John Duke For Congress Committee, Michael Durst individually and doing business as L.A. Rubber Co (one of California's Republic Reporters business advertisers that has ceased advertising). In his amended complaint filed in the Los Angeles County Superior Court on November 14th, 1994 Florance states in his 'Fifth Cause of Action' paragraph 42 that "On November 7, 1994 the FPPC by letter to plaintiff, declined to prosecute the violations alleged herein by filing of a civil action. Thereby, FLORANCE and the FLORANCE COMMITTEE have exhausted the administrative remedies available to them." **(Exhibit F)**

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6. In same suit in his 'First Cause of Action' paragraph 3, FLORANCE claims that 'Defendants S. Brooks, J. Brooks, Martin, Brooks Committee and Does 1 through 5 at all times herein mentioned were the AGENTS and SERVANTS of their co-defendants, YATES, REPORTER, NEWS BUREAU," **(Exhibit G).** However, in his complaint filed with the FEC (Alleged Violations #5) he claims that "California's Republic Reporter was a committee authorized by the Susan Brooks Committee, acting at her direction and in concert with the candidate," **(Exhibit H).** Why the switch? What's Florance's **real** agenda?

7. Ronald M. Florance, the complainant, has proven to be very litigious in the past **(Exhibit I)** and continues to be unto this day. He is using the Federal Election Commission as a pawn *(the FEC's investigation is not costing him **one** penny!)* to seek his revenge for the accurate reporting of his questionable background **(Exhibit J)** which was published in California's Republic Reporter that he claims cost him his Republican primary bid for the 36th Congressional seat in June. It is public record that Florance uses the legal system to **harass and intimidate** people who don't have the resources to fight back, and with this complaint he proves that he takes delight in using the taxpayers money to fight his battles for him. It is precisely this type of action that Yates informed the public about in the June 1994 issue California's Republic Reporter and as a result, Yates is being treated like a criminal and his business has floundered because of the actions taken by Florance.

8. In his June primary campaign against Susan Brooks, FLORANCE was said to have out-spent Brooks by almost 5-1 (spending an estimated $350,000), expected to win, but when he didn't he sued people that he felt was not on his side, in every way that he could, **at the most opportune time to exact the most pain and suffering from his victims**. Florance called up YATES six weeks after the election and said, "I'm going to **get** you! I'm going to **sue** you! You'll be sorry!" He didn't ask for a retraction, he just wanted revenge for accurate reporting. Florance has the vast resources of money to commit to lengthy courtroom campaigns against those that don't. As evidenced in his **October 6, 1994** L.A. Times interview and story, **(Exhibit K),** and the October 6, 1994 Daily Breeze interview and story **(Exhibit L)** Florance takes delight that several government agencies are carrying out his revenge tactics (at **NO COST** to him!) Florance publicly slanders and humiliates Yates in these articles, taking it upon himself to decide a point of United States and California law, and then to publicly falsely accuse Yates of wrongdoing. Florance did these acts with malice with the full intent to injure Yates' reputation and business as revenge for honest and accurate reporting. **NOTE:** The **timing** of the article was about 1 month prior to the general election, and one month before the holiday advertising season. If a 'violation' had, in fact, been committed wouldn't it, or shouldn't it, have been reported **immediately?** Florance articles were printed in several local papers throughout October. This cost YATES advertising revenue and it probably cost Susan Brooks her election to Congress (she lost by 800 votes in over 170,000 cast for the seat).

9 .As a result of the hardships that Mr. Florance has put Yates under with his FEC and FPPC complaints, and the Libel lawsuit filed in L.A. County Superior Court, Yates was unable to publish an issue of California's Republic Reporter for December and had to **refund** advertising and subscription payments made to the paper, further humiliating Yates and hurting his business. **(Exhibit -S)**

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10. Florance has filed complaints with the **FEC (Exhibit M)**, **FPPC (Exhibit N)**, and filed suit in the **L.A. County Superior Court (Exhibit O)**. Florance did so at the end of September so as to disrupt YATES' business during the busiest period of the year, costing YATES additional holiday advertising revenue that couldn't be cultivated due to the fact that YATES unfairly had to deal with these three matters. YATES had to spend an enormous amount of time to prepare an FEC answer **(Exhibit P)**, an FPPC answer **(Exhibit Q)**, and a Pro-Per answer to the Los Angeles County Superior Court Libel suit **(Exhibit R)**. Florance also printed and sent out a press release **(Exhibit S)** in which he decided a point of United States and California law and made false accusations against Yates and California's Republic Reporter. Several of California's Republic Reporters advertisers opted not to advertise again in the newspaper due to the harassment from Florance's lawsuits in which they were named as co-defendants. In the last sentence of an interview published in the Daily Breeze on Thursday, October 6, 1994 Florance stated his true agenda by saying that he wants to "..**Stop California's Republic Reporter**, which is soliciting ads..." **(Exhibit T)**. Florance has successfully harassed California's Republic Reporter, Ronald R. Yates and their customers, and continues to do so through this complaint made to the FPPC.

11. Ronald M. Florance, through these complaints and lawsuits, has harassed my clientele to the point where most have declined to advertise again because of this public and private harassment and embarrassment. **After which**, Florance then went back to these people, **including YATES,** and offered to drop the charges for supplying false information.

This is quoted from an accidentally recorded conversation with Ronald M. Florance on Wednesday November 30, 1994* - "This is Ron Florance calling . . I'm calling as a **'friend'**, not as an enemy, . . I understand that you've got a **NEWSPAPER** and that you are trying to make a living, and all those other good things . . . I'm not out to hurt you, I'm not out to hamper your development ***NECESSARILY*** . . . We might be able to . . .I'm looking for cooperation here, and we just need to find out some things and maybe there's a way to get you out of the paperwork, get you out of filings, and all this kind of stuff . . .uhhh, and . . . maybe we can do it the **easy way** rather than the **hard way**. I mean, the **hard way** is **depositions**, **interrogatories**, and **continual filings**, its, it's, **a hassle!** But, I mean, **there are ways** that we can, ya know, give you open extensions which means you don't necessarily have to file right away. . . you may never have to file anything. **I'm just looking for a little cooperation.**"

This accidental recording was made on the first of five phone calls made by Florance - the complainant, to Yates - the respondent. Florance, in the following phone calls wanted YATES to lie under oath, bear false witness against myself and others, just so YATES wouldn't have to go through the **hassle.** YATES strongly declined. Florance then threatened to take California's Republic Reporter if YATES refused to cooperate. Florance made similar phone calls to several others, business advertisers as well as candidates, that were named in some, if not all, of his complaints. ***(* - copy of tape, or a playback, will be made available upon request.)***

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Some, like 38th Congressional candidate John Duke, was released from the lawsuit by Florance **(after** similar phone calls and threats) **(Exhibit T)** because it is believed that Florance does not to want face **Malicious Prosecution** charges from Duke, as well as others, whose lives and livelihoods he has damaged. He just wanted to build up the case to the FPPC, the FEC and to the PRESS **(Exhibit R)** to make it look like it was more than it really is. He knows he hasn't a case, and this whole fiasco is his way of subjecting his 'victims' to punishment, and then by his 'good graces', he calls as a **'friend'** to relieve them of having to take the **'Hard Way'**, (as Florance so subtly puts it) and threatens them with harsher treatment if **they - don't - cooperate**. (Didn't the United States of America fight a World War to eliminate **the Gestapo???)** And in the case of the FPPC and the FEC, it's **not** costing **Florance - the multi-millionaire** - a penny of his own money!!! Florance didn't have to pay the way for the FPPC's Bob Perna to fly down from Sacramento and spend the day interviewing me. The taxpayers did. Florance won't have to face any retribution for filing false charges against California's Republic Reporter. But Yates **already has** faced retribution by lost business and the time and energy it has cost to answer these false charges. It's not fair!!!! And Florance knows it. Hopefully you will, too, and Grant Yates his prayer:

PRAYER

WHEREFORE defendant YATES respectfully prays:

1. The **Federal Election Commission** finds that California's Republic Reporter and Ronald R. Yates as Publisher & Editor-in-Chief has **NOT** violated the Federal Election Campaign Act of 1971 in regards to the matter of MUR 4080.

2. The **Federal Election Commission**, in view of these facts and circumstances, will decide that **NO** action should be taken against California's Republic Reporter and Ronald R. Yates as Publisher and Editor-in-Chief in regards to the matter of MUR 4080.

The foregoing is true and correct and of my personal knowledge, except as to matters stated on information and belief, which I believe to be true.

This First Amended Answer to the FEC has been faithfully executed on this 16th day of December, 1994 in Los Angeles County, California, in the United States of America

Ronald R. Yates
Publisher & Editor
California's Republic Reporter
Los Angeles, California
United States of America

CC:
Mary L. Taksar, Attorney
Central Enforcement Docket
Federal Election Commission

Alva Smith
Federal Election Commission

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FEC MUR 4080 - California's Republic Reporter, Ronald R. Yates

Index of Exhibits

Exhibit A - 1990 New York Newsday story about YATES' family background in the newspaper business.

Exhibit B - New York State Assembly 'Good Citizen' Citation to Yates

Exhibit C - Marketing Discontinuation Notice to Advertisers

Exhibit D - Older Rate Card

Exhibit E - FPPC letter from Vanessa Porter, Enforcement Counsel

Exhibit F - Florance Libel Suit - Fifth Cause of Action

Exhibit G - Florance Libel Suit - 1st Cause of Action

Exhibit H - Florance FEC Complaint - Alleged Violation #5

Exhibit I - Numerous Lawawsuits from the past against Florance

Exhibit J - The Florance Record

Exhibit K - Los Angeles Times October 6, 1994 interview and story of Florance

Exhibit L - Daily Breeze, October 6, 1994 interview and story of Florance

Exhibit -S - Copy of cancelled invoice and returned check from an advertiser.

Exhibit M - FEC Complaint by Florance

Exhibit N - FPPC Complaint by Florance

Exhibit O - L.A. County Superior Court Libel Suit by Florance

Exhibit P - FEC Answer by Yates

Exhibit Q - FPPC Answer by Yates

Exhibit R - L.A. County Superior Court Libel Suit Answer by Yates

Exhibit S - Press Release by Florance

Exhibit T - Daily Breeze Article enlargement

Exhibit U - 38th Congressional Candidate John Duke release by Florance

Special Enclosure: Copy- First Ammended Answer to First Ammended Complaint and First Ammended Cross-Complaint for Abuse of Process - Filed By Susan Brooks and Susan Brooks for Congress Committee - Cross Complaintants vs. Ronald M. Florance - Cross Defendants .
NOTE: Please see page 11 "First Amended Cross-Complaint for Abuse of Process", as well as page 13, paragraph 45.

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COMMISSION
OFFICE OF GENERAL
COUNSEL
Dec 28 10 26 AM '94

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EXHIBIT A

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Reprinted - New York Newsday - Sunday, March 11, 1990

Soft Spot for a Crusty Newsman

By William B. Falk

A few months ago, it seemed that the 38-year run of the newspaper that calls itself, "Suffolk's Most Enterprising Weekly" was over.

Frank J. Mooney, editor of The Main Street Press, was in the hospital with cancer. Mooney, an 84-year-old curmudgeon his friends say is "the last of the old country editors," hadn't missed an issue of writing, editing and publishing The Press since unleashing it on the Village of Patchogue and the Town of Brookhaven on Oct. 18, 1951.

Week in, week out the past 38 years, the 6-foot-2 Mooney could be seen striding purposefully down Main Street in search of news, or pounding out puns and punditry in his Patchogue office, wearing suspenders and a hat.

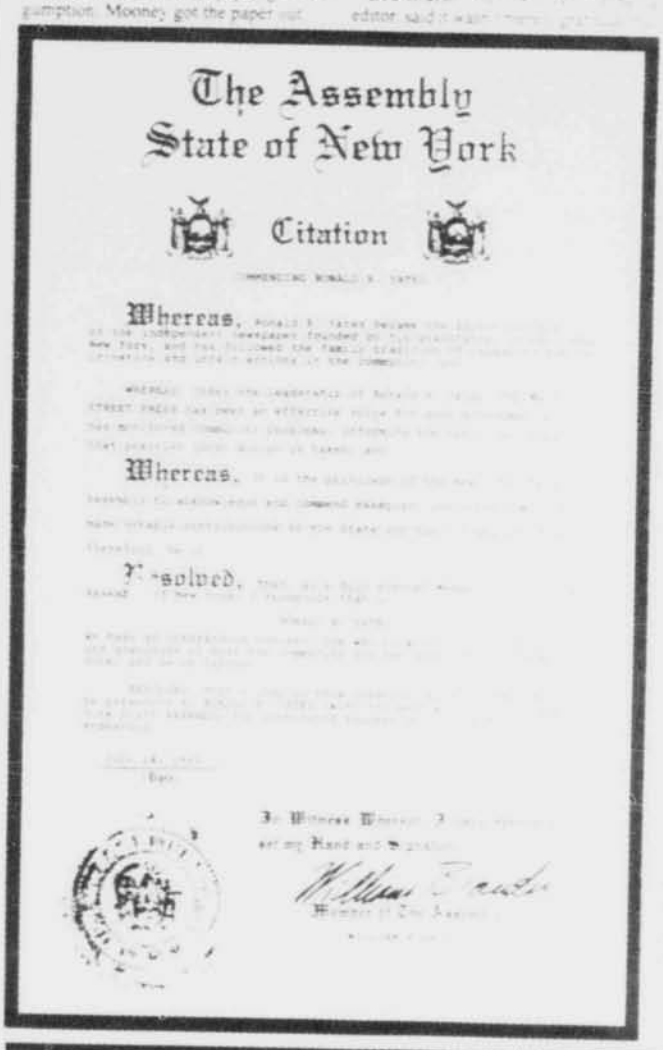
Even when cancer first struck him a dozen years ago, Mooney and the presses rolled on. Mooney, that time, checked himself into the hospital for a colon operation. The next day, his family swears, he was back at work. He demanded a table be brought alongside his hospital bed, and with paper, glue and gumption, Mooney got the paper out.

But when cancer reoccurred at the end of 1989, Mooney was unable to go on his himself.

Word of his [illegible] spread to Suffolk Life, another weekly, where many of the editors and reporters began their careers with a gentle push from Mooney's tips, information and advice. A group of them immediately told Mooney they'd serve for a while at his staff, carrying out his telephoned direction. Suffolk Life agreed to publish The Main Street Press for free for eight weeks. Mooney's grandson, Rod [illegible], volunteered to serve as [illegible] learn the trade.

Lou Grasso, Suffolk [illegible] editor, said it was [illegible]

Frank J. Mooney hangs out a [illegible] in his first Patchogue [illegible] Avenue.



The Assembly
State of New York

Citation

COMMENCING RONALD B. YATES

Whereas, Ronald B. Yates became [illegible] of the independent newspaper founded by his [illegible] New York, and has followed the family tradition [illegible] [illegible] and [illegible] in the [illegible]

[illegible]

Whereas, [illegible]

[illegible]

Resolved, [illegible]

[illegible]

Date

In Witness Whereof, I [illegible] set my Hand and Signature

William Frank

Member of the Assembly

[illegible]

Continued on page 9

Suicide Treatment Program Opens In Beverly Hills

Lt Governor candidate Cathie Wright (L) presents Dr. Nikakhtar with Governor Pete Wilson's special commission to the Metropolitan State Hospital Advisory Board. Photo by Ronald R. Yates

by Ronald R. Yates

Beverly Hills, CA - Declaring it [illegible] of 1994 to do something [illegible] patients, Dr. Manouch R. Nikakhtar [illegible] started on a maximum security [illegible] idea of a suicide program.

Revealing that the idea of [illegible] outpatient [illegible] Nikakhtar, Dr. [illegible] and developed [illegible] dedicated herself to [illegible] of the special care [illegible]

On Friday, September [illegible] unveiled the program in Beverly [illegible] first outpatient program [illegible] United States.

"In addition to the regular [illegible] Dr. Nikakhtar [illegible] to focus on [illegible] There are [illegible] Clinics [illegible] available. Dr. Nikakhtar [illegible] Hospitals are [illegible] punishment. [illegible] something needed [illegible]

The SAT Program is designed [illegible] suicidal thoughts and [illegible] high risk patients [illegible] The period of treatment [illegible] intensive, mainly focusing [illegible] self-destructive [illegible] understanding the patients [illegible] and motivation.

Sandy [illegible] a consultant [illegible] public, state [illegible] making calls [illegible] and [illegible] among adolescents.

[illegible] who is also a Clinical [illegible] at UCLA, said that [illegible] program consists of three [illegible] Aversion Treatment [illegible] Avoidance Treatment and [illegible] The period of [illegible] structured and consecutive [illegible] program.

[illegible] meeting of the SAT [illegible] which seventy [illegible] Nikakhtar and [illegible] Wright. "I think [illegible] Nikakhtar has accomplished [illegible] of time is nothing [illegible] exclaimed Wright [illegible] Dr. Nikakhtar with a special [illegible] Governor Pete Wilson [illegible] be here in the Governor's [illegible] this commission [illegible] and had the foresight [illegible] program that is so desperately [illegible] to this city, this community, [illegible] state as well.

[illegible] a useful period [illegible] hope that this program [illegible] improve their [illegible]

California Secretary [illegible] Wright was another [illegible] present Dr. [illegible] from Governor Wilson [illegible] cutting the ribbon [illegible]

[illegible] program is operated Monday [illegible] from 7 to [illegible] p.m. [illegible] Beverly Hills [illegible] Suite [illegible] among adolescents.

ATTENTION!

SYLVANIA

SPECIAL NOTICE TO CONSUMERS!

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LOWER PRICES

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Complete Line On Display

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• GE • NEC • SHARP • HITACHI • TOSHIBA • DUAL
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Since 1956

We Service The 'OLD FASHIONED WAY'... We Repair Them!

Joe Vilarino's show case 540-8444

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CALIF. LICENSE #[illegible] LICENSED & INSURED

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• Draperies
• Linoleum
• Floor Tile
• Vinyl
• Hardwood

"DEMAND FULL DISCLOSURE OF WHITEWATER-GATE!"
- Dave Ulrich, Owner

(310) 540-0811 401 S. Pacific Coast Hwy., Redondo Beach, CA 902[illegible]

ATTENTION BUSINESS OWNERS

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The Attack On The United States Constitution

by Ronald R. Yates - Publisher & Editor

The purported lawsuit, and complaints, that were recently filed against ***California's Republic Reporter*** by the defeated republican 36th Congressional District candidate Ron Florance, not only has the awful, stinking stench of sour grapes emitted by a sore loser, but is clearly a blast against our 1st Amendment Rights of Freedom of the Press.

Since the time of the framing of the United States Constitution, newspapers have been, and continue to be, political in nature and were protected by the very first amendments to the Constitution so that there would Freedom of Speech, and therefore Freedom of the Press, throughout the land.

Politics are controversial, probably more so today, than at any other time in our history, because the people now involved in politics come under more public scrutiny. (*Controversy - A dispute of length and public one, between sides holding opposing views.*) Newspapers, our founding fathers so wisely decided, should be protected to report and comment on these people in the political arena, and be able to do so unhindered by threats of reprisal from those being reported on.

In every edition of ***California's Republic Reporter*** we highlight the local, county, state and national political news, including the local political infrastructure such as political clubs, organizations and candidates and then deliver this news by mail to our growing audience.

The defeated Ron Florance is upset in his beer, *and bellowing to the Superior Court* because we reported that his June Primary opponent, Susan Brooks, had the grass-root support of almost every Republican group and organization in the South Bay, (which she did) and he did not. We reported on his background and how often he found himself in the courtroom, involved in one lawsuit or another (60, and counting, in just the past few years). We asked whether he would be a Republican Asset or a Republican Embarrassment when it came time in the General election to face the hard-hitting 20 year incumbent Jane Harman, especially since he was going to be in the courtroom again just a few weeks prior to the general.

With his recent public pouting and childish tirades making headlines, Florance has proven to be an embarrassment to most of the South Bay Republican political community. He's living up to the dark and dirty side of politics, sounding and acting more like a vanquished ***democrat*** than anything else.

Florance also filed complaints with the FPPC and the FEC claiming yet another controversy. California's Republic Reporter may look like a newspaper, sound like a newspaper, feel like a newspaper, sell business advertising and subscriptions like a newspaper but, according to Ron Florance as he cries in his complaints, "It's NOT a newspaper." Florance was also quoted in a liberal South Bay daily newspaper as wanting to "Put a stop to California's Republic Reporter."

If Millionaire Ron Florance feels that he needs to fight my first amendment rights to publish a newspaper, he can. If he wants to snuff out my fledgling business, he can, too. But what's his motive? Is it because he out-spent Susan Brooks by almost 5-1 in his costly primary bid and lost? Is it because he tried to buy the election but the voters wouldn't give him the win? Or is it because, as a multi-millionaire, he always gets his way, and when he doesn't - look out! It's like that spoiled brat in the grocery store checkout line, making a scene, screaming at his mother, "Gimme, gimme, **gimme!** Buy me **this!** Buy me **that!**" And when she refuses to give in, the little snot kicks her in the shins.

It certainly appears that way because, well, my shins hurt. Ronnie Florance has kicked me. Not once, but three times.

However, all three harassment suits are based on Florance's misguided logic that I am NOT allowed the Freedom of the Press and the right to publish a newspaper, and report the news and offer commentary to my readers. Since, as a citizen of the United States of America, I do have that right, ALL of his claims are groundless, baseless and are therefore negated.

I am proud to be a third-generation newspaperman, carrying on in my grandfather's footsteps, and no one will stop me from continuing our 60 year family tradition - no matter how many times they decide to kick me.

And no one, no matter how hard they kick or how loud they scream and shout, is bigger than the United States Constitution.

Newsman

continued from page 8

organizing the "Letter from Home" to servicemen abroad. Under Mooney's crust, say those that know him, is a man of warmth and compassion who simply prefers sentiment demonstrated to sentiment expressed.

When Mooney's friends and grandson began their eight week stint Jan. 24th, The Main Street Press announced their arrival with a lead headline of "We're Still Here!!"

Eight weeks later, Mooney's paper is still here. Yates, having developed a crush on journalism during his crash course, vows to keep the paper going. Next week, he says, he and his grandfather will get the paper out themselves.

And earlier this month, after having not appeared in public for weeks, a clearly ailing Mooney made an appearance at a Patchogue Village Board meeting. He now limits covered the meeting, but led the audience in a recital of the Pledge of Allegiance. "It hit him up for days," Yates said.

But his gratitude didn't stop Mooney from placing a characteristic phone call to Mayor Leavandoski. Mooney, it seems had seen a copy of the Village of Patchogue's annual report. It's dedicated to "Frank J. Mooney, publisher, editor and journalist, second to none, and one of the best friends the Village of Patchogue has ever known."

"Why the heck did you do that?" Leavandoski said Mooney demanded of him. "Don't ever do that again." And with that, Mooney hung up, a click his only good-bye.

Frank J. Mooney passed away at home with his family three weeks after this story was originally published. His family graciously asked Yates (who was at Mr. J's side at the request of the Main Street Press) to speak at the funeral.

LETTERS TO THE EDITOR

Ronald R. Yates, Editor & Publisher
California's Republic Reporter

Dear Ron:

As President of the Los Angeles County Federation of Republican Women, I wish to express to you how delighted I and my Republican Women's Clubs are to have received California's Republic Reporter in Los Angeles County.

You are to be commended for your educational articles, range of issues and candidate information which can be credited for motivating voters to the polls in the June primary, giving several Republican candidates the edge needed for victory.

Your professional presentation of California's Republic Reporter is a great service to Republicans and civic-minded leaders throughout Los Angeles providing an outlet for their activities and contributions of their groups to fellow Republicans in our area.

I am so impressed with you and your untiring efforts to provide this service, I am urging my 62 Republican Women's Clubs with over 7,000 members to support your publication in every way possible. Because of your dedication and commitment to the Republican Philosophy, I highly recommend that Republicans everywhere, in business as well as in voluntary organizations, support you and your efforts to deliver California's Republic Reporter to every Republican in Los Angeles County.

Thank you for all your efforts.

Wanda J. Brand

No On Prop 190

To The Editor:

Prop 190 is nothing more than Willie Brown's proposal to revamp the Commission on Judicial Performance, which is the overseer of the California judiciary. When viewing the proposition at face value there are many who will want to support this measure because it expands the powers to discipline judges for misconduct. But when you go a little deeper you find that it also removes the constitutional checks on the agency's power.

Unlike most measures before the people, this measure was not sponsored by any citizens group. Prop 190 was ushered through a legislature still angry that the Supreme Court upheld the voter's initiative on term limits (Prop 140). What this means is that Prop 190 is really a blast against our three branches of government and it's built in system of checks and balances.

Another reason why Prop 190 is so dangerous is that it will give the people of California a judiciary which reports to politicians.

If Prop 190 is defeated, there will be a

continued on page 11

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Featured Interview

LACFRW Ballot Recommendations

California's Republic Reporter recently asked the Los Angeles County Federation of Republican Women how they stand on the upcoming Propositions. The Federation has more than 7,000 members in Los Angeles County.

Prop 180 — No

The mother of all propositions weighs in as the longest ballot initiative in California history. The nickname "CalPaw" (Californians for Parks and Wildlife) fits because, if approved, this King Kong of an initiative will grab huge tracts of land, and will leave a lasting imprint on the Golden State for decades.

The chief sponsors, the Planning and Conservation League might have saved ink had they just called it the "Everything but the kitchen sink Initiative." It is a $2 billion bond measure that targets about 400 specific projects throughout the state, mostly land acquisitions straight from environmentalists wish list. It bypasses legislative deliberation and oversight. Prop. 180 is an attempt to pass the hat around to all of the taxpayers for parochial interests. We oppose this measure.

Prop 181 — No

This is the only bond issue on the November ballot. It would authorize $1 billion bond issue for rail systems and would cost taxpayers about $1.6 billion over the 20 year life of the bonds. Opponents say the bond, are too costly and that the state has more pressing fiscal needs. We oppose this measure.

Prop 183 — No

Recall elections - state officers. This constitutional amendment would allow recall elections to be consolidated with the next regular scheduled election, avoiding the need for a special election. Current law requires recall elections to be held 60 to 90 days after the Secretary of State's certification of signatures. We oppose this measure.

Prop 184 — Yes

Three Strikes and You Are Out - increases sentences for repeat offenders of serious violent felonies. This remains on the ballot even after the legislature passed an identical measure into law. Its passage would ensure that the legislature won't weaken the law ultimately. It is opposed by victims' rights activist Mark Klaas who favors laws targeting only violent criminals. Leading financial backers are U.S. Senate candidate Michael Huffington and the State Prison Guards Union. We support this measure.

Prop 185 — No

Would place a 4% sales tax on gasoline and use the money for mass transit and related projects. It was placed on the ballot by the Planning and Conservation League, a coalition of environmental groups which say it would help clean the air. Opponents say that California's economy cannot withstand another tax increase. We oppose this measure.

Prop 186 — No

Single Payer Health Plan - Taxes. The state would administer a system of health care coverage for California residents financed by new taxes and potentially a transfer of existing government funds for health care programs. (It's a state Hillary). We oppose.

Prop 187 — Yes

(SOS) Would ban education, health care and social services to any person not in this country legally. It was put on the ballot by the Republican Party and several Republicans Politicians, who already have spent more than $5,000,000.00 on the measure. It has been embraced by Gov. Pete Wilson's re-election campaign. Opponents are led by Latino groups who say the measure is racist. We support this measure.

Prop 188 — No

Smoking and Tobacco. An effort by tobacco companies to undo the states sweeping new law banning smoking in the workplace. It would require segregated areas for smoking and ban cigarette vending machines in areas accessible to children. Opponents are the environmental groups. We oppose this measure.

Prop 189 — Yes

Constitutional amendment - would make it more difficult for suspects in sexual assault cases to be released on bail. We support this measure.

Prop 190 — Yes

Would expand the powers of the Commission on Judicial Performance to discipline judges for misconduct. We support this measure.

Prop 191 — Yes

Would re-structure county courts, upgrading all Justice Courts to Municipal Courts. We support this measure.

Vote Nov. 8th

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Superior Court Judge Candidate Tough On Crime, Earns

21-Ton Salute!

Susan Bryant Deason, candidate for L.A. County Superior Court Judge, has recently been given a 21-Ton Salute by several organizations for her successful prosecution of the largest narcotics case in history, involving the 21-Ton seizure of cocaine in Sylmar.

All of the major defendants have received 27-year mandatory life sentences without the possibility of parole.

For this effort, Susan received the United States Drug Enforcement Administration's Special Achievement Award and the California Narcotic Officers Association Special Award.

For the past eight years, Susan has been cross-designated as a Special Assistant United States Attorney to try cases and head a program, while on special assignment in federal court. From 1987 through 1989 Susan headed the Schools and Drug Trafficking Program in the Central District of California to prosecute drug dealers who were trafficking near schools. Over 100 drug dealers were successfully prosecuted.

Susan graduated from U.C.L.A. and earned her J.D. degree at Southwestern University School of Law. She is a guest lecturer and instructor for law enforcement officers at seminars, conferences and training academies. She is one of several Deputy District Attorneys who address local community groups on behalf of the Los Angeles County District Attorney's Office.

In the photo below, the Pacific Palisades Republican Women Federated, after being addressed by Susan, show their support for Superior Court Judge

Giving Susan Bryant Deason a 21-Ton Salute are (L-R): Emily Brunner - Pacific Palisades RWF, Roberta Harper - Area II Chair for the L.A. County Federation of Republican Women, Candidate Deason, and Wilma Kaliba - Pacific Palisades RWF.

Featured Columnist

A Minority View

by Dr. Walter Williams

Dr. Walter Williams

I love robust California zinfandels, merlots and cabernet sauvignons. But you may have as strong a passion for chardonnay, wine coolers and beer. I love biking 20,40 and 60 miles on my custom-made Klein, Campagnolo-fitted road bike. But YOU may hate biking and rather play tennis, golf or just watch television.

How come there's no conflict between us on these strongly held values? The answer's easy. I drink my zinfandel and bike my 40 miles, and you down your wine coolers and play several sets of tennis. We can be friends and team up to go fishing. When's the last time you've seen bikers organized against tennis players and merlot lovers organized against beer [illegible]? The chances for conflict are so slim that even to ask the question is silly.

To produce conflict among people having different values and preferences would be easy. Beer and tennis lovers could use threats, intimidation and coercion to make wine and biking lovers play tennis and drink beer. If they did this privately, they'd risk going to jail or getting punched out or shot by bike and wine lovers. So it'd be safer for them to use government power to get their way. And, of course, if one group of people has the right to use government to get its way, what's fair about denying another group the same privilege?

Free people have the right to choose whether they'll use their time and money resources to bike or play tennis, or drink wine or beer. They also have the right to choose what form of health insurance they wish, including none at all. Parents have the right to decide whether their children will say a prayer at school or not, be taught strict moral values or not, and whether they're taught what's passed off as a sex education.

Conflict arises when there's government involvement. In the case of government schools, there's either going to be prayer in school or no prayer in school. If I want my kid to have a morning prayer, and the government forces me to pay for schools, I'm going to join forces with like-minded people to try to impose my preference on others, and others will do the same thing. It's a zero-sum game, and one of us must lose. Most government activity is a zero-sum game. But if schools were privately produced, I'd send my kid to the school of my preference and you to yours, and we'd be friends.

Liberty means free choice. If I don't [illegible] to be in Clinton's socialized health [illegible] plan, what moral standard dictate [illegible] should be forced to be or ultimate [illegible] the pain of death if I don't go [illegible] say, "Williams, what do you [illegible]?" Suppose I refuse to be in C[illegible] plan? The government fines me [illegible] "Your actions are immoral. [illegible] violated the rights of others. I refu[illegible] pay the fine." The government say[illegible] "We'll send marshals to take your house to settle the fine." I say, "No, you won't." Then the government says, "Remember Waco and Randy Weaver!" At that point, I either [illegible] to use threats or say, "Come on, sucker—you've got to bring ass to get ass."

The genius of the framers was then call for limited government. The fewer decisions made through the political process [illegible] lower the potential for the brutal hum[illegible] conflict. That's the beauty of market decisions—people with different tastes and values live side by side in harmony. When government decides, the same people fight [illegible] another. There's a lot to be said for the emerging Tenth Amendment and secessionist movements sweeping the [illegible]. Many Americans are demanding that they be left alone.

Freedom

continued from page 4

loving, did all his son's homework, he would ruin the son.

The ancient Greeks had a saying that goes, "If you want to destroy a man, give him everything he wants."

We got to the point where Rudyard Kipling said all men would be "paid for exerting," and rot set in.

Today, we are travelling on the same old detour to decay.

There is a high road.

It is uphill, but we need the exercise.

We can buy back the last good hope on Earth—if we really are willing to go back to work.

If we are willing to do without a lot of civil servants and fancy services we cannot afford and really go to work, this great government under God could last intact through all the earthly time there is.

In Winchester, Ind., there is a great stone base in the middle of the courthouse lawn.

Atop that base is a Grecian-type lamp.

Some time ago, in a ceremony in which all faiths participated, they ignited the wick in that lamp.

The inscription on the lamp reads:

"Behold, friend, you are on hallowed ground.

For here burns Freedom's Holy Light."

The Winchester plan is to keep it burning, always.

It will be a community responsibility.

Each in his turn.

To remind all men that freedom is not permanent, unless there are enough keepers of the flame.

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EXHIBIT B

9704384267

The Assembly
State of New York

Citation

COMMENDING RONALD R. YATES

Whereas, Ronald R. Yates became the Editor-in-Chief of the independent newspaper founded by his grandfather in Patchogue, New York, and has followed the family tradition of crusading against injustice and unfair actions in the community; and

WHEREAS, Under the leadership of Ronald R. Yates, THE MAIN STREET PRESS has been an effective voice for good government and has monitored community problems, informing the public and ensuring that positive local action is taken; and

Whereas, It is the privilege of the New York State Assembly to acknowledge and commend exemplary individuals who have made notable contributions to the State and their Community; Now, therefore, be it

Resolved, That, as a duly elected Member of the State Assembly of New York, I recognize that in

RONALD R. YATES

we have an outstanding citizen, one who is worthy of the esteem and gratitude of both the Community and the great State of New York; and be it further

RESOLVED, That a copy of this Citation, suitably engrossed, be presented to RONALD R. YATES, with the best wishes of the New York State Assembly for continuing success in all his future endeavors.

July 14, 1992
[Date]

ASSEMBLY STATE OF NEW YORK

In Witness Whereof, I have hereunto set my Hand and Signature

William Bianchi
Member of The Assembly

WILLIAM BIANCHI

9704384268

EXHIBIT C

9704384267 9

California's
REPUBLIC REPORTER
COUNTY STATE AND NATIONAL POLITICAL NEWS

RONALD R. YATES
EDITOR & PUBLISHER
PH. 310-833-9441

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SAN PEDRO, CA 90732
FX. 310-521-8233

CALIFORNIA REPUBLIC

April 29, 1994

Notice To All Advertisers

As of , May 1, 1994 a new advertising price structure will go into effect, so please take note and disregard any previous advertising rates or offers.

Enclosed, you will find the rates for display advertising rates as well as insert fees for your pre-printed advertising material.

The previously offered GOLD, SILVER, and BRONZE candidate advertising packages have been discontinued and will no longer be offered for sale due to potential conflicts.

California's Republic Reporter, your local community political newspaper, looks forward to servicing all of your advertising needs. Call 310-833-9441 for more information.

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EXHIBIT D

97043842631

& Production Requirements

Republican Reporter is proudly printed on 100% recycled 32 lb. electrobrite, web offset. All artwork & ads use 100 line screen. **B&W Ads:** The preferred printing material is a velox or one-piece negative film, right-reading, emulsion side down. Conversion materials acceptable: high quality laser print (600 dpi), finished art. **Four-Color Ads:** Complete separation for newsprint on web offset must be furnished by the 15th of the month prior to issue date. Color proofs are required and must accompany all color ad material.

Color Charges

One Color (PMS) $250
Two Color $500
Four Color Process $750

Position Charges

A 25% premium is charged for the back cover, 20% for page three and 15% for all other far forward pages.

Preprinted Inserts

Inserting your preprinted material in the **Republican Reporter** is a more cost effective way to reach our audience than direct mailing yourself. You may select from our full run of **100,000 Registered Republican voting households** or our part run where you can choose specific zip codes and cities. **Postal Regulations:** All inserts must be approved by the publisher. A sample of insert must be submitted with space reservation. Insert may not be a seperate publication defined by having a masthead, price, volume or issue number, ISSN or ISBN number or be a product or sample.

FULL RUN COST PER THOUSAND				
Weight	1x	3x	6x	12x
Up to .5 oz	$75	$70	$65	$60
6oz - 1oz	100	95	90	85
1oz - 2oz	125	120	115	110

PART RUN COST PER THOUSAND				
Weight	1x	3x	6x	12x
Up to .5 oz	100	$95	$90	$85
6oz - 1oz	125	120	115	110
1oz - 2oz	150	145	140	135

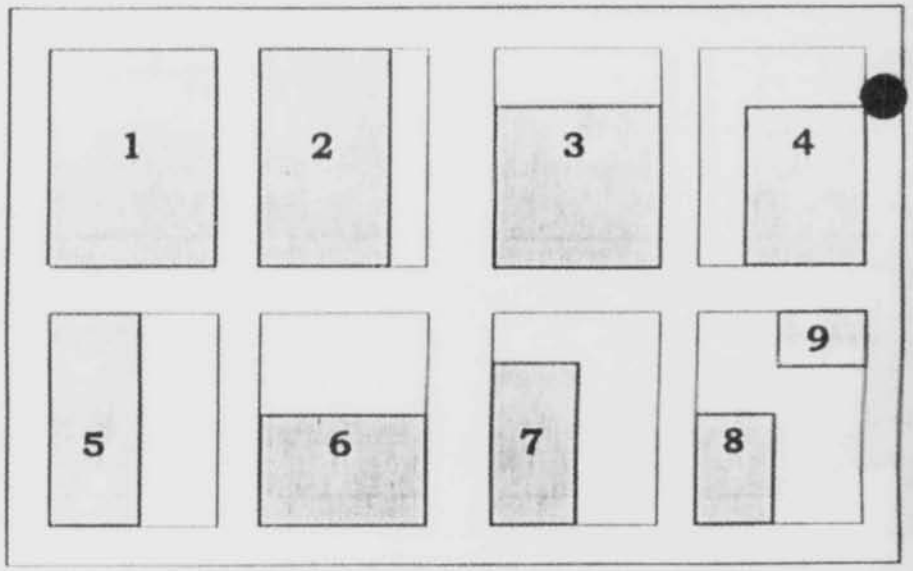
Specifications: Rates are commissionable. There is no minimum size. Maximum size is 10 x 14. There is no minimum weight. **Partial Run w/ Zip Code Sorts:** Subject to approval of publisher. Minimum for partial run is 10,000 pieces. Clients will supply 102% of run. Zip code information for partial run inserts must accompany sample insert and be received by space reservation closing date.

1994 Display Advertising Rates

AD UNIT SIZE	OPEN	3X	6X	12X
Full Page 1. V - 10.0"w X 13.50"h	$7,500	$7,125	$6,750	$6,375
Three-quarters page 2. V - 7.50"w X 13.50"h 3. H - 10.00"w X 10.00"h	6,750	6,425	6,075	5,750
Island Ad 4. V - 7.50"w X 10.00"h	5,625	5,350	5,075	4,775
One-half page 5. V - 4.75"w X 13.50"h 6. H - 10.00"w X 6.50"h	4,500	4,275	4,050	3,825
One-third page 7. V - 4.75"w X 10.00"h	3,250	3,075	2,925	2,775
One-quarter page 8. V - 4.75"w X 6.50"h	2,500	2,375	2,250	2,125
One-eighth page 9. H - 4.75"w X 3.25"h	1,375	1,300	1,225	1,150
Agency Commission	15.0 %	17.5 %	20.0 %	22.5 %

Commissions & Discounts

A sliding scale commission will be paid to recognized advertising agencies on all display advertising provided that all material is camera ready. Ads must run consecutively for discounts and commissions to apply. Payment must accompany ad material.



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Deadlines & Cancellations

The **Republican Reporter** is published and mailed during the last week of the month for the following months date of issue. The space reservation deadline for both display advertising and inserts is the second Friday of each month. Camera ready advertising materials (both B&W and Color) and all inserts are due at the **Republican Reporter News Bureau** absolutely no later than the third Friday of each month. Ads cancelled after the space reservation deadline will be billed at 100%. When any space or copy deadline falls on a holiday, deadline reverts to preceding business day.

Publisher Liability

The liability of the publisher for any error or omission or delay for which it may be held generally responsible, shall in no event exceed the cost of the space paid for and occupied by such individual

Liability for Payment

Publisher may hold advertiser and it's agency jointly and severally liable for all sums due and payable to the publisher in addition to all collection and legal fees incurred by the publisher to collect those sums due and payable to publisher.

Publisher's Approval

All print and inserted advertising material must be approved by the publisher. Publisher may require the word 'advertisement' to appear in any advertisement. The publisher, at his sole discretion and for any reason which need not be divulged, may reject any advertisement from any advertiser or any agency for publication or distribution. Advertisers and their agencies will indemnify, defend and hold the publisher and the **Republican Reporter** harmless from any claim and all loss, expense or liability arising out of the publication or distribution of any advertising copy.

The Republican Reporter News Bureau

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The REPUBLICAN REPORTER

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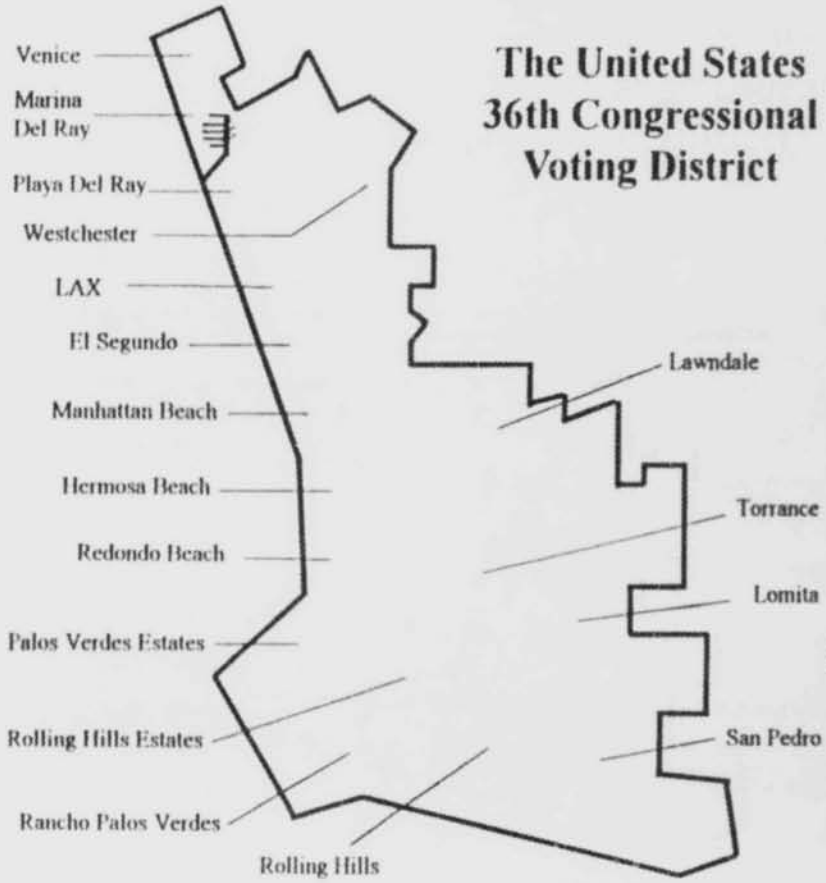

Circulation

The **Republican Reporter** is published monthly and is directly mailed through the U.S. Post Office to the **100,000 Registered Republican voting households** in the U.S. 36th Congressional District reaching more than **250,000 Republican readers** who enjoy a cumulative net worth of over **$100,000,000,000 (One hundred billion dollars).**

EXHIBIT E

9704384264

California Fair Political Practices Commission

(2)

November 7, 1994

Mr. Ronald M. Florance
1025 Via Mirabel
Palos Verdes Estates, CA 90274

RE: FPPC. NO. 94/558
"CALIFORNIA REPUBLICAN REPORTER"
Ronald Yates

Dear Mr. Florance:

This letter is in response to your September 30, 1994 request that the Commission commence civil prosecution of the above-referenced matter, pursuant to Government Code Section 91007, for alleged violations of the Political Reform Act.

Although the Enforcement Division is reviewing your complaint for possible administrative prosecution, please be advised that we shall not be filing a civil action in this instance within eighty days of your request.

We are in receipt of a copy of the civil complaint you recently filed in Los Angeles Superior Court seeking injunctive relief. Please advise as to the outcome of this action at your earliest opportunity.

Cordially,

Vanessa G. Porter

VANESSA G. PORTER
Enforcement Counsel
Enforcement Division

✓cc: Ronald Yates

9704384265

428 J Street, Suite 800 • P.O. Box 807 • Sacramento, CA 95804-0807 • (916) 322-5660

EXHIBIT F

9704384266

As a fifth and further cause of action, FLORANCE and FLORANCE COMMITTEE allege:

39. FLORANCE and the FLORANCE COMMITTEE reallege and incorporate by reference herein the allegations contained in paragraphs 22 of their Second Cause of Action as though fully set forth herein.

40. Violations of the California Political Reform Act, Government Code §§81000 et seq. are subject to civil prosecution by the civil prosecutor, the California Fair Political Practices Commission (hereinafter "FPPC"), or if it determines not to file a civil action pursuant to Government Code §91007, by any person acting as private attorney general.

41. FLORANCE and the FLORANCE COMMITTEE provided the civil prosecutor, FPPC, with notice of and demand for civil prosecution of the violations of the Fair Political Practices Act as alleged herein on September 30, 1994. A copy of such "notice" is attached hereto as Exhibit "D" and incorporated by this reference herein.

42. On November 7, 1994, the FPPC by letter to plaintiff, declined to prosecute the violations alleged herein by filing of a civil action. A copy of such letter is attached hereto as Exhibit "E" and incorporated by this reference herein. Thereby, FLORANCE and the FLORANCE COMMITTEE have exhausted the administrative remedies available to them.

43. FLORANCE and the FLORANCE COMMITTEE are informed and thereon believe that defendants YATES, REPORTER and NEWS BUREAU solicited and received funds in excess of $1,000 for the

ROBERT A. WELBOURN
ATTORNEY AT LAW
2211 Torrance Blvd
Torrance, CA 90501
(213)320-7525

EXHIBIT G

9704384268

3. Defendants, S. BROOKS, J. BROOKS, MARTIN, BROOKS COMMITTEE and DOES 1 through 5 at all times herein mentioned were the agents and servants of their co-defendants, YATES, REPORTER, NEWS BUREAU, and each other and in doing the things hereinafter alleged were acting within the course and scope of each agency and the permission and consent of their co-defendants.

4. Defendants, REPORTER and NEWS BUREAU is and at all times herein mentioned was a business organization in a form unknown, organized and existing under and by virtue of the laws of California with its principal place of business in Los Angeles County, California.

5. At all times herein mentioned, defendant S. BROOKS was a candidate for the nomination of the Republican Party in the 36th Congressional District of California for the Primary Election on June 7, 1994, by and through the BROOKS COMMITTEE, and as such, S. BROOKS, J. BROOKS and MARTIN controlled the BROOKS COMMITTEE, a principal campaign committee as defined in 2 USC §431(z).

6. At all times herein mentioned, defendant DUKE was a candidate for the nomination of the Republic Party in the 38th Congressional District of California for the Primary Election on June 7, 1994, by and through the DUKE COMMITTEE and as such, DUKE controlled the DUKE COMMITTEE, a principal campaign committee as defined in 2 USC §431(z).

7. Defendant DUKE and DOES 6 through 10 at all times herein mentioned were the agents and servants of their co-defendants YATES, REPORTER, NEWS BUREAU and each other, and in doing the things hereinafter alleged were acting within the course

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9704384269

EXHIBIT H

9704384260

On information and belief, proposed Respondents Brooks, the Brooks Committee, and California's Republic Reporter acted in such concert and coordination that in truth and in fact, California's Republic Reporter was a political committee authorized by Brooks, and the failure of either Brooks Committee or California's Republic Reporter to disclose this material fact on Statements of Organization of each violated section 431 (6) and 432(e)(1).

D. The proposed Respondents, by virtue of the allegations in part C above, may have received excessive or prohibited contributions in violation of 2 U.S.C. §441a or 441b.

The April 1994 and two June 1994 issues of the California's Republic Reporter also contain several paid advertisements from non-political enterprises, including the L.A. Rubber Co., 2915 E. Washington Blvd, P.O. Box 23910, Los Angeles, CA 90023-0910, telephone (213) 263-4131/(800) 464-2358, Joe Vilarino's Showcase, 1201 S. Pacific Coast Hwy, Redondo Beach, CA, telephone (310) 540-8444, and The Sea Dream, no address, (310) 436-7381. On information and belief, these advertisements may also constitute prohibited or excessive contributions.

On information and belief, such business entities are corporations or contributed "earmarked contributions" in excess of $1,000 in the primary election for the inclusion of Susan Brooks in the California's Republic Reporter slate mailings. As such, these contributions were prohibited under section 441b or excessive under section 441a with respect to the Brooks Committee.

The foregoing is true and correct and of my personal knowledge, except as to matters stated on information and belief, which I believe to be true.

Executed under penalty of perjury this 26TH day of September, 1994 at Rancho Palos Verdes, California.

Ronald M. Florance

Ronald M. Florance
310 378-0752
310 375-0734 (FAX)

[notary public witness/seal]

Barbara Dorman

BARBARA DORMAN
COMM. #980373
Notary Public-California
LOS ANGELES COUNTY
My comm. expires MAR 15,1996

9704384269 1

EXHIBIT I

9 7 0 4 3 8 4 2 6 9 2

RUTAN & TUCKER
ROBERT C. BRAUN
JAYNE TAYLOR KACER
611 Anton Boulevard, Suite 1400
Costa Mesa, CA 92628
(714) 641-5100

Attorneys for Plaintiff,
COAST CONSTRUCTION COMPANY, INC.

JAMES H DEMPSEY CLERK

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

COAST CONSTRUCTION COMPANY, INC., a California corporation, Plaintiff, vs. WALLACE RANCH ASSOCIATES, a partnership; C. GORDON UTT, an individual; RONALD M. FLORANCE, an individual; MARSHALLAH ESFAHANI, an individual; PENINSULA WALLACE PARTNERS, L.P., II, a California Limited Partnership (originally named as Doe 1 in initial Complaint); PENINSULA HIGH ASSOCIATES, II, a California Limited Partnership (originally named as Doe 2 in initial Complaint); PENINSULA HIGH ASSOCIATES, a California corporation originally named as Doe 3 in initial Complaint); and DOES 4 through 200, inclusive, Defendants.	CASE NO. SWC 112594 SECOND AMENDED COMPLAINT FOR: 1. Breach of Contract; 2. Conspiracy to Intentionally Induce Breach of Contractual Relations; 3. Conspiracy to Negligently Interfere With Contractual Relations; 4. Intentional Interference With Prospective Economic Advantage; 5. Bad Faith Denial of Existence of Contract; 6. Promissory Estoppel; 7. Negligent Misrespresentation; 8. Fraudulent Misrepresentation; 9. Accounting and Imposition Of Constructive Trust; 10. Express & Implied Assumption of Liability; and 11. Declaratory Relief Discovery Cut-Off: NONE Motion Cut-Off: NONE Trial Date: NONE

HOWARD J. RUBINROIT
DAN P. SEDOR
SIDLEY & AUSTIN
2049 Century Park East
Suite 3500
Los Angeles, California 90067
Telephone (213) 553-8100

FEB 13 1992
JAMES H. DEMPSEY, CLERK
BY CHERRY SHUFFORD, DEPUTY

Attorneys for Defendants and Cross-Complainants Peninsula Wallace Partners, L.P., II, Peninsula High Associates, II, and Peninsula High Associates

Ans

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES, SOUTHWEST DISTRICT

COAST CONSTRUCTION COMPANY, INC., a California Corporation, Plaintiff, v. WALLACE RANCH ASSOCIATES, a partnership; C. GORDON UTT, an individual; RONALD M. FLORANCE, an individual; MARSHALLAH ISFAHANI, an individual; PENINSULA WALLACE PARTNERS, L.P., II, a California Limited partnership; PENINSULA HIGH ASSOCIATES, II, a California Limited Partnership; PENINSULA HIGH ASSOCIATES, II, a California corporation; and DOES through 200, inclusive, Defendants.	Case No. SWC 112594 CROSS-COMPLAINT OF DEFENDANTS PENINSULA WALLACE PARTNERS, L.P., II, PENINSULA HIGH ASSOCIATES, II, AND PENINSULA HIGH ASSOCIATES FOR DECLARATORY RELIEF FOR EQUITABLE INDEMNITY [No Hearing Requested] Discovery Cutoff: None Set Motion Cutoff: None Set Trial Date: None Set

EXHIBIT 3 EXHIBIT 4 EXHIBIT 5 EXHIBIT 6 EXHIBIT 7

RUTAN & TUCKER
STEVEN A. NICHOLS
RICHARD K. HOWELL
611 Anton Boulevard, Suite 1400
Costa Mesa, California 92626-1998
Telephone: (714) 641-5100

Attorneys for Plaintiff
COAST CONSTRUCTION COMPANY, INC.

FILED

AUG 26 1993

JAMES H. [illegible], CLERK

BY D. BERGIN, DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES, SOUTHWEST DISTRICT

COAST CONSTRUCTION COMPANY, INC., a California corporation, Plaintiff, vs. WALLACE RANCH ASSOCIATES, et al., Defendants. AND RELATED CROSS-ACTIONS.	CASE NO.: SWC 112594 MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION TO PERMIT DISCOVERY RE EXEMPLARY DAMAGES; DECLARATION OF NAT S. HARTY IN SUPPORT THEREOF [DECLARATIONS OF DAVID P. HOHMANN AND STEVEN A. NICHOLS SUBMITTED SEPARATELY IN SUPPORT] DATE: October 8, 1993 TIME: 8:30 a.m. DEPT: J DATE ACTION FILED: 03/14/90 TRIAL DATE: 11/22/93

/ / /

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/ / /

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/ / /

/ / /

/ / /

EXHIBIT 4

HOWARD J. RUBINROIT - State Bar No. 49742
RONIE M. SCHMELZ - State Bar No. 130798
SIDLEY & AUSTIN
555 West 5th Street
Suite 4000
Los Angeles, California 90013
(213) 896-6000

RECEIVED SWFA
MAR 08 1994

Attorneys for Defendants, Cross-Defendants and Cross-Complainants Peninsula Wallace Partners, L.P., II, Peninsula High Associates, II, and Peninsula High Associates

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES, SOUTHWEST DISTRICT

COAST CONSTRUCTION COMPANY INC., a California Corporation, Plaintiff, v. WALLACE RANCH ASSOCIATES, a partnership; C. GORDON UTT, an individual; RONALD M. FLORANCE, an individual; MARSHALLAH ESFAHANI, an individual; PENINSULA WALLACE PARTNERS, L.P., II, a California Limited Partnership; PENINSULA HIGH ASSOCIATES, II, a California Limited Partnership; PENINSULA HIGH ASSOCIATES, II, a California corporation; and DOES 1 through 200, inclusive, Defendants. AND RELATED CROSS-ACTIONS.	Case No. SWC 112594 PENINSULA PARTIES' MANDATORY SETTLEMENT CONFERENCE STATEMENT DATE: March 15, 1994 TIME: 8:30 a.m. PLACE: Department A

EXHIBIT 5 EXHIBIT 6 EXHIBIT 7

EXHIBIT 8

ORIGINAL

Irvine

Phoenix

San Diego

San Francisco

Deliver to Dept "E" ASAP

DATE 3-1-94 TOTAL NUMBER OF PAGES 4

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Clerk of DEPARTMENT "E"
Deliver ASAP!!
310 782-7326

FROM Kedrick Francis Esq

FILE# 1345-01

RE Continuance of MSC
COAST v WALLACE
SWC 112594

EXHIBIT 6

EXHIBIT 7

EXHIBIT 8

EXHIBIT 9

EXHIBIT 10

9001 Irvine Center Drive Suite 900 Irvine, California 92718-2921
Telephone (714) 727-0559 Facsimile (714) 727-0656

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

Ranch Associates,

Plaintiff(s)

CASE NUMBER: YC 007195

TRIAL SETTING AND STATUS CONFERENCE QUESTIONNAIRE

Wallace Partners,

Defendant(s)

RECEIVED JUL 13 1992 SOUTHWEST DISTRICT

DATE OF CONFERENCE July 13, 1992

FILED

JUL 1 1992

JAMES H. DEMPSEY, CLERK
H.D HOWE

...ORNEY OF RECORD AND PARTIES IN PROPRIA PERSONA: All ... of record must complete, in full, this ... prior to the trial setting conference and must bring ... with them to the conference.

...ING THIS QUESTIONNAIRE: Defendants Peninsula Wallace Partners, C.P. II, Peninsula High ...ERS, II and Peninsula High Associates

...ING FOR THE PARTY: Dan P. Sedor of Sidley ...

...FILED: July 19, 1991

3b. DATE ... YEARS RUN: July 19, 1996

...ISSUE MEMORANDUM FILED: April 22, 1992

4b. CASE TYPE: Accounting & Breach of Contract; Cross-Complaint for Fraud

NON JURY: X

...MATE FOR TRIAL: 7-10 Days (including pre-trial motions, jury selection, presentation of evidence by both ... and argument)

DESCRIPTION OF THE CASE

...(Describe the facts of this case): Peninsula Wallace Partners purchased certain real ... from plaintiff pursuant to a purchase agreement which also called for the retention ... of part of the purchase price, to pay for performance of certain contracts for ...ROVEMENT. Plaintiff alleges that the defendants breached the purchase agreement ... improper disbursements from the escrow fund. The Peninsula defendants allege ...PLAINTIFF's and Ronald Florance's misrepresentations and failure to perform pursuant ... PURCHASE agreement resulted in the Peninsula defendants having to pay certain ... exempted fees assessed on the property and certain real estate brokerage commissior ...

...(Describe the nature of injuries suffered): which were plaintiff's obligation. ... seeks as damages the amounts purportedly improperly disbursed by the defendants, ... an accounting of those amounts. The Peninsula defendants seek as damages certain ... commissions and previously exempted fees they have been and will be forced to pay ...TION with the property, as well as lost sales of homes on the property which the ... defendants would have enjoyed but for the conduct of plaintiff and Florance.

...LOSS (Set out dollar amount of economic losses to date (i.e. actual economic losses, medical expenses, lost ... etc.)): Plaintiff alleges on information and belief improper disbursements of at ...000,000. The Peninsula defendants have incurred losses of $123,115 in brokerage ...ions, $173,480 in previously exempted fees, will incur an additional $105,600 in ...ly exempted fees, and have incurred losses due to lost sales in an as yet undetermine

ARBITRATION

...: Does plaintiff elect arbitration pursuant to Rule 1601(b) of the California Rules of Court (award limited ... or less)?

YES _____ NO X

...ORDER - Does plaintiff object if the case is ordered to Arbitration by the Court pursuant to Rule 1601(c) of t ...ornia Rules of Court? (Court finds the value of case is $50,000.00 or less, but Arbitration award is not limit ...)

YES X NO _____

...ATION TO BINDING ARBITRATION: Do you stipulate to binding arbitration?

YES _____ NO X

EXHIBIT 7

EXHIBIT 8

EXHIBIT 9

EXHIBIT 10

E BELOW FOR FILING STAMP ONLY)

SIDNEY F. CROFT
ATTORNEY AT LAW
210 AVENUE I, SUITE D
REDONDO BEACH, CALIFORNIA 90277-5622
TELEPHONE (310) 376-5240
FAX (310) 540-4364
BAR NO 37856

FILED
JAN 15 1993
JAMES H. DUNFORD, CLERK
BY D. BERGIN, DEPUTY

Attorney for Petitioners

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

In the Matter of the Arbitration Between MARSHALLAH E. ESFAHANI and GORDON UTT, Petitioners, vs. RONALD FLORANCE and CARRIAGE REALTY, Respondents.	No. VC011684 PETITION TO COMPEL ARBITRATION [CCP §§ 1281.2, 1290]

Petitioners allege:

1. The agreement herein alleged was made and is to be performed in Los Angeles County, California.

2. On or about January 20, 1989, petitioners and respondents entered into a written agreement wherein at Paragraph 11 the parties agreed to arbitrate: "Any dispute arising out of or relating to the subject matter of this Agreement, including, without limitation, any claim by Wallace or any partner on behalf of Wallace with respect to the Reserved Claims, shall be submitted to arbitration before a retired judge, member of the panel of the Judicial Arbitration and Mediation Service in Los Angeles or

9704384269

William Litvak
Attorney at Law
1875 Century Park East, Suite 1200
Los Angeles, California 90067
(213) 556-1200
Attorney for Plaintiff

FILED
OCT 7 - 1987
FRANK S. ZOLIN, COUNTY CLERK
BY HECTOR DON LUCAS, DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

ROBERT BATHERSON, Plaintiff, CARRIAGE REALTY, INC., a California corporation, DONALD FLORANCE, ROBERT KERBER, and DOES 1 through 20, inclusive, Defendants.	CASE NO. C663714 COMPLAINT FOR BREACH OF CONTRACT - DAMAGES; BREACH OF FIDUCIARY DUTY; CONVERSION; CONSTRUCTIVE FRAUD; BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING; BREACH OF STATUTORY OBLIGATIONS - FAILURE TO PAY WAGES; INTERFERENCE WITH CONTACTUAL RELATIONS: CONSPIRACY; AND CLAIM AND DELIVERY; DECLARATORY RELIEF

Plaintiff, ROBERT BATHERSON ("Batherson") alleges as follows:

FIRST CAUSE OF ACTION

(Breach of Contract - Damages

Against Defendant Carriage)

1. At all times mentioned herein, defendant Carriage Realty, Inc., ("Carriage") a California corporation, was organized and existing under the laws of the State of California with its principal place of business in Los Angeles County, State of California. Carriage, at all times mentioned herein, was

9704384270

EXHIBIT 9 EXHIBIT 10

William N. Willens
SPIERER, WOODWARD, WILLENS & DENIS
Attorneys at Law
A Professional Corporation
707 Torrance Blvd., Second Floor
Redondo Beach, CA 90277
(213) 540-3199

Attorneys for Plaintiff
050413 2 JEN(3)I

99-
W155577

FILED
1985
FR
DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

JANELLE WILLIAMS, Plaintiff, vs. CARRIAGE REALTY, INC., California Corporation; RONALD M. FLORANCE; and Does 1 through 50, Inclusive, Defendants.	CASE NO. SWC 77[illegible] COMPLAINT FOR BREACH OF WRITTEN CONTRACT; BREACH OF ORAL CONTRACT; COMMON COUNT (MONEY HAD AND RECEIVED)

TR# 77 M#61 TL#11 85/05/19 12 14 4[illegible]
C# SWC077668 ID# 1

Plaintiff alleges:

FIRST CAUSE OF ACTION

(For Breach of WRitten Contract)

1. Plaintiff Janelle Williams is, and at all times herein mentioned was, an individual residing in the County of Los Angeles, State of California.

2. Plaintiff is informed and believes and thereupon alleges that Defendant Carriage Realty, Inc. is, and at all times herein mentioned was, a corporation duly organized and existing under the laws of the State of California, with its principal place of business in the City of Rolling Hills Estates, County of Los Angeles.

EXHIBIT 11 EXHIBIT 12 EXHIBIT 13 EXHIBIT 14 EXHIBIT 15 EXHIBIT 10

EXHIBIT 12

EXHIBIT 13

...D, WILLENS, DENIS

...Blvd., 2nd Fl.
...CA 90277

Plaintiff

MAR 25 1986

...LUIN, County Clerk

BY E. RUDITIS, Deputy

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

CASE NUMBER

SWC 77668

...WILLIAMS

PLAINTIFF(S)

...REALTY, INC., ETC.

DEFENDANT(S)

APPLICATION FOR ISSUANCE OF WRIT OF POSSESSION/SALE/ EXECUTION AND ORDER

...CALIFORNIA, County of Los Angeles

...N. Willens declare under

...attorney for Plaintiff in the above-entitled action

...judgment) (order) was made, and entered on November 6, 1985,

Page, ☐ (Check if applicable) Judgment was renewed on _____ (Date)

Judgment/Order as entered/last renewed provides as follows:

Janelle Williams, 3436 The Strand, Hermosa Beach, CA 90254

(Name and Address)

Carriage Realty, Inc.
4030 Palos Verdes Dr., N., #101
Rolling Hills Estates, CA 90274

$51,639.15 plus costs of $396.10 = $52,035.25

APPLICATION FOR ISSUANCE OF WRIT/POSSESSION/SALE EXECUTION AND ORDER

76A307B (Rev. 5-83) 5-83
RC023

9704384270 2

William Litvak
Attorney at Law
1875 Century Park East, Ste 1200
Los Angeles, California 90067

(213) 556-1200

Attorney for Plaintiffs
JAMES L. MORRELL and
ANNETTE WISDOM MORRELL

FILED
OCT 9 1986
FRANK S. ZOLIN, County Clerk
[illegible], Deputy

EXHIBIT 13 EXHIBIT 14 EXHIBIT 15 EXHIBIT 16

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

JAMES L. MORRELL AND ANNETTE WISDOM MORRELL, Plaintiffs, CARRIAGE REALTY, INC., a California corporation, RONALD FLORANCE, ROBERT KERBER, and DOES 1 through 20, inclusive, Defendants.	CASE NO. C620194 COMPLAINT FOR BREACH OF CONTRACT - DAMAGES; BREACH OF FIDUCIARY DUTY; CONVERSION; CONSTRUCTIVE FRAUD; BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING; BREACH OF STATUTORY OBLIGATIONS - FAILURE TO PAY WAGES; INTERFERENCE WITH CONTACTUAL RELATIONS; CONSPIRACY; AND CLAIM AND DELIVERY

Plaintiffs, JAMES L. MORRELL and ANNETTE WISDOM MORRELL ("Morrells") allege as follows:

FIRST CAUSE OF ACTION

(Breach of Contract - Damages

Against Defendant Carriage)

1. At all times mentioned herein, defendant Carriage Realty, Inc., ("Carriage") a California corporation, was organized and existing under the laws of the State of California with its principal place of business in Los Angeles County, State

9704384270 3

SUPERIOR . [redacted]OURT OF CALIFORNIA, COUNTY OF [redacted]S ANGELES .

[redacted] JUSTICE COURT DISTRICT OR OF BRANCH COURT IF ANY

[redacted] DISTRICT

FOR COURT USE ONLY

FILED

OCT 23 1986

FRANK S. ZOLIN, County Clerk

BY [signature] DEPUTY

[redacted] et al. v. Carriage Realty, Inc., et al.

[redacted] AND ADDRESS

[redacted] Litvak, Esq.
[redacted] Century Park East, Suite 1200
[redacted] Angeles, California 90067

CASE NUMBER

C 620194

[redacted]ffs

TELEPHONE

(213) 556-1200

APPLICATION FOR WRIT OF POSSESSION [X] AFTER HEARING [ ] EX PARTE AND FOR [ ] TEMPORARY RESTRAINING ORDER

[redacted] has filed a complaint and makes claim for delivery of property in the possession of defendant, and applies [redacted] (see footnote [illegible] before completing)

[redacted] (Name) James Morrell and Annette Morrell

[redacted] (Name) Carriage Realty, Inc. a California corporation, Ronald [redacted]nce, Robert Kerber, and Does 1 through 20, inclusive.

[redacted] for

[redacted] Writ of possession after hearing (CCP 512.010)

[redacted] Ex parte writ of possession (CCP 512.020 Declaration for Ex Parte Writ of Possession must also be filed)

[redacted] Temporary restraining order (CCP 513.010 Declaration for Temporary Restraining Order must also be filed)

[redacted] of plaintiff's claim and right to possession of the claimed property is set forth in [X] a written instrument, [redacted] which is attached (CCP 512.010 (b) (1)) [ ] verified complaint [X] attached affidavit [X] the [redacted] facts

[redacted]ntiffs earned commissions on sales of real property as licensed [redacted] estate salespersons for Defendant Carriage Realty as broker and [redacted]titute the wages of plaintiffs pursuant to the parties' written [redacted]yment agreement, which is attached hereto as Exhibit 1 and [redacted]rporated herein as though set forth in full

[redacted] claimed (Describe, state value and further identify any property which is a farm product (CCP 511.040) [redacted] sale or lease, or any property which is inventory (CCP 511.050))

[redacted]missions earned by plaintiffs and collected by defendant Carriage [redacted] in Carriage Realty trust account in the total sum of $20,757.50.

[redacted] that the property is wrongfully detained by defendant is set forth in the [ ] verified complaint [redacted] attached affidavit [X] following facts

[redacted] defendants have failed and refused to turnover these sums and have [redacted]ted there refusal to plaintiff orally and in writing, a copy of [redacted] is attached hereto as Exhibit 2 and incorporated herein as [redacted]gh set forth in full.

(Continued on Reverse Side)

[redacted] includes cross-complainant, defendant includes cross-defendant, singular includes the plural, and masculine includes feminine [redacted] Declarations under penalty of perjury signed in California may be used in place of affidavits (CCP 2015.5). Affidavits required when signed [redacted]

[redacted] by the [redacted] of California [redacted] 1974

76A628B
RC-40
12-75

APPLICATION FOR WRIT OF POSSESSION (CLAIM AND DELIVERY)

CCP 512.010, 512.020, 512.070, 512.090, 513.010, 513.020, 1010-1012

9704384270 4

Name, Address and Telephone No. of Attorney

...RTON, ESQ.
... & BURTON
...fessional Corporation
...ier Avenue
... Beach, CA 90254
... 376-9893

Ralph & Katherine Rhind
Plaintiffs

Space Below for Use of Court Clerk Only

FILED

JOHN ... County Clerk
BY ... DEPUTY

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES
(SUPERIOR, MUNICIPAL, or JUSTICE)

SOUTHWEST DISTRICT
(Name of Municipal or Justice Court District or of branch court, if any)

...RHIND, KATHERINE RHIND

... dba CARRIAGE REALTY,
... FLORANCE, and
... - 10
(Abbreviated Title)

CASE NUMBER SWC 83323

REQUEST FOR DISMISSAL
TYPE OF ACTION

- [ ] Personal Injury, Property Damage and Wrongful Death
  - [ ] Motor Vehicle
  - [ ] Other
- [ ] Domestic Relations
- [ ] Eminent Domain
- [X] Other (Specify) Unlawful Detainer

...CLERK: Please dismiss this action as follows: (Check applicable boxes.)

... prejudice
... action
... (Specify)*

- [ ] Without prejudice
- [ ] Complaint only
- [ ] Petition only
- [ ] Cross-complaint only

BAKER & BURTON
A Professional Corporation

...5, 1986

...is of specified parties only, of specified ... only or of specified cross-complaints only, so ... the parties, causes of action or cross-complaints ...

By: ...
Attorney(s) for Plaintiffs
Ralph & Katherine Rhind
KENT BURTON, ESQ.
(Type or print attorney(s) name(s))

...CLERK: Consent to the above dismissal is hereby given.**

...complaint (or Response (Marriage) seeking affirma... file, the attorney(s) for the cross-complainant ... must sign this consent when required by CCP ...

Attorney(s) for

(Type or print attorney(s) name(s))

...(completed by clerk)
...entered as requested on MAR 5 - 1986
...entered on ... as to only
...not entered as requested for the following reason(s), and attorney(s) notified on

FRANK S. ZOLIN
MAR 6
Clerk

By ... Deputy

...by Rule 982 of ... Council of California ... Effective July 1, 1972

REQUEST FOR DISMISSAL

CCP 581, etc.
Cal. Rules of Court
Rule 1233

76P364 RC043 PS 3 82

9704384270 5

EXHIBIT 15

Address and Telephone No. of Attorney(s)
OF ROBERT J. DeMARCO
Street
Floor
90017

PLAINTIFF

Space Below for Use of Court Clerk Only

FILED

APR 13 1988
FRANK S. ZOLIN, COUNTY CLERK
Anita Jones
BY ANITA JONES, DEPUTY

C-6-21-85 NC 171

PERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES
(PERIOR, MUNICIPAL, or JUSTICE)

(Name of Municipal or Justice Court District or of branch court, if any)

CASE NUMBER C 553081

ASON

LORENCE

(Abbreviated Title)

REQUEST FOR DISMISSAL

TYPE OF ACTION

- [ ] Personal Injury, Property Damage and Wrongful Death:
  - [ ] Motor Vehicle
  - [ ] Other
- [ ] Domestic Relations
- [ ] Eminent Domain
- [x] Other: (Specify) Fraud; Breach of Contract

Please dismiss this action as follows: (Check applicable boxes.)

- [x] Without prejudice
- [ ] Complaint only
- [ ] Petition only
- [ ] Cross-complaint only

1988

Robert J. DeMarco

Attorney(s) for Plaintiff

ROBERT J. DeMARCO
(Type or print attorney(s) name(s))

of specified parties only, of specified or specified cross-complaints only, so parties, causes of action or cross-complaints

Consent to the above dismissal is hereby given.**

Attorney(s) for

(Type or print attorney(s) name(s))

(or Response (Marriage) seeking affirma- the attorney(s) for the cross-complainant this consent when required by CCP

Clerk)

as requested on APR 13 1988

as to only

as requested for the following reason(s), and attorney(s) notified on

FRANK S. ZOLIN, Clerk

By Anita Jones, Deputy

REQUEST FOR DISMISSAL

CCP 581, etc.; Cal. Rules of Court, Rule 1233

76R364 RC043 PS 6 81

EXHIBIT 16 EXHIBIT 17 EXHIBIT 18 EXHIBIT 19 EXHIBIT 20 EXHIBIT 22 EXHIBIT 23 EXHIBIT 24

EXHIBIT 20 EXHIBIT 22 EXHIBIT 23 EXHIBIT 24

EXHIBIT 17 EXHIBIT 18 EXHIBIT 19 EXHIBIT 20

ATTORNEY NAME AND ADDRESS | TELEPHONE | FOR COURT USE ONLY

(213) 680-0122

XWAN
...SSIONAL LAW CORPORATION
...pring St., 6th Flr.
...eles, CA 90012
PLAINTIFFS

...judicial district or branch court, if any, and post office and street address

...LES SUPERIOR COURT
...ill St.
...eles CA 90012

FILED
MAY 23 1989
FRANK S. ZOLIN County Clerk

...WILLIAM CHANG, RAYMOND FOK, and LANA FOK

BENJAMIN F. JOHNSON, LORRAINE PEEL, WILLIAM GETTY, RON FLORENCE, CARRIAGE REALTY, COLDWELL BANKER,

...10

CONTRACT

CASE NUMBER C725058

[X] COMPLAINT [ ] CROSS-COMPLAINT

...pleading, including attachments and exhibits, consists of the following number of pages 14

Each plaintiff named above is a competent adult

[X] Except plaintiff (name)

[ ] a corporation qualified to do business in California
[ ] an unincorporated entity (describe)
[ ] other (specify)

[ ] Plaintiff (name)

[ ] has complied with the fictitious business name laws and is doing business under the fictitious name of (specify)
[ ] has complied with all licensing requirements as a licensed (specify)

[X] Information about additional plaintiffs who are not competent adults is shown in Complaint—Attachment 2c

Each defendant named above is a natural person

[X] Except defendant (name)
Carriage Realty

[X] a business organization, form unknown
[ ] a corporation
[ ] an unincorporated entity (describe)
[ ] a public entity (describe)
[ ] other (specify)

[X] Except defendant (name)
Coldwell Banker

[X] a business organization, form unknown
[ ] a corporation
[ ] an unincorporated entity (describe)
[ ] a public entity (describe)
[ ] other (specify)

The true names and capacities of defendants sued as Does are unknown to plaintiff

[ ] Information about additional defendants who are not natural persons is contained in Complaint—Attachment 3c

[ ] Defendants who are joined pursuant to Code of Civil Procedure section 382 are (names)

(Continued)

...rm is used as a cross-complaint, plaintiff means cross-complainant and defendant means cross-defendant
...Approved by the
...Council of California
...ve January 1, 1982
...Rule 982.1(20)

76C807 6-84
RC110

COMPLAINT—Contract

CCP 425.12

Copyright 1986 Verdictum Juris Press

SKIRK vs. (1) CARRIAGE REAL ESTATE; (2) GREG ESAW (Agent); (3) GERI K. SMITH; (4) JOHN & CAROLINE LA PINTA

Case No. SOC 62261 Verdictum Juris No. 86-237CD

Verdict Date: December 5, 1986

NT: JOHN & CAROLINE LA PINTA vs. (1) BUSKIRK; (2) GERI K. SMITH; REAL ESTATE; (4) GREG ESAW

n of Contract

73.70 against Smith on Complaint (verdict)

cts for Deft.#1, Deft.#2 & Deft.#4

ith Cross-Complaint award, however was $76,723.70 which offset the ct: (B) La Pinta received a verdict against Carriage Realty & 00 and against Buskirk for $7,500.

secured promissory note in default = $76,273.70.

rnia

each

arroll M. Dunnum - Dept. "B"

ORNEY: Ernest A. Martz (Douglas R. Snyder & Associates), Los Cross-Defendant #1 Attorney)

ORNEY: (1 & 2) Kevin J. Stack (Knapp, Petersen & Clarke), Universal ross-Defts.#3 & #4); (3) John W. Herstead (Latts & Herstead), Cross-Defendant/Complainant); (4) Ryan K. Hirota, Long Beach omplainants)

Estate Free-For-All!

tf., La Pinta and Smith entered into a three party exchange which separate properties. Carriage Real Estate and Esaw (agent) e exchange. Pltf. Buskirk purchased a piece of property from La his property to Geri Smith. For tax purposes an unsecured te was signed by La Pinta, even though the true buyer of Buskirk's Smith. Smith defaulted on the note and the Pltf. looked to La ent. The Pltf. sued and everyone cross-complained. IMED the real estate agent failed to explain that the note was her than secured by a trust deed. Smith defaulted and owes the .70. La Pintas are liable because they signed the note. cross-complained that the Bank refused payments on the promissory the default. Smith improved the property substantially but was because of pending litigation.

EXHIBIT 20 EXHIBIT 22 EXHIBIT 23 EXHIBIT 24 EXHIBIT 25 EXHIBIT 18 EXHIBIT 19 EXHIBIT 20

EXHIBIT 20

...WITHOUT ATTORNEY (NAME, ADDRESS AND TELEPHONE NO.)
...McNamara, Esq. (213) 217-0700
...SAVICH, A Prof. Corp.
...006, Torrance, CA 90510-1006
...NAME) Plaintiffs

COURT USE ONLY

FILED

JUL - 5 1990

FRANK S. ZOLIN, COUNTY CLERK

BY R. LOVETT, DEPUTY

...RIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

...TIONER(S):
...KAMP and KATHRYN VEERKAMP,

RECEIVED
SOUTHWEST DISTRICT
JUL 05 1990

...RESPONDENT(S):
...GMANN, CRE, INC., etc., et al.,

CASE NUMBER
SW C 83096

...MORANDUM (Rule 209) ☐ COUNTER ☒ AMENDED

...NAL SUPPRESSION OF FACT, NEGLIGENT SUPPRESSION OF FACT, NEGLIGENCE, ...F FIDUCIARY DUTY, BREACH OF CONTRACT
(Nature of case. State fully)

...be set for trial as a short cause matter unless ALL PARTIES join in estimate of trial time of 5 hours (1 day) or less, ...be deemed as joining).

...for trial: ..... hrs. 12-15 days. (Caveat: No jury trial may be estimated for less than 2 days.)

...allege that any plaintiff in this action has or claims to have any of the following injuries or damages alleged to be ...affected by the tortious conduct alleged herein? ☐ YES ☒ NO *If YES, check as applicable:*

☐ Skull Fracture ☐ Traumatic Epilepsy ☐ Major Burns ☐ Paralysis ☐ Multiple Fractures
...Injuries ☐ Loss of entire sight in one or both eyes ☐ Wrongful Death ☐ Cancer ☐ Major Brain Injuries

...Parties
☐ waive(s) damages over $25,000 and elect(s) arbitration per CCP 1141.11.
☐ stipulate to arbitration per CCP 1141.11 (attach stipulation).
☐ decline(s) to oppose an order to arbitration per CCP 1141.11.

...on from mandatory arbitration per Rule 1600.5 California Rules of Court is claimed for the following reason (specify):
...es are in excess of the limits for arbitration.

...state the nature of the case, including the nature and extent of any injuries not covered in item 3 above and justification ...estimate over 15 days: Intentional suppression of fact, negligent suppression ...act, negligence, breach of fiduciary duty, breach of contract and ...rneys' fees with regard to sale of property.

...sought: General: Unknown at this time, but in excess of $1,000,000.00
Special: Unknown at this time, but in excess of $1,000,000.00

...relief sought: Exemplary and punitive damages in excess of $1,000,000.00

...to preference: Yes ☐ No ☒ Code Section
...requested: Yes ☒ No ☐ No pretrial where time estimate is 5 hours (1 day) or less.

...of record or parties appearing in person are listed below: *(Indicate whether attorney for plaintiff or defendant)*

			Request Jury
Gerald E. Agnew, Jr.	TRIAL ATTORNEY	6 0 4 0 1 STATE BAR NUMBER	
AGNEW & BRUSAVICH, A Prof. Corp.	NAME OF FIRM	(213) 217-0700 TELEPHONE	☒
1225 West 190th St., #450, Gardena, CA 90248	ADDRESS		
Jeffrey L. Krivis, Esq.	TRIAL ATTORNEY	STATE BAR NUMBER	
KRIVIS & PASSOVOY	NAME OF FIRM	(818) 784-6899 TELEPHONE	☐
16830 Ventura Blvd., #345, Encino, CA 91436-1704	ADDRESS		
Einar Wm. Johnson	TRIAL ATTORNEY	STATE BAR NUMBER	
SMITH & HILBIG	NAME OF FIRM	(213) 540-9111 TELEPHONE	☐
21515 Hawthorne Blvd., #500, Torrance, CA 90503	ADDRESS		
Jeanette Shuey	TRIAL ATTORNEY	STATE BAR NUMBER	
OFFICES OF JOHN E. FORD	NAME OF FIRM	(714) 724-5400 TELEPHONE	☐
19800 MacArthur Blvd., Irvine, CA 92715	ADDRESS		

AT-ISSUE MEMORANDUM
(PLEASE FILL IN ADDITIONAL INFORMATION ON REVERSE SIDE)

76A743-RC010 (Rev. 1-85)

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EXHIBIT 19

EXHIBIT 20

FFREY L. KRIVIS, ESQ.
RIVIS & PASSOVOY
330 Ventura Boulevard #310
ncino, California 91436-1704
tate Bar No. 94054
18) 784-6899 * (213) 872-2994

REC'D
SOUTHWEST DIST.
NOV 13 1990

JAN 9 1991
Clerk

Attorneys for Defendants
ROBERT LUSIAN and A-1 BUILDING INSPECTION

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

REIN VEERKAMP, KATHRYN VEERKAMP, Plaintiffs, vs. PIERRE TAGMANN, et al., Defendants. AND RELATED CROSS-ACTIONS	CASE NO.: SWC 83096 ORDER GRANTING MOTION FOR GOOD FAITH SETTLEMENT ~~[PROPOSED]~~ DATE: 11-21-90 TIME: 1:30 pm DEPT: 9 TRIAL DATE: December 10, 1990

The motion of Defendant's, ROBERT LUSIAN and A-1 BUILDING INSPECTION COMPANY, for an order that requests the settlement entered into by and between Plaintiffs REIN VEERKAMP and KATHYRN VEERKAMP and Defendants, ROBERT LUSIAN and A-1 BUILDING INSPECTION COMPANY, for the sum of $35,000.00 be adjudged in "good faith" and all existing cross-complaints for indemnity be barred, came on for

EXHIBIT 20

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FRONA, LANCER, LATORRACA & BECK
LAWYERS

SPACE BELOW FOR FILING STAMP ONLY

EXHIBIT 20 EXHIBIT 22 EXHIBIT 23 EXHIBIT 24 EXHIBIT 25

FILED

DEC [illegible] 1988

[illegible] COUNTY CLERK

Attorneys for Plaintiffs

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

[illegible]VIN FINN and MADELEINE FINN, [illegible] MADELEINE MARIN-FINN, Plaintiffs, vs. [illegible]NALD DETJEN; REALTY WORLD, [illegible] California corporation; [illegible]LVIN M. ALLISON; ELLEN G. F. [illegible]SON; HOUSE MASTER OF [illegible]ERICA, ROBERT ADAMS, and [illegible]ES 1 through 10, inclusive, Defendants.	CASE NO. COMPLAINT FOR: 1. BREACH OF CONTRACT 2. FRAUDULENT CONCEALMENT; 3. BREACH OF FIDUCIARY DUTY; 4. NEGLIGENT MISREPRESENTATION; 5. NEGLIGENCE

Plaintiffs Kevin Finn and Madeleine Finn allege as [illegible]lows:

TR#7945 M#61 TL#11 88/12/16 14:06:00
C# SRC104241 ID# 1

MAJOR ALAN LANGER
PERONA, LANGER & BECK
300 San Antonio Drive
Long Beach, CA 90807
(213) 426-6155

Plaintiffs

FILED

DEC 0 ... 1991

JAMES H. ...

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGLESE
SUPERIOR, MUNICIPAL, or JUSTICE

Torrance Judicial District
(Name of Municipal or Justice Court District or of branch court, if any)

...FINN, et al.,

...DETJEN, et al.,

(Abbreviated Title)

CASE NUMBER SWC 104241

REQUEST FOR DISMISSAL
TYPE OF ACTION

☐ Personal Injury, Property Damage and Wrongful Death:
☐ Motor Vehicle ☐ Other
☐ Domestic Relations ☐ Eminent Domain
☒ Other: (Specify) Complaint for Breach of Contract

...CLERK: Please dismiss this action as follows: (Check applicable boxes.)

☒ With prejudice ☐ Without prejudice
☐ Entire action ☐ Complaint only ☐ Petition only ☐ Cross-complaint only
☒ Other: (Specify)*

...TO DEFENDANTS CARRIAGE REALTY, INC. AND PEARL KAPERL ONLY.

RECEIVED DEC 06 1991 SOUTHWEST DISTRICT

November 19, 1991

...requested is of specified parties only, of specified ... of action only or of specified cross-complaints only, so ... identify the parties, causes of action or cross-complaints ... dismissed.

Attorney(s) for Plaintiffs

MAJOR ALAN LANGER
(Type or print attorney(s) name(s))

...CLERK: Consent to the above dismissal is hereby given.**

...cross-complaint (or Response (Marriage) seeking affirmative relief) is on file, the attorney(s) for the cross-complainant (respondent) must sign this consent when required by CCP ... (2) or (5).

Attorney(s) for

(Type or print attorney(s) name(s))

...(completed by clerk)
Dismissal entered as requested on
Dismissal entered on 2-6-91 as to only as above
Dismissal not entered as requested for the following reason(s), and attorney(s) notified on

JAMES H. DEMPSEY, Clerk

DEC 13 1991

By R. LOVETT, Deputy

...adopted by Rule 982 of ... Judicial Council of California ... Effective July 1, 1972

REQUEST FOR DISMISSAL

CCP 581, etc.; Cal. Rules of Court, Rule 1233

EXHIBIT 22 EXHIBIT 23

9704384271 2

EXHIBIT 23

9704384271 3

ATTORNEY (Name and Address) TELEPHONE NO.

FOR RECORDER'S USE ONLY

Recorded requested by and return to
BARGER & WOLEN
530 WEST SIXTH, 9TH FLOOR
LOS ANGELES, CALIFORNIA 90014

ATTORNEY FOR [X] JUDGMENT CREDITOR [ ] ASSIGNEE OF RECORD

FILED
LOS ANGELES SUPERIOR COURT
JUL 12 1993
JAMES H. DEMPSEY, CLERK
BY NELLY AU, DEPUTY

SUPERIOR COURT
COUNTY OF LOS ANGELES
111 NORTH HILL STREET
LOS ANGELES, CALIFORNIA 90012
CENTRAL

PLAINTIFF: EQUITABLE RELOCATION MANAGEMENT CORPORATION

DEFENDANT: CARRIAGE REALTY, A CORPORATION

CASE NUMBER: C-684995

WRIT OF
[X] EXECUTION (Money Judgment)
[ ] POSSESSION OF [ ] Personal Property [ ] Real Property
[ ] SALE

FOR COURT USE ONLY

RECEIVED
MARSHAL'S DIVISION
SAN PEDRO
1993 JAN 13 AM 8:26
BY
DEPUTY

To the Sheriff or any Marshal or Constable of the County of: LOS ANGELES

You are directed to enforce the judgment described below with daily interest and your costs as provided by law.

To any registered process server: You are authorized to serve this writ only in accord with CCP 699.080 or CCP 715.040.

(Name) EQUITABLE RELOCATION MANAGEMENT CORPORATION

is the [X] judgment creditor [ ] assignee of record whose address is shown on this form above the court's name.

Judgment debtor (name and last known address):
CARRIAGE REALTY
C/O RONALD FLORANCE, PRESIDENT
930 INDIAN PEAK ROAD, #225
ROLLING HILLS, CALIFORNIA 90274

[ ] additional judgment debtors on reverse

Judgment entered on (date): April 1, 1991

[ ] Judgment renewed on (dates):

Notice of sale under this writ
[X] has not been requested.
[ ] has been requested (see reverse).
[ ] Joint debtor information on reverse.

9. [ ] See reverse for information on real or personal property to be delivered under a writ of possession or sold under a writ of sale.
10. [ ] This writ is issued on a sister-state judgment.

11.	Total judgment	$ 15,485.83
12.	Costs after judgment (per filed order or memo CCP 685.090)	$ -0-
13.	Subtotal (add 11 and 12)	$ 15,485.83
14.	Credits	$ -0-
15.	Subtotal (subtract 14 from 13)	$ 15,485.83
16.	Interest after judgment (per filed affidavit CCP 685.050)	$ 2,272.27
17.	Fee for issuance of writ	$ 3.50
18.	Total (add 15, 16, and 17)	$ 17,761.60
19.	Levying officer: Add daily interest from date of writ (at the legal rate on 15) of	$ 4.30

20. [ ] The amounts called for in items 11–19 are different for each debtor. These amounts are stated for each debtor on Attachment 20.

SUPERIOR COURT, LOS ANGELES, CALIFORNIA

Issued on (date) December 15, 1992

JAMES H. DEMPSEY, County Clerk/Executive Officer
Clerk, by Kenneth J. Morgan, Deputy
A.J. MORGAN

– NOTICE TO PERSON SERVED: SEE REVERSE FOR IMPORTANT INFORMATION –

(Continued on reverse)

STEVEN E. SMITH
Attorney At Law
650 So. Grand Avenue
Suite 600
Los Angeles, CA 90017
(213) 622-9012

FILED

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re CARRIAGE REALTY, INC

Debtor(s).

CASE NO. LA 91-86518-RR

REPORT OF TRUSTEE IN
CHAPTER 7 NO ASSET CASE

The undersigned, duly appointed Chapter 7 Trustee of the estate of the above-named debtor(s), reports that he has neither received any property nor paid any money on account of this estate; that he has made diligent inquiry into the whereabouts of property belonging to the estate; that he has no objections to the exemptions claimed; and that assets scheduled and not claimed exempt are encumbered beyond value, or are otherwise of negligible value and the Trustee asserts no interest in them.

WHEREFORE, the Trustee requests that this report be approved, that he be discharged from office, and his bond exonerated, and for all other applicable orders.

DATED: 12/06/91

STEVEN EARL SMITH
Chapter 7 Trustee

APPROVED BY ORDER OF THE U.S. BANKRUPTCY COURT AND THE SAID ESTATE IS HEREBY CLOSED.

DATED: JAN 17 1992

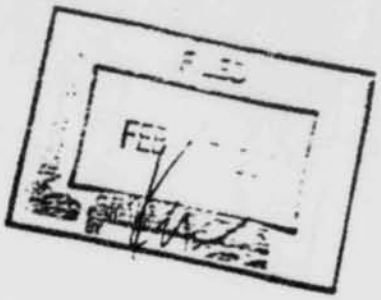
FRANK E. GOODROE
Clerk of the Court

9704384271 4

EXHIBIT 25

JEFFREY L. SUMPTER (State Bar No. 118363)
DANNING, GILL, DIAMOND & KOLLITZ
a partnership composed
of professional corporations
1800 Century Park East, 7th Floor
Los Angeles, California 90067
(310) 277-0077

Attorneys for Chapter 7 Trustee



UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re PALOS VERDES INVESTMENT CORPORATION, Debtor.	Bk. No. LA 92-58811-RM [Chapter 7] WITHDRAWAL OF CLAIMS OF FRANCHISE TAX BOARD [No Hearing Required]

TO THE FRANCHISE TAX BOARD AND OTHER PARTIES IN INTEREST:

Pursuant to the Court's order entered on February 1, 1994 approving the Trustee's motion for authority to compromise and pay claim of Franchise Tax Board in the above-captioned case, and pursuant to the attached acknowledgment of full satisfaction, withdrawal and waiver of its claims, the claims of the Franchise Tax Board in the above-referenced case are hereby withdrawn.

Dated: February 4, 1994

DANNING, GILL, DIAMOND & KOLLITZ

By: _____
Jeffrey L. Sumpter
Attorneys for Chapter 7 Trustee

9704384 2

EXHIBIT J

9704384271 6

MEMORANDUM

Ron Florance Business Record

Many questions and comments have surfaced about the business background of Ron Florance. In the wake of these questions and comments, an on-line search of the **LEXIS®** and **NEXIS®** data bases for legal and UCC records pertaining to Ron Florance has been conducted.

Summarizing the search results, over the past nine years Florance and/or his partnerships or companies owned by him have been sued at least forty five times. During the same interval Florance and/or his companies have been plaintiffs in another half-dozen lawsuits. In the last thirty-six months, Florance has taken at least two of his companies bankrupt. The first bankruptcy was instigated after Florance sold the assets of one of his companies to a third party. At the time, a number of sizable legal claims were pending against the company, and there is no record that any of the claims were satisfied. As a result of the second bankruptcy, Florance ended up paying only a small portion of a large state tax assessment.

A pattern of conduct has begun to emerge from all of this activity. Florance is often accused of reneging on his contracts and debts, forcing those whom he owes money (e.g., his former business partners or employees) to sue him in order to collect. Just since 1992, Florance has paid out approximately $1 million in legal settlements. At least two of the lawsuits filed against Florance are currently pending. Trial in one of these lawsuits, involving allegations that Florance made false promises and/or committed acts of fraud and/or misrepresentation, is scheduled to commence in late October, 1994 - <u>less than one month before the date of the general election</u>.

The preliminary nature of the present analysis is emphasized. The lawsuits and bankruptcies noted to date were all identified as a result of approximately <u>one hour</u> of data base searching. Moreover, the **LEXIS®** data base only goes back nine years. No search has yet been made for lawsuits, liens and bankruptcies against Florance prior to 1983. Many of the files on the various Florance lawsuits have not yet been obtained from court archives. Thus, the present picture of Florance's legal and business entanglements remains incomplete.

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EXHIBIT 1 EXHIBIT 2 EXHIBIT 3 EXHIBIT 4

LAWSUITS

Wallace Ranch Litigation

Florance is currently mired in a series of lawsuits which arose out of the development of residential property known as the Wallace Ranch on Palos Verdes Peninsula.

Florance, two individuals named Marshallah Esfahani and Gordon Utt, and their partnership, Wallace Ranch Associates (collectively the "Wallace defendants"), entered into a contract with Coast Construction Company ("Coast") to build houses on the Wallace Ranch property. According to Coast, Florance fraudulently misrepresented his true intentions with respect to the contract when he failed to tell Coast that he and Esfahani were embroiled in a dispute over whether a second contractor named Margus Construction would build the Wallace Ranch houses instead of Coast. Coast began committing resources to the project and performing as contractor. Meanwhile, Florance and Esfahani were trying to buy each other out. Ultimately, Florance sold his interest in Wallace Ranch to a second group of partnerships (the "Peninsula defendants"), whereupon the contract with Coast was breached and a third builder was brought in. When Florance's attempt to negotiate a settlement with Coast failed, Coast alleges that Florance abruptly and in bad faith denied the existence of the contract with Coast.

Coast sued Florance, the other Wallace defendants and the Peninsula defendants for fraudulent misrepresentation, bad faith denial of contract, breach of contract and a variety of other negligent and intentional interference with contact causes of action. Coast Construction Company v. Wallace Ranch Associates, et al., Los Angeles County Superior Court Case No. SWC 112594 (filed 3/14/90)(the "Coast lawsuit").[1] The Wallace defendants and Peninsula defendants cross-complained against each other for indemnity. The Peninsula defendants also sought a declaration that any obligations they might have owed to Florance were voided because Florance committed fraud and/or misrepresented his intentions.[2]

In August, 1993, Coast presented the Court with what it characterized as substantial evidence that Florance had acted in bad faith toward Coast and that exemplary damages should therefore be imposed against him.[3] In September, 1993, around the time he began testing the waters for the Republican nomination in the 36th Congressional District, Florance settled his fraud, bad faith and breach of contract claims with Coast in exchange for paying Coast $900,000.[4] Coast purportedly assigned its claims against the Peninsula defendants to Florance, an assignment which the Peninsula defendants vigorously contest. Coast's claims against the Wallace defendants were dismissed from the Coast lawsuit, leaving the dispute between Florance and the Peninsula defendants to be resolved at trial. This dispute, it will be recalled, involves

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EXHIBIT 1 EXHIBIT 2 EXHIBIT 3 EXHIBIT 4 EXHIBIT 5 EXHIBIT 6

among other things charges that Florance committed acts of fraud and/or misrepresentation with respect to the Coast contract. Trial in the Coast lawsuit is currently set for October 17, 1994.[5]

The Wallace defendants and the Peninsula defendants are also engaged in a second lawsuit entitled Wallace Ranch Associates v. Peninsula Wallace Partners, L.P.II, et al., Los Angeles County Superior Court Case No. YC 007195 (filed 7/19/91)(the "Wallace Ranch Associates lawsuit").[6] This second suit arises out of the Peninsula defendants' purchase of the Wallace Ranch property from Florance and his partners. The Peninsula defendants have alleged that they had to use escrow funds from the purchase to pay $173,000 in developer fees after Florance misrepresented the status of the fees. The Peninsula defendants further accuse Florance of misrepresentation and failure to perform because Florance refused his obligation to pay $123,000 in real estate brokerage commissions on the Wallace Ranch properties. The Wallace Ranch Associates lawsuit is currently stayed (i.e., on hold) pending the outcome of a bankruptcy proceeding involving one of the Peninsula defendants.

Yet a third lawsuit has arisen out of the Wallace Ranch development. Florance's Wallace Ranch partners Esfahani and Utt have sued Florance to compel arbitration of a dispute which involves the alleged refusal of Florance to honor his contractual obligations for payment of expenses incurred by the Wallace Ranch partners and allocation of the $900,000 Florance paid to settle Coast's claims in the Coast lawsuit. See Esfahani v. Florance, et al., Los Angeles County Superior Court Case No. YC 014684 (filed 1/15/93)(the "Esfahani lawsuit".[7] The total amount at stake in the Esfahani lawsuit is approximately $2.5 million. According to sources, this arbitration may be completed prior to the June, 1994 primary.

Carriage Realty Lawsuits

Florance owned Carriage Realty, a real estate company on the Palos Verdes peninsula, for approximately nine years before selling Carriage Realty's business assets to Coldwell Banker and taking the Carriage Realty corporate entity bankrupt to avoid Carriage Realty's legal liabilities (see "BANKRUPTCIES" section below). A large number of lawsuits were filed against Florance and/or Carriage Realty during the period of Florance's ownership. Only 30% of these lawsuits have been reviewed to date, and a final explanation of why Florance and Carriage Realty were sued so often cannot be provided yet. More than one of these lawsuits involved allegations that Florance refused to pay commissions owed to his brokers at Carriage Realty.

In Batherson v. Carriage Realty, Inc. and Ronald Florance, et al., Los Angeles County Superior Court Case No. C 663714 (filed 10/7/87), Robert Batherson, a Carriage Realty agent, sued Florance for breach of fiduciary duty, constructive

9704384271 9

fraud and other causes of action after Florance refused to pay $56,000 in commissions which Batherson had earned while working for Florance.[8] Sources indicate that Florance paid the commissions to Batherson after the lawsuit was filed, and the lawsuit was dismissed.

Janelle Williams was a real estate agent who worked at Carriage Realty for several years. When she left Carriage in 1984, several of her sales were still in escrow. Florance refused to pay her commissions on her escrowed sales. Williams took Florance and Carriage Realty to court, Williams v. Carriage Realty and Ron Florance, Los Angeles County Superior Court Case No. SWC 77668 (filed 3/19/85),[9] and won a judgement of $52,000 against Carriage Realty.[10] Even after the judgment, Williams was not paid immediately. Carriage Realty's bank account had to be garnished to complete the payment.[11]

Florance was again accused of refusing to pay two of his agents $20,000 in commissions after they resigned from Carriage Realty. The agents, Mr. and Mrs. Morrell, sued Florance and Carriage Realty for, among other things, breach of fiduciary duty, constructive fraud and breach of the implied covenant of good faith and fair dealing. See Morrell, et al. v. Carriage Realty, Inc. and Ron Florance, et al., Los Angeles County Superior Court Case No. C 620194 (filed 10/9/86).[12] A temporary restraining order ("TRO") was obtained against Florance and Carriage Realty, preventing Florance from disposing of the commission funds.[13] According to statements submitted by Mrs. Morrell at the time the TRO was sought, Florance claimed he was entitled to an offset against the commissions for reimbursement of legal expenses associated with another lawsuit. Florance then told the Morrells they would never see their commission funds, and he threatened to "prevent [the Morrells] from operating successfully as real estate brokers" and to "interfere in any way he could with [them] operating as real estate salespersons in the Palos Verdes area". After the TRO issued, Florance seemed to have reached some sort of settlement with the Morrells, the TRO was dissolved, and the Morrells were paid at least some of their commission.

In Rhind v. Carriage Realty and Ron Florance, Los Angeles Superior Court Case No. SWC 83323 (filed 2/11/86), Florance was accused of failing to pay rent of $1440 on property Carriage Realty leased from plaintiffs Ralph and Katherine Rhind in Manhattan Beach.[14] The Rhinds filed a lawsuit to obtain the rent. The action was dismissed at the request of the Rhinds several weeks later, indicating that settlement was reached with Florance.

Florance's original purchase of Carriage Realty was not free from allegations that Florance's failed to make promised payments. Carriage Realty was an outgrowth of a company called Carriage Real Estate, Inc. ("CRE"). An individual named Gary Maxson owned CRE. In 1982, Maxson agreed to sell CRE's assets to Florance in exchange for stock in Carriage Real Estate, Inc. and

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payment of CRE's pre-sale liabilities. After the sale was completed, Maxson sued Florance for fraud and breach of contract, accusing Florance of failure to issue stock to Maxson and failure to pay CRE's pre-sale liabilities as agreed. See Maxson v. Florance, et al., Los Angeles County Superior Court Case No. C 553081 (filed 6/21/85).[15] An undisclosed settlement was apparently reached, ending the lawsuit.

Florance and/or Carriage Realty have been named as defendants in a variety of lawsuits alleging fraud, suppression of fact and breach of fiduciary duty.

Chang v. Carriage Realty and Ronald Florance, et al., Los Angeles County Superior Court Case No. C 725058 (filed 5/23/89), involved allegations that Florance and others committed fraud and intentional tort by selling a residential property to buyers without telling the buyers the property was under foreclosure.[16] The lawsuit was later dismissed at the buyers' request, apparently because of a settlement with Florance and Carriage Realty.

The case of Buskirk v. Carriage Real Estate, et al., Los Angeles County Superior Court Case No. SOC 62261 (verdict returned 12/5/86), involved a disputed real estate transaction in which Carriage Realty structured a three-party exchange of two pieces of property.[17] When one of the buyers defaulted, the other buyer sued and cross-complaints followed. One of the sellers alleged breach of fiduciary duty and tort against Carriage Realty. A jury returned a verdict in favor of the seller and against Carriage and its agent. $7500 in attorneys' fees and costs was assessed against Carriage and its agent.

In Veerkamp v. Tagmann and Carriage Realty, et al., Los Angeles County Superior Court Case No. SWC 83096 (filed 1/27/86), Carriage Realty was sued for intentional suppression of fact, negligent suppression of fact, breach of fiduciary duty and breach of contract after the buyers of residential property discovered that the property was geologically unstable and that the house on the property had previously been moved from a landslide area and placed on the property.[18] According to the pleadings, Carriage Realty, as the listing agent and company responsible for completing the sale, failed to tell the buyers, who were not familiar with the area, that the house had been moved from another location. The pleadings further stated that Carriage failed to warn the buyers of the desirability of obtaining a geological survey. In this regard, it is noteworthy that the buyers accused Carriage Realty of having been the listing agency for "a number of years" and having actually rented the property for some time. The buyers eventually settled with the company which conducted the pre-sale building inspection,[19] and were headed for trial in 1991 when an undisclosed settlement was apparently reached with Carriage Realty.

Finn v. Detjen, et al., Los Angeles County Superior Court Case No. SWC 104241 (filed 12/16/88), was another suit involving

accusations that Carriage Realty as selling agent for a residential property negligently and/or intentionally failed to notify the seller of known geological problems associated with the property. [20] Following the initiation of this lawsuit, Florance sold the business of Carriage Realty to Coldwell Banker. Carriage Realty then declared bankruptcy and asked to be dismissed from the lawsuit. [21]

Carriage Realty also avoided a question of liability by declaring bankruptcy after an award of over $15,000 was made against Carriage in Equitable Relocation Management Corp. v. Carriage Realty, Los Angeles County Superior Court Case No. C 684995 (filed 5/3/88). [22] Equitable had obtained the award following an arbitration in which Carriage was found to be two-thirds at fault for a broken real estate transaction.

A partial listing of additional lawsuits in which Carriage Realty was a defendant can be found at [23].

Hahn Lawsuit

Florance entered a partnership with Ernest W. Hahn for development of a commercial property known as the Courtyard Mall on the Palos Verdes Peninsula. In 1983, Mr. Hahn's company, known as EWH 1979 Development Company, L.P., sued Florance in a case entitled EWH 1979 Development Company, L.P. v. Culver et al., Los Angeles County Superior Court Case No. SWC 068426 (filed 7/14/83). Files have been ordered from the court archives.

BANKRUPTCIES

Carriage Realty Bankruptcy

Carriage Realty, Inc., the real estate company owned by Florance, filed for Chapter 7 bankruptcy in August of 1991. See In Re Carriage Realty, Inc., Petition No. LA 91-86518-RR, U.S. Bankruptcy Court for the Central District of California (filed 8/8/91). [24] The business of Carriage Realty had been sold to Coldwell Banker in 1989. At the time of its Chapter 7 filing, Carriage listed no assets, and had liabilities of over $840,000. The principal creditors were individuals with unliquidated legal claims against Florance and Carriage, insurance companies and Equitable Relocation Management Corporation. The estate of Carriage was closed on January 17, 1992. The bankruptcy records do not indicate that the creditors received any compensation.

Palos Verdes Investment Corporation Bankruptcy

Florance's personal investment vehicle, called Palos Verdes Investment Corporation, also recently filed for bankruptcy under Chapter 7. See In Re Palos Verdes Investment Corporation, Petition No. LA 92-58812-KM, U.S. Bankruptcy Court for the Central District of California (filed 12/23/92). **[25]** Assets were listed as approximately $7,000, and liabilities totalled over $1.6 million. According to Bankruptcy Court records, the major creditor of Palos Verdes Investment Corporation was Ron Florance's own family trust, which was owed $1.5 million. The State Franchise Tax Board submitted a claim for $114,000. On February 4, 1994, shortly before Florance held his kick-off party for his congressional campaign, a settlement was reached with the Franchise Tax Board, whereby the Franchise Tax Board accepted $25,000 as a compromise against their claim. Florance tendered $25,000 to the estate of Palos Verdes Investment Corporation for payment of the Franchise Tax Board compromise.

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EXHIBIT K

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LOCAL NEWS

South Bay

Los Angeles Times

THURSDAY, OCTOBER 6, 1994 • SECTION J

POLITICAL NOTES

Complaint Filed Against Publication

By TED JOHNSON
TIMES STAFF WRITER

ELECTION FALLOUT: Former Palos Verdes Estates Councilman Ron Florance filed a complaint against a San Pedro publisher and 36th Congressional District candidate Susan Brooks over a publication sent out just days before he was defeated by Brooks in the June primary.

Florance claims that Brooks and Ronald R. Yates acted in "concert and coordination" to put out a publication called California's Republic Reporter, which included a front page article on Brooks, two of her campaign ads, and an article titled "Ron Florance: Republican Asset or Political Embarrassment?" The paper also endorsed Brooks.

The publication was made to look as if it came from the Republican Party, Florance said, when candidates had to pay to be included. Brooks, he said, bought a package that got her on the front page.

According to campaign finance reports, the Brooks campaign paid the publication almost $4,000 in the months leading up to the Republican primary. Brooks defeated Florance by 1,302 votes after a bitter campaign.

"Did [the publication] influence 1,000 voters? You bet," Florance said.

Florance's complaint to the Federal Election Commission and the state Fair Political Practices Commission charges that Yates' publication, because it took money from Brooks and other candidates, was in fact a political committee. But Yates failed to register with state and federal officials or file campaign finance statements, as required by election laws, he said.

Yates, however, said that he has "never worked for Susan Brooks in a paid capacity." Her campaign paid only for the two full-page advertisements. Other articles about the campaign were editorial decisions, he said.

"If Ron Florance wants to fight my First Amendment rights, let him," Yates said. "It's sour grapes because he's a sore loser. He found out he can't buy an election."

Brooks' campaign manager, John Perkins, called the complaint baseless. "It's clearly a political ploy," he said.

A HELPING HAND: House Minority Whip Newt Gingrich (R-Ga.) said he would work actively to make sure that Brooks gets on the House Armed Services and the Science, Space and Technology committees if she beats Rep. Jane Harman (D-Rolling Hills) in the Nov. 8 election.

Harman holds positions on those same committees.

"The nice difference . . . is that Susan actually believes in both," Gingrich told about 200 people at a Rolling Hills Estates fund-raiser for Brooks on Saturday.

Gingrich is stumping for candidates across the country, as Republicans try to gain a majority in the House of Representatives. If the GOP wins 40 seats, Gingrich hopes to be elected Speaker of the House.

"Susan's chances are better than even money," Gingrich said after his speech. "As Jane Harman's record gets known here in California, and as Susan's record as local leader and a mayor gets known, the contrast will be so dramatic that Susan has an excellent chance of winning this race."

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EXHIBIT L

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Daily Breeze

TUESDAY
OCTOBER [illegible] 1994

South Bay

Mike Royko: *The law doesn't care about pickpockets* / B3

OPINION
PERSPECTIVE
COMMUNITIES

B1

Florance files complaints against Brooks

By Kathleen Dougherty
STAFF WRITER

Ron Florance, the former Palos Verdes Estates mayor who lost a bruising congressional primary race to Rancho Palos Verdes City Councilwoman Susan Brooks, has filed two election complaints and says he plans a libel suit against his old nemesis.

Florance's complaints, filed with the Federal Elections Commission and the state Fair Political Practices Commission, allege Brooks conspired to produce an illegal campaign mailer masquerading as a newspaper.

50,000 copies mailed

The publication, mailed to 50,000 registered South Bay Republicans, included a front page article on Brooks and two full page Brooks campaign ads. It also included a center spread article headlined: "... Ron Florance: Republican Asset or Potential Republican Embarrassment?"

"You could say, 'Ah, forget it. It's a political race,'" said Florance, who lost the June GOP primary by 1,192 votes. "But she made accusations against my character, reputation and integrity. That's crossing over the line."

Any role denied

The Brooks campaign denied any part in producing the publication and called Florance's charges "baseless and without merit."

"We're disappointed Mr. Florance has chosen to express his dissatisfaction over losing the primary in this way," said Brooks' husband, Jim Brooks, an adviser in the primary campaign.

Brooks' campaign manager insisted the candidate would not be distracted from the task at hand: beating first-term Democrat Jane Harman on Nov. 8. Harman and Brooks are running in the 36th Congressional District, which runs along the coast from San Pedro to Venice.

"Truth is an absolute defense against libel," said John Perkins, "and we're absolutely convinced we have truth on our side."

Nevertheless, the complaints provide ammunition for the Harman campaign, which has portrayed Brooks as a candidate with a record of distorting the facts.

"It's another very large piece of evidence that Susan Brooks will do or say anything to get elected," said Bob Rehr, Harman's campaign manager. "This is coming from a loyal Republican who is neutral in this race, and he has legal evidence that Susan Brooks does not tell the truth."

FLORANCE / PAGE B4

Florance

FROM PAGE B1

Besides Brooks and her campaign committee, the Florance complaint names Ron Yates, editor and publisher of *California's Republic Reporter*, a publication that endorsed at least 14 candidates for state and local offices and nine state ballot propositions in three editions, one published in April and two published in June, the complaint said.

At issue is whether *California's Republic Reporter*, published in San Pedro, is a bona fide newspaper or an illegal "slate" mailer, as Florance alleges.

Slate mailers are moneymaking ventures required to register with the state Fair Political Practices Commission and publicly disclose which candidates paid to advertise on them.

California's Republic Reporter is not registered as a slate mail organization nor does it file expenditure reports, Yates said. It doesn't have to, he said.

'I'm a newspaper'

"I'm a newspaper, not a slate," said the self-described "third generation newspaperman." "What we're doing is the same thing I've been doing in my family for 60 years."

California's Republic Reporter is not a newspaper, according to the Florance complaints, which includes as an exhibit price lists for the publication's "Special Edition Packages."

The price list describes a "Gold Candidate Package" for $3,995 that includes a "Front Page Lead Story with Headline," a "Front Page Headline Photo," a "Full Page Profile Story on Page ," a "Full Page Advertisement," listing in a "Full Page 'Selected Candidate' Ad" and a "Letter To The Editor — Any Subject."

The list describes "Silver" and "Bronze" candidate packages promising front page stories along with ads and photos.

"Ron Yates sells editorial copy — articles — not just ads," said one local Republican source, speaking on the condition of anonymity, who said he had discussions with Yates about buying space in the publication. "That in my mind makes it not a newspaper."

Also, the source said, *California's Republic Reporter* is distributed free through direct mail, not common among newspapers.

Yates acknowledged that he offered the "Special Edition Package," but that they didn't sell and consequently he did not sell articles to candidates.

But he also said: "If they bought (ads) in the paper, I made an editorial decision on who I was writing on."

Yates worked for a brief time as a volunteer publicist for the Brooks campaign and is an alternate on the Republican Party Central Committee for the Palos Verdes Peninsula's 54th Assembly District.

Brooks' campaign disclosure statements show she paid a total of $3,900 to *California's Republic Reporter* — close to the price of the "Gold Candidate Package."

The June 1994 edition of *California's Republic Reporter*, in fact, contains all the elements listed in the Gold Package, including a front page color photo of Brooks and an article by Yates. Its first paragraph states that a "groundswell of support" from Republican organizations "has given (Brooks) the all important momentum that should propel her to victory at the polls."

Both Jim Brooks and Yates said Brooks did not pay for editorial copy or photos. The Brooks campaign paid only for two full page advertisements, which are noted as paid for by Brooks' campaign committee, they said.

But the Florance complaints allege Brooks paid for the articles and that the publication didn't note that, as required by state law governing political advertising. Florance also alleges Brooks paid for the center spread article on Florance that discussed lawsuits from his business dealings.

Material familiar

Florance says the information and layout is suspiciously familiar to negative campaign mailers Brooks used in the primary. The millionaire investor, who once owned a South Bay real estate company and helped develop the Shops at Palos Verdes, says the article contains false and "libelous" statements about lawsuits involving his companies. He said he plans to sue Brooks for libel regardless of the outcome of his complaints.

Brooks denies paying for the Florance article but stands by the statements in her mailing about Florance's business practices.

Florance heavily outspent Brooks in their primary battle, which went down to the wire on election night.

California's Republic Reporter might have made the difference in the race, he said.

"Did this influence at least 1,000 voters? I think so," Florance said. "It certainly created confusion in the minds of Republican voters."

Florance, who has not endorsed anyone in the general election, said his complaints are not politically motivated. He said he wants to set the record straight on his business dealings and to stop *California's Republic Reporter*, which is soliciting ads for the general election.

"We've got to blow the whistle on this," Florance said.

4351

SOLARO FINANCIAL, INC. 2 7 2 8

PAY AMOUNT OF

DATE 12-8-94

TO THE ORDER OF California's Republic Reporter

DESCRIPTION Advertising

DOLLARS

CHECK NUMBER 4351

$ 295.00

two hundred ninety-five and no/100

WELLS FARGO BANK

California's

Republic Reporter

1501 Sunnyside Ter.
San Pedro, CA 90732
FX. 310-521-8233

CALIFORNIA REPUBLIC

BLIC REPORTER

ATE. AND NATIONAL POLITICAL NEWS

ERTISING INVOICE

LIENT INFORMATION

ial In DATE 12-6-94

tem Ave CITY R.P.V. ZIP 90275

514-1016 CONTACT Jo Sentro

DISTRICT	#	PRICE	TOTAL
Sout Bay	1	@ $295 EA.	$ 295
South Bay	1	@ $295 EA.	$ 295
South Bay	1	@ $295 EA.	$ 295

- Photograph
- Ad Copy
- Payment In Full

ter, 1501 Sunnyside Terrace, San Pedro CA 90732

TOTAL $ 885

$ 295

$ 590

agrees to all terms and conditions

Authorized By

President 12-9-94

Title Date

Salesperson

California's Republic Reporter

Thank You!

EXHIBIT M

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Oct 6 12 20 PM '94

RONALD M. FLORANCE
1025 VIA MIRABEL
PALOS VERDES ESTATES, CA 90274

September 20, 1994

Mr. Lawrence Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20453

Re: Complaint against "California's Republic Reporter", aka The Republican Reporter; Ronald R. Yates; Susan Brooks for Congress Committee and Mrs. Susan Brooks and Request for Expedited, Informal Efforts to Seek Corrective Filings

Dear Mr. Noble:

The following complaint is submitted pursuant to Title 2, United States Code, section 437g against the above-referenced proposed respondents. Complainant alleges the proposed respondents have violated the Federal Election Campaign Act, as amended ("FECA"), in the particulars set forth below. Complaint also requests that the Commission undertake expedited, informal efforts to seek corrective filings by the proposed respondents, so that the paramount goal of public disclosure is served, whether that action is taken pursuant to section 437g (4)(A)(ii) or otherwise.

Alleged Violations

1. Proposed Respondents California's Republic Reporter, aka The Republican Reporter, and Ronald R. Yates, the sole owner of this entity, was and is a political committee as defined in Title 2, United States Code, §431(4)(A) and violated §433 of the FECA by failing to register as a political committee as required by statute, during the period from January 1, 1994 through June 30, 1994. This failure to register as a political committee is a continuing violation.

2. Proposed Respondents California's Republic Reporter, aka The Republican Reporter, and Ronald R. Yates, the sole owner of this entity, violated Title 2, United States Code, §434 by failing to file reports as required by statute, for the period from January 1, 1994 through June 30, 1994. This failure to file is a continuing violation.

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3. Proposed Respondents California's Republic Reporter, aka The Republican Reporter, and Ronald R. Yates, the sole owner of this entity, violated Title 2, United States Code, §§441b by accepting prohibited contributions from corporations.

4. Proposed Respondents California's Republic Reporter, aka The Republican Reporter, and Ronald R. Yates, the sole owner of this entity, violated Title 2, United States Code, §441d(a) by publishing advertisements which failed to state who had paid for them and whether or not the candidate had authorized the mailings.

5. In the alternative, California's Republic Reporter was a committee authorized by the Susan Brooks for Congress Committee, acting at her direction and in concert with the candidate, her agents, servants and employees, and proposed Respondents Brooks Committee and California's Republic Reporter violated Title 2, United States Code, §§431(6) and 432(e)(1) by failing to disclose this authorized committee relationship.

6. Proposed Respondents Susan Brooks and California's Republic Reporter, aka The Republican Reporter, an authorized committee of Susan Brooks, violated Title 2, United States Code, §§441a by accepting excessive contributions from contributors of more than $1,000 in connection with the June 1994 primary election.

Proposed Respondents

The following are the proposed Respondents:

California's Republic Reporter
1501 Sunnyside Terrace
San Pedro, CA 90732

Mr. Ronald R. Yates
1501 Sunnyside Terrace
San Pedro, CA 90732

Susan Brooks for Congress Committee
C00283481
3525 Pacific Coast Hwy
Torrance, CA 90505

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Mrs. Susan Brooks
3525 Pacific Coast Hwy
Torrance, CA 90505

A. **Respondents qualified as a "political committee" under 2 U.S.C. § 431(4)(A) but failed to register with the Federal Election Commission or file campaign reports.**

#1 The California's Republic Reporter, aka The Republican Reporter, is a tabloid-style publication, not a newspaper. The California's Republic Reporter solicited and received contributions in excess of $1,000, and made expenditures in excess of $1,000 for the purpose of publishing slate mailers in connection with federal elections, specifically for candidates for the Republican nomination for U.S. House of Representatives, 36th and 38th Districts, California, namely Susan Brooks and John Duke, and candidate for the Republican nomination for U.S. Senate, Wolf Dalichau, during the period January 1, 1994 through June 30, 1994. The California's Republic Reporter is wholly-owned and operated by Ronald R. Yates. All of them are doing business at the same address in Rancho Palos Verdes, California.

#2 As a consequence of receiving contributions and making expenditures in excess of $1,000 in connection with a federal election, California's Republic Reporter was subject to registering as a political committee under section 431(4)(A). By failing to do so, California's Republic Reporter violated the FECA. (See, e.g., FEC v. Californians for Democratic Representation, No. 85-2086-JMI (C.D. Cal. Jan. 9, 1986). See also Exhibits A, B and C, which are expenditure reports of the Brooks Committee and the Duke Committee which disclose such payments while purporting to characterize them as vendor services rather than contributions as required by the nature of the organization, which is not different than Californians for Democratic Representation in any material respect.

#3 The California's Republic Reporter is not a newspaper, and not entitled to any claim of exemption from FECA as a bona fide newspaper. The respondent was established much like other campaign tabloids to look like a newspaper. Traditional elements of a "newspaper" such as opinion columns were offered to make the format seem more credible, in comparison with standard mass-mailed campaign literature. Rights to the use of local and national syndicated columnists may have been purchased from commercial sources. Complainant is unaware of whether the respondents acquired the rights to such syndicated columnists in

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violation of what he suspects is a prohibition on the use of such columnists' material in certain types of political campaign mailings.

24 Copies of solicitations by The Republican Reporter are attached as Exhibits D and E. Copies of solicitations by California's Republic Reporter of candidate gold, silver and bronze "candidate packages" are attached. For a Gold Candidate Package, a candidate or someone purchasing on his or her behalf would be entitled to (1) a front page lead story with heading, (2) a front page headline photo, (3) a full page profile story on p. 5, (4) a full page advertisement, (5) listed in full page selected candidate ad (the traditional slate list), (6) a letter to the editor on any subject. This package cost $3,995. The solicitation of Silver and Bronze Candidate Packages, offered slightly different packages, at correspondingly lower prices. As a consequence of receiving contributions and making expenditures in excess of $1,000 in connection with a federal election, California's Republic Reporter was subject to the reporting requirements of FECA, and in particular sections 433 and 434 thereof. By failing to file pre-election and regular mid-year reports for such activity between January 1, and June 30, 1994, the proposed respondent violated the FECA. (Id.)

B. The proposed Respondents did not put required disclaimers on campaign mailings in violation of 2 U.S.C. §441d(a).

The proposed respondent also caused to be published two slate mailers, in the form of tabloid newspapers, which failed to disclose who paid for the mailings and whether or not the payments were authorized by federal candidates, in violation of section 441d(a). Copies of the tabloids in question are attached as Exhibits F and G hereto.

C. The proposed Respondents were in fact an undisclosed, authorized committee of proposed Respondent Susan Brooks, in violation of 2 U.S.C.§431(6).

In the alternative, sufficient facts exist to contend that this political committee was so involved with the Susan Brooks for Congress Committee, and Susan Brooks, that by such concerted action, the political committee in fact was an undisclosed, authorized committee of Susan Brooks.

The Susan Brooks for Congress Committee is the principal committee of Susan Brooks, a candidate and now the nominee for the 36th District, U.S. House of Representatives.

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On information and belief, proposed Respondents Brooks, the Brooks Committee, and California's Republic Reporter acted in such concert and coordination that in truth and in fact, California's Republic Reporter was a political committee authorized by Brooks, and the failure of either Brooks Committee or California's Republic Reporter to disclose this material fact on Statements of Organization of each violated section 431 (6) and 432(e)(1).

D. The proposed Respondents, by virtue of the allegations in part C above, may have received excessive or prohibited contributions in violation of 2 U.S.C. §441a or 441b.

The April 1994 and two June 1994 issues of the California's Republic Reporter also contain several paid advertisements from non-political enterprises, including the L.A. Rubber Co., 2915 E. Washington Blvd, P.O. Box 23910, Los Angeles, CA 90023-0910, telephone (213) 263-4131/(800) 464-2358, Joe Vilarino's Showcase, 1201 S. Pacific Coast Hwy, Redondo Beach, CA, telephone (310) 540-8444, and The Sea Dream, no address, (310) 436-7381. On information and belief, these advertisements may also constitute prohibited or excessive contributions.

On information and belief, such business entities are corporations or contributed "earmarked contributions" in excess of $1,000 in the primary election for the inclusion of Susan Brooks in the California's Republic Reporter slate mailings. As such, these contributions were prohibited under section 441b or excessive under section 441a with respect to the Brooks Committee.

The foregoing is true and correct and of my personal knowledge, except as to matters stated on information and belief, which I believe to be true.

Executed under penalty of perjury this 26TH day of September, 1994 at Rancho Palos Verdes, California.

Ronald M. Florance

[notary public witness/seal]

Barbara Dorman

BARBARA DORMAN
COMM. #980373
Notary Public-California
LOS ANGELES COUNTY
My comm. expires MAR 15,1996

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EXHIBIT N

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RONALD M. FLORANCE
1025 VIA MIRABEL
PALOS VERDES ESTATES, CA 90274

September 20, 1994

Mr. Wayne Ordos
Executive Director
Fair Political Practices Commission
428 J Street, Eighth Floor
Sacramento, CA 95814

Re: Complaint against "California's Republic Reporter" aka "California Republican Reporter"; Ronald Yates

Dear Mr. Ordos:

Pursuant to Government Code §§83115, 91004 and 91007, the undersigned submits a sworn complaint and a request for the Commission to commence civil prosecution, or in the alternative, administrative prosecution, of the matters set forth below. If the Commission advises that it does not intend to pursue civil prosecution, complainant understands that he may proceed to commence a civil action under §91004 even if the commission may elect to pursue administrative prosecution.

Pursuant to Government Code §91010, this is not a civil prosecution action time-barred by §90002 because a slate mailer organization is not subject to audit pursuant to subdivision (c) of that section.

Proposed Respondents

The following are the proposed Respondents:

California's Republic Reporter
(aka California's Republic Reporter
News Bureau)
1501 Sunnyside Terrace
San Pedro, CA 90732

The Republican Reporter
1501 Sunnyside Terrace
San Pedro, CA 90732

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Mr. Ronald R. Yates
1501 Sunnyside Terrace
San Pedro, CA 90732

Alleged Violations

1. Failure to file Slate Mailer Statement of Organization, Government Code §84108; and to identify a treasurer, Government Code §84100. (2 civil and administrative violations)

2. Failure to file campaign pre-election statements for the periods 1/1/94-3/17/94; 3/18/94-5/19/94; 5/19/94-6/30/94, Government Code §84218(a), (b). (3 civil and administrative violations)

3. Failure to file reports of payments of $2,500 or more during the pre-election late reporting period 5/20/94-6/7/94, Government Code §84220. (unknown number of civil and administrative violations)

4. Failure to include disclaimers required of slate mailer organizations on three separate editions, Government Code §84305.5. (3 civil and administrative violations)

5. Aiding and abetting violations of the above-referenced provisions, for compensation, Government Code §83116.5 (unknown number of administrative violations)

Facts Known to Complainant

#1 The California's Republic Reporter, aka The Republican Reporter, is a tabloid-style publication, not a newspaper. The California's Republic Reporter solicited and received funds in excess of $1,000 for the purpose of publishing a slate mailer during the period January 1, 1994 through June 30, 1994. The California's Republic Reporter is wholly-owned and operated by Ronald R. Yates. All of them are doing business at the same address in Rancho Palos Verdes, California.

#2 The California's Republic Reporter is a slate mailer organization, because it published slate mailers that endorsed or opposed at least fourteen (14) candidates for state and local offices, and nine (9) state ballot propositions, including the following: (1) Supported David Roberti recall, (Special Edition, April 1994) with numerous advertisements and "articles"; (2) Supported the following candidates and measures in two June 1994 editions distributed prior to the June 1994 primary election:

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John L. Moriarty for L.A. County Superior Court Judge, Office #2; Jack Harden, for Republican nominee, State Insurance Commissioner; John Schock, L.A. County Superior Court Judge, Office #93; Nick Stansfield, L.A. County Tax Collector; Gil Carillo, L.A. County Sheriff; David Bohline, Republican nominee, 53rd State Assembly District; and the following candidates for County Central Committee, 54th A.D. Central Committee (L.A. County): Ronald R. Yates, Kenneth Buchanan, Michael A. Durst, Jeanne Goodin, Paul A. Jessen, Marjorie Anne Kinney, Michael W. Webb; State Ballot Propositions 1A, 1B, and 1C, 175, 176, 177, 178, 179, and 180.

#3 The California's Republic Reporter, aka The Republican Reporter, failed to file a statement of organization disclosing its organization as a slate mailer organization under the Political Reform Act. The California's Republic Reporter failed to file periodic campaign disclosure reports required of slate mailer organizations, including two pre-election and one semi-annual campaign report disclosing the sources of payments, the contributors, and the expenditures made for supporting and opposing the candidates and ballot measures listed above. The California's Republic Reporter failed to include in its slate mailer the specific disclaimers required of slate mailer organizations on its campaign mailings.

#4 The state and local candidates were supported through advertising which resembled a traditional slate, as well as through various paid advertisements (some containing disclaimers, some otherwise not disclaimed or containing any indication of who paid for the specific advertisement). The ballot propositions were characterized as LACFRW (Los Angeles County Federation of Republican Women) Ballot Recommendations (for June 1994) without any disclaimer. It is possible some of these recommendations were carried without charge.

#5 The California's Republic Reporter is not a newspaper, and not entitled to any claim of exemption from the slate mailer organization rules. The respondent was established much like other campaign tabloids to look like a newspaper. Traditional elements of a "newspaper" such as opinion columns were offered to make the format seem more credible, in comparison with standard mass-mailed campaign literature. Rights to the use of local and national syndicated columnists may have been purchased from commercial sources. Complainant is unaware of whether the respondents acquired the rights to such syndicated columnists in violation of what he suspects is a prohibition on the use of such columnists' material in certain types of political campaign mailings.

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#6 Proposed respondent Ronald R. Yates, the owner of the tabloid, aided and abetted the foregoing violations of the Political Reform Act. On information and belief, Yates derived financial compensation from the endeavors of California's Republic Reporter.

#7 Copies of the three tabloids produced by the Respondents are attached as Exhibits A, B, and C. Copies of solicitations by The Republican Reporter are attached as Exhibits D and E. Copies of solicitations by California's Republic Reporter of candidate gold, silver and bronze "candidate packages" are attached. For a Gold Candidate Package, a candidate or someone purchasing on his or her behalf would be entitled to (1) a front page lead story with heading, (2) a front page headline photo, (3) a full page profile story on p. 5, (4) a full page advertisement, (5) listed in full page selected candidate ad (the traditional slate list), (6) a letter to the editor on any subject. This package cost $3,995. The solicitation of Silver and Bronze Candidate Packages, offered slightly different packages, at correspondingly lower prices.

#8 The April 1994 and two June 1994 issues of the California's Republic Reporter also contain several paid advertisements from non-political enterprises, including the L.A. Rubber Co., 2915 E. Washington Blvd, P.O. Box 23910, Los Angeles, CA 90023-0910, telephone (213) 263-4131/(800) 464-2358, Joe Vilarino's Showcase, 1201 S. Pacific Coast Hwy, Redondo Beach, CA, telephone (310) 540-8444, and The Sea Dream, no address, (310) 436-7381. On information and belief, these advertisements may also constitute contributions for inclusion of particular candidates in the California's Republic Reporter slate mailing.

#9 The foregoing facts and exhibits support the conclusion that the Respondents violated the Political Reform Act.

#10 The foregoing is true and correct and of my personal knowledge, except as to matters stated on information and belief, which I believe to be true.

Executed under penalty of perjury this 20th day of September, 1994 at Rancho Palos Verdes, California.

Ronald M. Florance

BARBARA DORMAN
COMM. #960373
Notary Public-California
LOS ANGELES COUNTY
My comm. expires MAR 15, 1996

September 21, 1994

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California
Fair Political
Practices Commission

(1)

October 11, 1994

Mr. Ronald Yates
1501 Sunnyside Terrace
San Pedro, CA 90732

RE: FPPC. NO. 94/558
"California Republican Reporter"
Ronald Yates

Dear Mr. Yates:

Enclosed is a copy of a formal complaint in which allegations were made that the "California Republican Reporter" also known as the "California's Republic Reporter" and you, as the owner, violated the Political Reform Act of 1974 (the Act). The substance of the allegations appears in five exhibits, three of which are publications produced by the above-referenced organization, as well as copies of two solicitations by "The Republican Reporter" which were enclosed with the original complaint. Copies of these shall be provided to you upon request.

The Commission and its Enforcement staff will be evaluating this matter to determine if civil or administrative prosecution is warranted. The Enforcement Division will notify you prior to November 8, 1994 as to what, if any, action will be pursued regarding this complaint.

Please be advised that due to the nature of this complaint we are required to operate under Government Code Section 91007 in the investigation of this matter.

Very truly yours,

Wayne Ordos
Executive Director

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428 J Street, Suite 800 • P.O. Box 807 • Sacramento, CA 95804-0807 • (916) 322-56

EXHIBIT O

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Attorney at Law
2211 Torrance Blvd.
Torrance, CA 90501-2595
(310) 320-7525

Attorney for plaintiff,
RONALD FLORANCE, et al.

ORIGINAL FILED
NOV 14 1994
COUNTY CLERK

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

RONALD M. FLORANCE, individually; RONALD M. FLORANCE FOR CONGRESS COMMITTEE, Plaintiffs, vs. RONALD R. YATES, individually and doing business as CALIFORNIA'S REPUBLIC REPORTER, aka PUBLIC REPORTER, aka CALIFORNIA'S REFUBLIC REPORTER NEWS BUREAU, SUSAN BROOKS, individually, JIM BROOKS, individually, LES MARTIN, individually, SUSAN BROOKS FOR CONGRESS COMMITTEE, JOHN DUKE, individually, JOHN DUKE FOR CONGRESS COMMITTEE, MICHAEL A. DURST, individually and doing business as L.A. RUBBER CO. and DOES 1 through 100, inclusive, Defendants.	CASE NO. YC021569 FIRST AMENDED COMPLAINT FOR LIBEL FOR COMPENSATORY AND PUNITIVE DAMAGES; FOR INJUNCTIVE RELIEF TO PREVENT VIOLATIONS OF THE CALIFORNIA POLITICAL REFORM ACT; PRIVATE ATTORNEY GENERAL ACTION FOR VIOLATIONS OF THE CALIFORNIA POLITICAL REFORM ACT; GOVERNMENT CODE §§81000, ET. SEQ.; COSTS INCLUDING ATTORNEY FEES

As and for his First Cause of Action,

Plaintiff, RONALD M. FLORANCE, individually (hereinafter "FLORANCE") alleges:

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FIRST CAUSE OF ACTION

LIBEL

(Against Defendants Yates, Reporter, News Bureau, S. Brooks, J. Brooks, Brooks Committee Martin, Duke, Duke Committee, Durst and L.A. Rubber)

1. Defendants RONALD R. YATES, individually, (hereinafter "YATES") and doing business as CALIFORNIA'S REPUBLIC REPORTER, aka PUBLIC REPORTER, (hereinafter "REPORTER"), aka CALIFORNIA'S REPUBLIC REPORTER NEWS BUREAU, (hereinafter "NEWS BUREAU"), SUSAN BROOKS, individually, (hereinafter "S. BROOKS"), JIM BROOKS, individually, (hereinafter "J. BROOKS"), LES MARTIN, individually, (hereinafter "MARTIN"). SUSAN BROOKS FOR CONGRESS COMMITTEE, (hereinafter "BROOKS COMMITTEE"), JOHN DUKE, individually, (hereinafter "DUKE"), JOHN DUKE FOR CONGRESS COMMITTEE, (hereinafter "DUKE COMMITTEE"), MICHAEL A. DURST, individually (hereinafter "DURST") and doing business as L.A. RUBBER CO., (hereinafter "L.A. RUBBER"), are and at all times herein mentioned were residents or had their principal places of business in Los Angeles County, California.

2. Plaintiffs are ignorant of the true names and capacities of the defendants sued herein by the fictitious names of DOES 1 through 100, inclusive, and plaintiffs will ask leave of this Court to amend this complaint to set forth the true names and capacities of said DOE defendants when the same have been ascertained.

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3. Defendants, S. BROOKS, J. BROOKS, MARTIN, BROOKS COMMITTEE and DOES 1 through 5 at all times herein mentioned were the agents and servants of their co-defendants, YATES, REPORTER, NEWS BUREAU, and each other and in doing the things hereinafter alleged were acting within the course and scope of each agency and the permission and consent of their co-defendants.

4. Defendants, REPORTER and NEWS BUREAU is and at all times herein mentioned was a business organization in a form unknown, organized and existing under and by virtue of the laws of California with its principal place of business in Los Angeles County, California.

5. At all times herein mentioned, defendant S. BROOKS was a candidate for the nomination of the Republican Party in the 36th Congressional District of California for the Primary Election on June 7, 1994, by and through the BROOKS COMMITTEE, and as such, S. BROOKS, J. BROOKS and MARTIN controlled the BROOKS COMMITTEE, a principal campaign committee as defined in 2 USC §431(z).

6. At all times herein mentioned, defendant DUKE was a candidate for the nomination of the Republic Party in the 38th Congressional District of California for the Primary Election on June 7, 1994, by and through the DUKE COMMITTEE and as such, DUKE controlled the DUKE COMMITTEE, a principal campaign committee as defined in 2 USC §431(z).

7. Defendant DUKE and DOES 6 through 10 at all times herein mentioned were the agents and servants of their co-defendants YATES, REPORTER, NEWS BUREAU and each other, and in doing the things hereinafter alleged were acting within the course

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and scope of each agency, and with the permission and consent of their co-defendants.

8. FLORANCE and the FLORANCE COMMITTEE is informed and believes and thereon alleges that defendants, DURST was a candidate for election to the 54th Assembly District Republican County Central Committee and is a principal shareholder, director, officer and/or employee of L.A. RUBBER, further that DURST and L.A. RUBBER placed ads in the REPORTER, and that DURST and L.A. RUBBER were at all times herein mentioned acting as agents and servants of their co-defendants, YATES, REPORTER, NEWS BUREAU and each other, and in doing the things hereinafter alleged were acting within the course and scope of each agency, and with the permission and consent of their co-defendants.

9. At all times herein mentioned, plaintiff FLORANCE was a candidate for the nomination of the Republican Party in the 36th Congressional District of California for the Primary Election of June 7, 1994, and was a semi-retired investor in securities and real estate, living within the boundaries of the 36th Congressional District which included the City of Palos Verdes Estates, Los Angeles County, California. As of the Primary Election date, FLORANCE had resided in such city for 27 years, and at all times has enjoyed a good reputation, both generally and in his occupation, and served with distinction for 8 years (1980-1988) as Councilmember and Mayor of the City of Palos Verdes Estates.

10. In April, May and June, 1994, before the Primary Election of June 7, 1994, defendants S. BROOKS, J. BROOKS, MARTIN,

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and BROOKS COMMITTEE, printed published, republished and circulated, or caused to be printed, published, republished and circulated a certain "political hit piece" about FLORANCE titled "The Republican Who Can't Win In Or Out Of Court, The Ron Florance Record," which is attached hereto as Exhibit "A" and incorporated by reference herein.

11. FLORANCE and the FLORANCE COMMITTEE is informed and believes and thereon alleges that during the period January 1, through June 5, 1994 and before the Primary Election of June 7, 1994, defendants YATES was doing business as the REPORTER and/or NEWS BUREAU and together with S. BROOKS, J. BROOKS, MARTIN and the BROOKS COMMITTEE printed, published, republished and circulated, or caused to be printed, published, republished and circulated during said time period within the boundaries of the 36th Congressional District of California, a certain "article" about FLORANCE titled "Ron Florance: Republican Asset or Political Embarrassment?," "The Ron Florance Record," which appeared at pages 10 and 11 and was incorporated within a tabloid style "slate mailer", as defined in Government Code, §82048.3. A copy of such "slate mailer" is attached hereto as Exhibit "B" and incorporated by reference herein.

12. FLORANCE and the FLORANCE COMMITTEE is informed and believes and thereon alleges that during the period January 1, 1994 through June 5, 1994 and before the Primary Election of June 7, 1994, defendants YATES was doing business as the REPORTER and/or NEWS BUREAU and together with DUKE and the DUKE COMMITTEE printed, published, republished and circulated or caused to be

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printed, published, republished and circulated during said time period within the boundaries of the 38th Congressional District of California, a certain "article" about FLORANCE titled "Ron Florance Republican Asset or Political Embarrassment?," "The Ron Florance Record," which appeared at pages 10 and 11 and was incorporated within a tabloid-style publication, a "slate mailer" as defined in Government Code, §82048.3. A copy of such "slate mailer" is attached hereto as Exhibit "C" and incorporated by reference herein.

13. The following statements contained in the "political hit piece" (Exhibit "A") were false as they apply to FLORANCE:

13a. "FACT: Ron Florance and his companies have been involved in over 60 different lawsuits."

13b. "FACT: Since 1992, Ron Florance has had to pay $900,000.00 in legal settlements!"

14. The following statements contained in the "slate-mailer article" (Exhibits "B" and "C") were false as they apply to FLORANCE:

14a. "...which candidate has the best chance against Jane Harman; Ron Florance or Susan Brooks..." "...and the other [candidate Ron Florance] will be testifying as a defendant in a business fraud lawsuit in October [1994] just a few weeks before the General Election"

14b. "...there is speculation that **Harman supporters** are actively **supporting Florance**, physically and financially in his effort against Brooks..."

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14c. "At this time Ron Florance is innocent of the fraud charges that were levied against him, and perhaps (and hopefully) he will be found innocent at his trial that is scheduled to take place in the middle of October. But what if he isn't? Can you imagine if Ron Florance wins the June 7th primary and is in the middle of a campaign against Jane Harman two weeks until election, and he's found guilty of fraud?

emphasis added

14d. "Florance is also named personally as a cross-complaint defendant in another Los Angeles County Superior Court case, Coast Construction Company vs. Wallace Ranch Associates, Ronald H. Florance, et al. Case no. SWC112594 which is going to trial on October 17, 1994-just three weeks before the General Election. Florance has been charged with fraud and/or misrepresentation by the cross-complainants. Florance settled with the original plaintiff, Coast Construction Company, for $900,000.00 in September, 1993..."

15. The statements contained in paragraph 13 hereinabove, were understood by those who read them in a way which defamed FLORANCE because such statements questioned FLORANCE'S personal and business integrity in the following manner:

13a. By alleging that he had been involved in over 60 lawsuits, the statements implied that FLORANCE and his companies were committing improper and illegal acts, and FLORANCE was not fit to represent Republicans in the U.S. Congress.

13b. By alleging that FLORANCE had to pay $900,000.00 in legal settlements in 1992, the defendants statements implied

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that FLORANCE has personally admitted to his allegedly improper and illegal acts, and that plaintiff is untrustworthy and should not represent Republicans in U.S. Congress.

16. The statements contained in paragraph 14 hereinabove, were understood by those who saw and heard them in a way which defamed FLORANCE because such statements questioned FLORANCE'S personal and business integrity in the following manner:

14a. By stating that Ron Florance will be testifying in a business lawsuit in October, 1994, just a few weeks before the General Election, when in fact he would not be testifying, the statements falsely implied the business fraud lawsuit would hurt FLORANCE'S chances against Congresswoman Harman in the General Election because a trial just a few weeks before election day would give Jane Harman an opportunity to attack FLORANCE on the trustworthiness issue with the voters should he win his party's nomination in the Primary.

14b. By "speculating" that Harman supporters are actively physically and financially in his efforts against Brooks the statements falsely implied that FLORANCE is a "turncoat Republican" for accepting such support. The statements implied that Harman and her supporters wanted to face the weaker candidate, i.e., FLORANCE rather than Susan Brooks.

14c. By couching their statements in such terms as "innocent", "found innocent at his trial... in the middle of October", and "found guilty of fraud" in the context of the entire statement, the statements falsely imputed criminal behavior to

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FLORANCE and thereby misrepresented the pending civil lawsuit against FLORANCE'S company in which he held a minority shareholder interest as a pending criminal case against FLORANCE.

14d. The statements describing FLORANCE as a named cross-complaint defendant while failing to state that FLORANCE was also a cross-complaint plaintiff who was assigned the cause of action of Coast Construction Company in its case against Wallace Ranch Associates, defendants implied falsely that FLORANCE remains charged with fraud and/or misrepresentation, and therefore, is an untrustworthy person unfit to serve in the U.S. Congress.

17. The "political hit piece", Exhibit "A" herein, was posted in the U.S. Mail, and after delivery was seen and was available for reading by households having registered Republican voters residing within the 36th Congressional District of California, estimated to be in excess of 75,000 potential voters.

18. The "slate mailer", Exhibits "B" and "C" herein, were posted in the U.S. Mail, and after delivery were seen and read by households having registered Republican voters residing within the 36th and 38th Congressional Districts of California, estimated to be in excess of 100,000 potential voters in both districts.

19. As a proximate result of the above-described publications, FLORANCE has suffered loss of his reputation, shame, mortification and hurt feelings all to his general damage of $1.00.

20. As a further proximate result of the above-described publication of the "article" contained in Exhibits "B"

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and "C", FLORANCE has suffered special damages in his business, including but not limited to, attorney fees and costs incurred in bringing this action in an amount according to proof at time of trial.

21. The above-described "political hit piece," Exhibit "A" herein, and the "article," Exhibits "B" and "C" were published with malice and/or oppression and/or fraud because defendants S. BROOKS, J. BROOKS, MARTIN and the BROOKS COMMITTEE had been specifically informed by FLORANCE and the FLORANCE COMMITTEE on or about April 29, 1994 of the falsity of the various statements set forth in paragraphs 13 and 14 herein; and YATES, REPORTER and NEWS BUREAU for having imputed criminal conduct and pending criminal charges against FLORANCE as set forth in paragraphs 14 and 16, herein; therefore, FLORANCE seeks an award of punitive damages in the amount of $250,000.00 against defendants S. BROOKS, J. BROOKS, MARTIN, the BROOKS COMMITTEE, YATES, REPORTER and NEWS BUREAU, and each of them.

SECOND CAUSE OF ACTION

FOR INJUNCTIVE RELIEF TO PREVENT FURTHER

VIOLATION OF GOVERNMENT CODE §§84100, 84108

(Against defendants, Yates, Reporter and News Bureau)

As a second and further cause of action, FLORANCE and the RONALD M. FLORANCE COMMITTEE (hereinafter, "FLORANCE COMMITTEE") alleges:

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22. FLORANCE and the FLORANCE COMMITTEE reallege and incorporate by reference herein the allegations contained in paragraphs 1, 2, 4, 9, 11, 12 and 18 of their First Cause of Action as though fully set forth herein.

23. FLORANCE and the FLORANCE COMMITTEE are informed and thereon believe that defendants YATES, REPORTER and NEWS BUREAU solicited and received funds in excess of $1,000 for the purpose of publishing a "slate mailer" during the period January 1, 1994 through June 30, 1994.

24. As a result, defendants YATES, REPORTER and NEWS BUREAU were a slate mailer organization as provided in Government Code §82048.5, and were required to file a statement of organization and periodic campaign reports, disclosing information concerning its receipts and expenditures of $1000 or more in support of or in opposition to candidates and ballot measures with appropriate filing officers at appropriate times.

25. Defendants, YATES, REPORTER and NEWS BUREAU failed to file a statement of organization in violation of Government Code §84108 and to identify a treasurer, in violation of Government Code §84100.

26. As a result of defendants' YATES, REPORTER and NEWS BUREAU'S failure or refusal to file a statement of organization, the voters have been deprived, and continue to be deprived of accurate information, fully and truthfully disclosed, in order to inhibit improper practices (Government Code §81002(a)).

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27. Unless and until defendants YATES, REPORTER and NEWS BUREAU are enjoined to file a statement of organization by this court, the voters will continue to be so deprived of accurate information, fully and truthfully disclosed in election campaigns.

28. FLORANCE and the FLORANCE COMMITTEE have no speedy and adequate remedy at law. and the public and plaintiffs will be irreparably injured by continuing non-disclosure of accurate, complete and truthful information concerning election campaigns unless defendants YATES, REPORTER and NEWS BUREAU are enjoined as set forth above.

THIRD CAUSE OF ACTION

FOR INJUNCTIVE RELIEF TO PREVENT FURTHER

VIOLATION OF GOVERNMENT CODE §84218(a), (b)

(Against defendants, Yates, Reporter and News Bureau)

As a third and further cause of action, FLORANCE and the FLORANCE COMMITTEE allege:

29. FLORANCE and the FLORANCE COMMITTEE reallege and incorporate by reference herein the allegations contained in paragraphs 22 of their Second Cause of Action as though fully set forth herein.

30. Defendants YATES, REPORTER and NEWS BUREAU failed to file campaign pre-election statements for the periods 1/1/94 - 3/17/94; 3/18/94 - 5/19/94; 5/19/94 - 6/30/94, as required by law for slate mailer organizations which receive payments and make expenditures supporting and opposing candidates for state and

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local office and state ballot measures in connection with special state elections and regular primary elections, in violation of Government Code §84218(a) and (b), each failure constituting a separate and distinct offense.

31. As a result of Defendants YATES, REPORTER and NEWS BUREAU'S failure or refusal to file a statement of organization, the voters have been deprived, and continue to be deprived of accurate information, fully and truthfully disclosed, in order to inhibit improper practice (Government Code §81002(a)).

32. Unless and until enjoined to do so by this court, the voters will continue to be so deprived of accurate information, fully and truthfully disclosed in election campaigns.

33. FLORANCE and the FLORANCE COMMITTEE have no speedy and adequate remedy at law, and the public and Plaintiffs will be irreparably injured by continuing non-disclosure of accurate, complete and truthful information concerning election campaigns unless defendants are enjoined as set forth above.

FOURTH CAUSE OF ACTION

FOR INJUNCTIVE RELIEF TO PREVENT FURTHER

VIOLATION OF GOVERNMENT CODE §84220

(Against defendants, Yates, Reporter and News Bureau)

As a fourth and further cause of action, FLORANCE and FLORANCE COMMITTEE allege:

34. FLORANCE and the FLORANCE COMMITTEE reallege and incorporate by reference herein the allegations contained in

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paragraphs 22 of their Second Cause of Action as though fully set forth herein.

35. Defendants, YATES, REPORTER and NEWS BUREAU failed to file reports of payments of $2,500.00 or more during the pre-election late reporting period 5/20/94 - 6/7/94, in violation of Government Code §84220, each failure constituting a separate and distinct offense.

36. As a result of defendants' failure or refusal to file a statement of organization, the voters have been deprived, and continue to be deprived of accurate information, fully and truthfully disclosed, in order to inhibit improper practices (Government Code §81002(a)).

37. Unless and until enjoined to do so by this court, the voters will continue to be so deprived of accurate information, fully and truthfully disclosed in election campaigns.

38. FLORANCE and the FLORANCE COMMITTEE have no speedy and adequate remedy at law, and the public and Plaintiff will be irreparably injured by continuing non-disclosure of accurate, complete and truthful information concerning election campaigns unless defendants YATES, REPORTER and NEWS BUREAU are enjoined as set forth above.

FIFTH CAUSE OF ACTION

VIOLATION OF GOVERNMENT CODE §§84100, 84108

(Against defendants, Yates, Reporter and News Bureau)

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As a fifth and further cause of action, FLORANCE and FLORANCE COMMITTEE allege:

39. FLORANCE and the FLORANCE COMMITTEE reallege and incorporate by reference herein the allegations contained in paragraphs 22 of their Second Cause of Action as though fully set forth herein.

40. Violations of the California Political Reform Act, Government Code §§81000 et seq. are subject to civil prosecution by the civil prosecutor, the California Fair Political Practices Commission (hereinafter "FPPC"), or if it determines not to file a civil action pursuant to Government Code §91007, by any person acting as private attorney general.

41. FLORANCE and the FLORANCE COMMITTEE provided the civil prosecutor, FPPC, with notice of and demand for civil prosecution of the violations of the Fair Political Practices Act as alleged herein on September 30, 1994. A copy of such "notice" is attached hereto as Exhibit "D" and incorporated by this reference herein.

42. On November 7, 1994, the FPPC by letter to plaintiff, declined to prosecute the violations alleged herein by filing of a civil action. A copy of such letter is attached hereto as Exhibit "E" and incorporated by this reference herein. Thereby, FLORANCE and the FLORANCE COMMITTEE have exhausted the administrative remedies available to them.

43. FLORANCE and the FLORANCE COMMITTEE are informed and thereon believe that defendants YATES, REPORTER and NEWS BUREAU solicited and received funds in excess of $1,000 for the

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purpose of publishing the slate mailer as defined in Government Code §82048.3, during the period January 1, 1994 through June 30, 1994.

44. As a result defendants, YATES, REPORTER and NEWS BUREAU were a slate mailer organization as provided in Government Code §82048.5, and were required to file a statement of organization and periodic campaign reports disclosing information concerning its receipts and expenditures of $100 or more in support of or opposition to candidates and ballot measures with appropriate filing officers at appropriate times.

45. Defendants, YATES, REPORTER and NEWS BUREAU failed to file a Slate Mailer Statement of Organization in violation of Government Code §84108 and to identify a treasurer, in violation of Government Code §84100, each failure constituting a separate and distinct offense, with a civil penalty in favor of plaintiffs pursuant to Government Code §91005(b), as hereinafter set forth in the prayer for relief.

SIXTH CAUSE OF ACTION

VIOLATION OF GOVERNMENT CODE §84218(a), (b)

(Against defendants, Yates, Reporter and News Bureau)

As a sixth and further cause of action, FLORANCE and the FLORANCE COMMITTEE allege:

46. FLORANCE and the FLORANCE COMMITTEE reallege and incorporate by reference herein the allegations contained in paragraphs 22 of their Second Cause of Action, and paragraphs 40,

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41 and 42 of their Fifth Cause of Action as though fully set forth herein.

47. Defendants YATES, REPORTER and NEWS BUREAU failed to file campaign pre-election statements for the periods 1/1/94 - 3/17/94; 3/18/94 - 5/19/94; 5/19/94 - 6/30/94, as required by law for slate mailer organizations which receive payments and make expenditures supporting and opposing candidates for state and local office and state ballot measures in connection with special state elections and regular primary elections, in violation of Government Code §84218(a) and (b), each failure constituting a separate and distinct offense, with a civil penalty in favor of plaintiffs pursuant to Government Code §91004, as hereinafter set forth in the prayer for relief.

SEVENTH CAUSE OF ACTION

VIOLATION OF GOVERNMENT CODE §84220

(Against defendants, Yates, Reporter and News Bureau)

As a seventh and further cause of action, FLORANCE and FLORANCE COMMITTEE allege:

48. FLORANCE and the FLORANCE COMMITTEE reallege and incorporate by reference herein the allegations contained in paragraphs 22 of their Second Cause of Action and paragraphs 40, 41 and 42 of their Fifth Cause of Action as though fully set forth herein.

49. Defendants, YATES, REPORTER and NEWS BUREAU failed to file reports of payments of $2,500.00 or more during the pre-

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election late reporting period 5/20/94 - 6/7/94, in violation of Government Code §84220, each failure constituting a separate and distinct offense, with a civil penalty pursuant to Government Code §91004, as hereinafter set forth in the prayer for relief.

EIGHTH CAUSE OF ACTION

VIOLATION OF GOVERNMENT CODE §84305.5

(Against defendants, Yates, Reporter and News Bureau)

As an eighth and further cause of action, FLORANCE and FLORANCE COMMITTEE allege:

50. FLORANCE and the FLORANCE COMMITTEE reallege and incorporate by reference herein the allegations contained in paragraphs 22 of their Second Cause of Action and paragraphs 40, 41 and 42 of their Fifth Cause of Action as though fully set forth herein.

51. On or about April 1, 1994, defendants YATES, REPORTER and NEWS BUREAU caused to be printed, published and distributed to voters a slate mailer without the requisite identification and notice to voters to accurately and in a fashion designed to avoid misleading them, disclose that the publication was a slate mailer and contained recommendations or endorsements placed in the publication for consideration by the payor.

52. On or about June 1, 1994, defendants, YATES, REPORTER and NEWS BUREAU caused to be printed, published and distributed to voters two separate slate mailers, without the requisite identification and notice to voters to accurately and in

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a fashion designed to avoid misleading them, disclose that the publication was a slate mailer and contained recommendations or endorsements placed in the publication for consideration by the payor.

53. Defendants, YATES, REPORTER and NEWS BUREAU failed to include these disclaimers required of slate mailer organizations on two separate editions, in violation of Government Code §84305.5, each failure constituting a separate and distinct offense, with a civil penalty in favor of plaintiffs pursuant to Government Code §91005(b), as hereinafter set forth in the prayer for relief.

PRAYER FOR RELIEF

1. On the First Cause of Action herein general damages in the sum of one dollar ($1.00), against all defendants;

2. On the First Cause of Action herein special damages in an amount according to proof at the time of trial;

3. On the First Cause of Action herein punitive and exemplary damages in the sum of $250,000.00, against defendants S. BROOKS, J. BROOKS, MARTIN, the BROOKS COMMITTEE, YATES, REPORTER and NEWS BUREAU, and each of them;

4. On the Second, Third, and Fourth causes of action, issuance of preliminary and permanent injunctions ordering defendants, YATES, REPORTER and NEWS BUREAU and each of them to file:

///

///

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(a) Campaign statement(s) or organization and identify a treasurer pursuant to Government Code §§84108 and 84100;

(b) Campaign disclosure reports for the periods 1/1/94 - 3/17/94; 3/18/94 - 5/19/94; 5/19/94 - 6/30/94 pursuant to Government Code §84218(a) and (b);

(c) Campaign disclosure reports disclosing payments of $2,500 or more during the pre-election late reporting period 5/20/94 - 6/7/94 pursuant to Government Code §84220;

5. On the Fifth and Eighth Causes of Action herein, a fine in the amount of $2,000.00 per violation, payable as a civil penalty in favor of plaintiff, pursuant to Government Code, §91005(b).

6. On the Sixth and Seventh Causes of Action herein, an amount equal to the amount or value not properly reported, pursuant to Government Code §91004.

7. On the Second, Third, Fifth, Sixth, Seventh and Eighth Causes of Action, FLORANCE and the FLORANCE COMMITTEE'S costs of suit, including reasonable attorney's fees, pursuant to Government Code §91012 and Code of Civil Procedure §1021.5.

Dated: November 12, 1994

ROBERT ALDEN WELBOURN, Attorney for Plaintiff, RON FLORANCE and the FLORANCE COMMITTEE

///

///

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EXHIBIT P

(There are no exhibits attached to this page.)

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EXHIBIT Q

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California's
RONALD R. YATES
EDITOR & PUBLISHER
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SAN PEDRO, CA 90732
FX. 310-521-8233
REPUBLIC REPORTER
CALIFORNIA REPUBLIC
COUNTY STATE AND NATIONAL POLITICAL NEWS

Mr. Wayne Ordos
Executive Director
California Fair Political Practices Commission
428 J Street, P.O. Box 807
Sacramento, CA 95804-0807

December 15, 1994

RE: FPPC No. 94/558 - California's Republic Reporter, Ronald R. Yates

Ronald R. Yates, dba California's Republic Reporter, hereby responds to the complaint filed against him by Ronald M. Florance on September 20, 1994, known as FPPC 94/558:

Alleged Violations

1. Admits that there are Government Codes # 84108 and 84100. Except as so admitted, Yates denies each and every allegation in paragraph #1.

2. Admits that there is a Government Code #84218. Except as so admitted Yates denies each and every allegation in paragraph #2.

3. Admits that there is a Government Code #84220. Except as so admitted, Yates denies each and every allegation in paragraph #3.

4. Admits that there is a Government Code #84305.5. Except as so admitted, Yates denies each and every allegation in paragraph #4.

5. Admits that there is a Government Code #83116.5. Except as so admitted, Yates denies each and every allegation in paragraph #5.

Alleged 'Facts' Known to Complainant

1. Complainant, in paragraph 1, takes it upon himself to decide a point of California and United States law and declaring that California's Republic Reporter is not a newspaper, and therefore is guilty of breaking the law. This is for a court and jury to decide, and one **will** in the Los Angeles County Superior Court in June 1995. The complainant also falsely states that the purpose of California's Republic Reporter is to publish a 'Slate Mailer'. The true purpose of California's Republic Reporter was to continue Yates' proud 60-year family tradition of publishing community newspapers **(Exhibit A-1)**. Yates was awarded a **'Good Citizen'** Citation by the New York State Assembly **(Exhibit A-2)** for doing so and, conversely, he is being treated like a **criminal** for doing the same thing here in California.

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2. Complainant, in paragraph 2, again decides a point of California and United States law and falsely accuses Yates and California's Republic Reporter of being a slate mailer. Yates denies each and every allegation in paragraph #2.

3. Complainant, in paragraph 3, again decides a point of California and United States law and falsely accuses Yates and California's Republic Reporter of being a slate mailer. Yates denies each and every allegation in paragraph #3.

4. Admits that the news report regarding the ballot propositions which were characterized as from the Los Angeles County Federation of Republican Women were indeed carried without charge because it was **a news report in a newspaper**. Except as so admitted, Yates denies each and every allegation in paragraph #4.

5. Complainant, in paragraph 5, again decides a point of California and United States law and falsely accuses California's Republic Reporter of being a slate mailer and not a newspaper. Yates denies each and every allegation in paragraph #5.

6. Admits to being the sole owner (as of November 1, 1994) of California's Republic Reporter, a newspaper operating under California law. Except as so admitted, Yates denies each and every allegation in paragraph #6.

7. Admits that complainant attached what appears to be 50% reproductions of three different issues of California's Republic Reporter and listed as his Exhibits A, B, and C. Admits that copies of early solicitations, which were discontinued on May 1, 1994 **(Exhibit B1)**, are attached to complaint. However, marketing is ever changing as evidenced by a January Ad Rate Card **(Exhibit B2)** where a full page ad listed for $7,500. None were sold at that price so they too were discontinued. Except as so admitted, Yates denies each and every allegation in paragraph #7.

8. Admits that in the April 1994 and the two June issues of California's Republic Reporter there contained several paid advertisements from the non-political enterprises that were listed and **Yates only wishes that there were more of them since California's Republic Reporter is a For-Profit Newspaper that relies on advertising as a revenue source.** Except as so admitted, Yates denies each and every allegation in paragraph #8.

9. Denies each and every allegation in paragraph #9.

For The Record

1. **California's Republic Reporter is a Newspaper.** - Not a slate mailer or a political committee.

2. **Ronald R. Yates is a third-generation newspaperman "carrying on a 60-year family tradition of crusading against injustice and unfair actions in the community, as well as being an effective voice for good government, monitoring community problems, informing the public and ensuring that positive action was taken."** - The newspaper *DOES NOT* receive contributions, or make expenditures for any candidate involved in a federal election, and is *NOT* an agent acting on the behalf of, or in concert with, any candidate or enterprise. Never has been - Never will be.

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3. Ronald M. Florance, the complainant, has proven to be very litigious in the past **(Exhibit C)** and continues to be unto this day. He is using the Fair Political Practices Commission as a pawn *(the FPPC's investigation is not costing him **one** penny!)* to seek his revenge for the accurate reporting of his questionable background **(Exhibit D)** which was published in California's Republic Reporter that he claims cost him his Republican primary bid for the 36th Congressional seat in June. It is public record that he uses the legal system to **harass and intimidate** people who don't have the resources to fight back, and with this complaint he proves that he takes delight in using the taxpayers money to fight his battles for him. It is precisely this type of action that Yates informed the public about in the June 1994 issue California's Republic Reporter and as a result, Yates is being treated like a criminal by Florance and the FPPC.

3. **California's Republic Reporter sells advertising space to business, (Exhibit E) as well as candidates, and sells subscriptions to the newspaper (Exhibit F)** - The newspaper DOES NOT receive contributions, or make expenditures for any candidate involved in a federal or state election. Never has - never will. However, as a result of the hardships that Mr. Florance has put Yates under with his FEC and FPPC complaints, and the Libel lawsuit filed in L.A. County Superior Court, Yates was unable to publish an issue of California's Republic Reporter for December and had to **refund** advertising and subscription payments made to the paper, further humiliating Yates and hurting his business. **(Exhibit -S)**

4. Ronald M. Florance filed a libel suit in the Los Angeles County Superior Court on October 19, 1994 against Ronald R. Yates, California's Republic Reporter, Public Reporter, aka California's Republic Reporter News Bureau, Susan Brooks, Jim Brooks, Les Martin **(who wrote a letter to the editor in another paper that was not in favor of Florance)**, Susan Brooks For Congress Committee, John Duke, John Duke For Congress Committee, Michael Durst individually and doing business as L.A. Rubber Co (one of California's Republic Reporters business advertisers that has ceased advertising). In his amended complaint filed in the Los Angeles County Superior Court on November 14th, 1994 Florance states in his 'Fifth Cause of Action' paragraph 42 that "On November 7, 1994 the FPPC by letter to plaintiff, declined to prosecute the violations alleged herein by filing of a civil action. Thereby, FLORANCE and the FLORANCE COMMITTEE have exhausted the administrative remedies available to them." **(Exhibit G)**

5. In same suit in his 'First Cause of Action' paragraph 3, FLORANCE claims that 'Defendants S. Brooks, J. Brooks, Martin, Brooks Committee and Does 1 through 5 at all times herein mentioned were the AGENTS and SERVANTS of their co-defendants, YATES, REPORTER, NEWS BUREAU," **(Exhibit H).** However, in his complaint filed with the FEC (Alleged Violations #5) he claims that "California's Republic Reporter was a committee authorized by the Susan Brooks Committee, acting at her direction and in concert with the candidate," **(Exhibit I).** Why the switch? What's Florance's **real** agenda?

6. In his June primary campaign against Susan Brooks, FLORANCE was said to have out-spent Brooks by almost 5-1 (spending an estimated $350,000), expected to win, but when he didn't he sued people that he felt was not on his side, in every way that he could, **at the most opportune time to exact the most pain and suffering from his victims**. Florance called up YATES six weeks after the election and said, "I'm going to **get** you! I'm going to **sue** you! You'll be sorry!" He didn't ask for a retraction, he just wanted revenge for accurate reporting. Florance has the vast resources of money to commit to lengthy courtroom campaigns against those that don't. As evidenced in his **October 6, 1994** L.A. Times interview and story, **(Exhibit J),** and the October 6, 1994 Daily Breeze interview and story **(Exhibit K)** Florance takes delight that several government agencies are carrying out his revenge tactics (at **NO COST** to him!) Florance publicly slanders and humiliates Yates in these articles, taking it upon himself to decide a point of United States and California law, and then to publicly

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falsely accuse Yates of wrongdoing. Florance did these acts with malice with the full intent to injure Yates' reputation and business as revenge for honest and accurate reporting. **NOTE:** The **timing** of the article was about 1 month prior to the general election, and two months before the holiday advertising season. If a 'violation' had, in fact, been committed wouldn't it, or shouldn't it, have been reported **immediately?** Florance articles were printed in several local papers throughout October. This cost YATES advertising revenue and it probably cost Susan Brooks her election to Congress (she lost by 800 votes in over 170,000 cast for the seat).

7. Florance has filed complaints with the **FEC (Exhibit L), FPPC (Exhibit M)**, and filed suit in the **L.A. County Superior Court (Exhibit N)**. Florance did so at the end of September so as to disrupt YATES' business during the busiest period of the year, costing YATES additional holiday advertising revenue that couldn't be cultivated due to the fact that YATES unfairly had to deal with these three matters. YATES had to spend an enormous amount of time to prepare an FEC answer **(Exhibit O)**, an FPPC answer **(Exhibit P)**, and a Pro-Per answer to the Los Angeles County Superior Court Libel suit **(Exhibit Q) .Florance** then printed and sent out a press release **(Exhibit R)** in which he decided a point of United States and California law and made false accusations against Yates and California's Republic Reporter. Several of California's Republic Reporters advertisers opted not to advertise again in the newspaper due to the harassment from Florance's lawsuits in which they were named as co-defendants. In the last sentence of an interview published in the Daily Breeze on Thursday, October 6, 1994 Florance stated his true agenda by saying that he wants to "..**Stop California's Republic Reporter**, which is soliciting ads..." **(Exhibit S)**. Florance has successfully harassed California's Republic Reporter, Ronald R. Yates and their customers, and continues to do so through this complaint made to the FPPC.

8. Ronald M. Florance, through these complaints and lawsuits, has harassed Yates' clientele to the point where most have declined to advertise again because of this harassment. **After which,** Florance then systematically called these people, **including Yates**, and <u>offered to drop the charges - for supplying false information</u>.

<u>This is quoted from an accidentally recorded conversation with Ronald M. Florance on Wednesday November 30, 1994*</u> - "This is Ron Florance calling . . I'm calling as a **'friend'**, not as an enemy, . . I understand that you've got a **NEWSPAPER** and that you are trying to make a living, and all those other good things . . . I'm not out to hurt you, I'm not out to hamper your development ***NECESSARILY*** . . . We might be able to . . .I'm looking for cooperation here, and we just need to find out some things and maybe there's a way to get you out of the paperwork, get you out of filings, and all this kind of stuff . . .uhhh, and . . . maybe we can do it the **easy way** rather than the **hard way**. I mean, the **hard way** is **<u>depositions</u>**, **<u>interrogatories</u>**, and **<u>continual filings</u>**, its, it's, **<u>a hassle!</u>** But, I mean, **there are ways** that we can, ya know, give you open extensions which means you don't necessarily have to file right away. . . you may never have to file anything. **I'm just looking for a little cooperation.**"

This accidental recording was made on the first of five phone calls made by Florance - the complainant, to Yates - the respondent. Florance, in the following phone calls (which went unrecorded) wanted Yates to lie under oath and bear false witness against himself and others just so Yates wouldn't have to go through the **hassle of a Florance Libel lawsuit.** Yates strongly declined. Florance threatened to take away Yates' newspaper if Yates refused to cooperate. Florance made similar phone calls to several others, business advertisers as well as candidates, that were named in some, if not all, of his complaints. *(*copy of tape, or a playback, will be made available upon request)*

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9. Some, like 38th Congressional candidate John Duke, was released from the lawsuit by Florance (after similar phone calls and threats) **(Exhibit T)** because it is believed that Florance does not to want face **Malicious Prosecution** charges from Duke, as well as others, whose lives and livelihoods he has damaged He just wanted to build up the case to the FPPC, the FEC and to the PRESS **(Exhibit R)** to make it look like it was more than it really is. He knows he hasn't a case, and this whole fiasco is his way of subjecting his 'victims' to punishment, and then by his 'good graces', he calls as a **'friend'** to relieve them of having to take the **'Hard Way'**, (as Florance so subtly puts it) and threatens them with harsher treatment if **they - don't - cooperate**. (Didn't the United States of America fight a World War to eliminate **the Gestapo???)** And in the case of the FPPC and the FEC, it's **not** costing **Florance - the multi-millionaire** - a penny of his own money!!! Florance didn't have to pay the way for the FPPC's Bob Perna to fly down from Sacramento and spend the day interviewing me. The taxpayers did. Florance won't have to face any retribution for filing false charges against California's Republic Reporter. But Yates already has faced retribution by lost business and the time and energy it has cost to answer these false charges. It's not fair!!!! And Florance knows it. Hopefully you will, too, and Grant Yates his prayer:

PRAYER

WHEREAS respondent YATES respectfully prays:

1. The **Fair Political Practices Commission** finds that California's Republic Reporter and Ronald R. Yates as Publisher & Editor-in-Chief has **NOT** violated the Political Reform Act in regards to FPPC No. 94/558.

2. The **Fair Political Practices Committee**, in view of these facts and circumstances, will decide that **NO** action should be taken against California's Republic Reporter and Ronald R. Yates as Publisher and Editor-in-Chief in regards to FPPC No. 94/558.

The foregoing is true and correct and of my personal knowledge, except as to matters stated on information and belief, which I believe to be true.

Executed on the 16 day of December, 1994 at San Pedro, California, United States of America

Ronald R. Yates
Publisher and Editor-in-Chief
California's Republic Reporter
San Pedro, California
United States of America

CC:
Bob Perna
Accountant
Fair Political Practices Commission

Vanessa Porter
Enforcement Counsel
California Fair Political Practices Commission

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EXHIBIT R

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RONALD R. YATES, Defendant
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(310) 833-9441

Defendant in Pro Per

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES (SOUTHWEST DISTRICT)

RONALD M. FLORANCE, et al. Plaintiffs, vs. RONALD R. YATES, et al., Defendants.	CASE NO. YC 021569 **ANSWER OF RONALD R. YATES**

Defendant RONALD R. YATES, dba CALIFORNIA'S REPUBLIC REPORTER ("REPORTER") and also known as CALIFORNIA'S REPUBLIC REPORTER NEWS BUREAU ("NEWS BUREAU") (collectively "YATES"), answers the complaint as follows on behalf of YATES:

FIRST CAUSE OF ACTION

1. Admits the allegations in paragraph 1 of the complaint.

2. Denies, for lack of sufficient information, each and every allegation set forth in paragraph 2 of the complaint.

3. Denies each and every allegation of paragraph 3 of the complaint.

4. Admits the allegations in paragraph 4 of the complaint that **CALIFORNIA'S REPUBLIC REPORTER** and NEWS BUREAU are one and the same, and is a business operating as a newspaper, existing under California law with the principal place of business in Los Angeles County. Except as so admitted, YATES denies each and every allegation in said paragraph.

5. Admits the allegations in paragraph 5 of the complaint that

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defendant S. BROOKS was a candidate for the nomination of the Republican Party in the 36th California District for U.S. House of Representatives during the 1994 election cycle. Except as so admitted, YATES denies each and every allegation in said paragraph for lack of sufficient information.

6. Admits the allegations in paragraph 6 of the complaint that defendant DUKE was a candidate for the nomination of the Republican Party in the 38th California District for U.S. House of Representatives. Except as so admitted, YATES denies each and every allegation in said paragraph for lack of sufficient information.

7. Denies each and every allegation in paragraph 7 of the complaint.

8. Admits the allegations in paragraph 8 that defendant DURST was a candidate for election to the 54th Assembly District Republican County Central Committee; on information and belief, that DURST is a principal of defendant L.A. RUBBER; and that L.A. RUBBER placed advertising material in the newspaper **CALIFORNIA'S REPUBLIC REPORTER**. Except as so admitted, YATES denies each and every allegation in said paragraph.

9. Admits the allegations of paragraph 9 that plaintiff RONALD M. FLORANCE was a candidate for the nomination of the Republican Party in the 36th California District for U.S. House of Representatives during the 1994 election cycle; that this district includes the city of Palos Verdes Estates; that FLORANCE has resided in such city for many years; and that FLORANCE has in the past served as a city council member and mayor for that city. Except as so admitted, YATES denies each and every allegation in said paragraph of the complaint.

10. Lacks sufficient information to admit or deny any allegation in paragraph 10 of the complaint, and on that basis denies each and every such allegation.

11. Admits the allegations in paragraph 11 of the complaint that during the period of February 28th through June 7, 1994 YATES was doing business

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as **CALIFORNIA'S REPUBLIC REPORTER** and published in his newspaper an editorial article titled, "Ron Florance: Republican Asset or Potential Republican Embarrassment?", which appeared on pages 10 and 11 of the newspaper which was distributed within the boundaries of the 36th Congressional District; and that plaintiffs appear to have attached a 50% scaled down copy of said issue as 'Exhibit B' to their complaint. Except as so admitted, YATES denies each and every allegation in said paragraph.

12. Admits the allegations in paragraph 12 of the complaint that during the period of February 28th through June 7, 1994 YATES was doing business as **CALIFORNIA'S REPUBLIC REPORTER** and published in his newspaper an editorial article titled, "Ron Florance: Republican Asset or Potential Republican Embarrassment?", which appeared on pages 10 and 11 of the newspaper which was distributed within the boundaries of the 38th Congressional District; and that plaintiff appears to have attached a 50% scaled down copy of said issue as 'Exhibit C' to their complaint. Except as so admitted, YATES denies each and every allegation in said paragraph.

13. Admits on information and belief the allegations in paragraphs 13, 13A, and 13B that Exhibit A includes the quoted statements. Except as so admitted, Yates denies each and every allegation in said paragraphs.

14. Admits the allegations in paragraphs 14, 14A, 14B, 14C and 14D of the complaint that Exhibits B and C include the quoted statements. Except as so admitted, YATES denies each and every allegation in said paragraphs.

15. Denies each and every allegation of paragraph 15, 15A (named **13A** in plaintiff's complaint), and 15B (named **13B** in plaintiff's complaint).

16. Denies each and every allegation of paragraph 16, 16A (named **14A** in plaintiff's complaint), 16B (named **14B** in plaintiff's complaint) 16C (named **14C** in plaintiff's complaint) and 16D (named **14D** in plaintiff's complaint).

17. Denies each and every allegation in paragraph 17 of the

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complaint for lack of sufficient information.

18. Admits that two issues of the newspaper, **CALIFORNIA'S REPUBLIC REPORTER**, as shown as 50% scale in plaintiffs Exhibit B and Exhibit C, were posted in the U.S. Mail, and, on information and belief, after delivery were seen and read by households having registered Republican voters residing within the 36th and 38th Congressional Districts of California, estimated to be in excess of 50,000 potential voters in each district. Except as so admitted, YATES denies each and every allegation in paragraph 18.

19. Denies each and every allegation in paragraph 19.

20. Denies each and every allegation in paragraph 20.

21. Denies for lack of sufficient information the allegation in paragraph 21 of complaint that defendants S. BROOKS, J. BROOKS, MARTIN, and the BROOKS COMMITTEE had been informed by plaintiff of the falsity of the various statements in paragraphs 13 and 14. Except as so denied for lack of sufficient information, YATES denies each and every allegation in paragraph 21.

SECOND CAUSE OF ACTION

22. Responding to paragraph 22 of the complaint, YATES incorporates by reference herein the responses contained in paragraphs 1, 2, 4, 9 11, 12, and 18 of this answer.

23. - 28. Denies each and every allegation in paragraphs 23, 24, 25, 26, 27, and 28 of the complaint.

THIRD CAUSE OF ACTION

29. Responding to paragraph 29 of the complaint, YATES incorporates by reference the responses contained in paragraph 22 of this answer.

30. - 33. Denies each and every allegation set forth in paragraphs 30, 31, 32, and 33 of the complaint.

FOURTH CAUSE OF ACTION

34. Responding to paragraph 34 of the complaint, YATES

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incorporates by reference the responses contained in paragraph 22 of this answer.

35.-38. Denies each and every allegation set forth in paragraphs 35, 36, 37, and 38 of the complaint.

FIFTH CAUSE OF ACTION

39. Responding to paragraph 39 of the complaint, YATES incorporates by reference the responses contained in paragraph 22 of this answer.

40. Responds that each and every allegation contained in paragraph 40 is a purported statement of law, not of fact, and thus requires no admission or denial.

41. Admits on information and belief that plaintiffs asked the Fair Political Practices Committee to pursue defendant for alleged violations of California law; and that a copy of plaintiffs' communication with the FPPC is attached to complaint as 'Exhibit D'. Except as so admitted on information and belief, YATES denies each and every allegation set forth in paragraph 41.

42. Admits on information and belief that on November 7th, the FPPC, by letter to plaintiff, declined to prosecute defendant for the purported violations in a civil action, although the FPPC continues its investigation of the defendant for possible administrative violations. Except as so admitted on information and belief, YATES denies each and every allegation in paragraph 42 of the complaint.

43. - 45. Denies each and every allegation that is in paragraphs 43, 44, and 45 of the complaint.

SIXTH CAUSE OF ACTION

46. Responding to paragraph 46 of the complaint, YATES incorporates by reference the responses contained in paragraphs 22, 40, 41 and 42 of this answer.

47. Denies each and every allegation in paragraph 47 of the complaint.

SEVENTH CAUSE OF ACTION

48. Responding to paragraph 48 of the complaint, YATES incorporates by reference the responses contained in paragraphs 22, 40, 41 and 42 of this answer.

49. Denies each and every allegation in paragraph 49 of the complaint.

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EIGHT CAUSE OF ACTION

50. Responding to paragraph 50 of the complaint, YATES incorporates by reference the responses contained in paragraphs 22, 40, 41 and 42 of this answer.

51.- 53. Denies each and every allegation in paragraphs 51, 52, and 53 of the complaint.

FIRST AFFIRMATIVE DEFENSE

(Truth)

Plaintiffs' first cause of action is barred, in whole or in part, because (1) plaintiff FLORANCE, as a public figure, has the burden of proving that the YATES statements were not substantially true and (2) these statements were substantially true.

SECOND AFFIRMATIVE DEFENSE

(Free Speech - U.S. Constitution)

Plaintiffs' first through eighth causes of action are barred, in whole or in part, by applicable provisions of the United States Constitution protecting free speech, freedom of the press, and freedom of expression.

THIRD AFFIRMATIVE DEFENSE

(Free Speech - California Law)

Plaintiffs' first through eighth causes of action are barred, in whole or in part, by applicable provisions of California Law protecting free speech, freedom of the press, and freedom of expression.

FOURTH AFFIRMATIVE DEFENSE

(Expression of Opinion)

Plaintiffs' first cause of action is barred, in whole or in part, because some or all of the YATES statements claimed to be defamatory are not false statements of fact but rather expressions of opinion.

FIFTH AFFIRMATIVE DEFENSE

(Fair Comment)

Plaintiffs' first cause of action is barred, in whole or in part, because some or all of the YATES statements claimed to be defamatory are privileged as fair comment on matters of public interest, concern or controversy about a candidate for public office.

SIXTH AFFIRMATIVE DEFENSE

(Absence of Malice)

Plaintiffs' first cause of action is barred, in whole or in part, because the YATES statements complained of in plaintiffs' complaint were not published by YATES either with knowledge that they were false or with reckless disregard as to the truth of the statements. Because plaintiff FLORANCE is a public figure, YATES is protected by constitutional privilege from defamation actions in which the YATES statements complained of were not published with actual malice.

SEVENTH AFFIRMATIVE DEFENSE

(Failure to Demand Correction or Retraction {Civ. Code § 48a(1)})

Plaintiffs' first cause of action is barred, in whole or in part, because plaintiffs did not serve a notice and demand for correction upon YATES within the 20 day period as required by section 48a(1) of the California Civil Code.

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EIGHTH AFFIRMATIVE DEFENSE

(Failure to Allege Special Damages With Sufficient Specificity)

Plaintiffs' first cause of action is barred, in whole or in part, because plaintiffs' complaint fails to allege special damages with the requisite particularity, in that the complaint alleges no damages properly characterized as "special damages" as defined under section 48a of the Civil Code.

NINTH AFFIRMATIVE DEFENSE

(Good Faith)

The YATES statements complained of in plaintiffs' complaint were made in good faith in that, at the relevant times, YATES honestly believed the statements regarding FLORANCE, the litigation involving FLORANCE, and the political burden to FLORANCE that resulted from that litigation, to be true, and in that YATES honestly believed the facts underlying his opinions to be true.

TENTH AFFIRMATIVE DEFENSE

(Privilege)

Plaintiffs' first cause of action is barred, in whole or in part, because the YATES statements complained of were made in a fair and true report contained in a public journal.

ELEVENTH AFFIRMATIVE DEFENSE

(Laches)

Plaintiffs' second through eighth causes of action are barred, in whole or in part, under the doctrine of laches.

TWELFTH AFFIRMATIVE DEFENSE

(Mootness)

Plaintiffs' second through eighth causes of action are barred, in whole or in part, because they are moot.

DEMAND FOR A JURY TRIAL

Defendant YATES hereby demands a jury trial.

PRAYER

WHEREFORE defendant YATES respectfully prays:

1. That plaintiffs take nothing by their complaint.
2. That the Court award defendant YATES all reasonable costs and fees incurred in defending this action.
3. That the Court award such other and further relief as it deems just.

Respectfully submitted.

DATED: December 15, 1994

RONALD R. YATES
Defendant in Pro Per

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VERIFICATION - 446, 2015.5 C.C.P.

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am a defendant in the above action or proceeding; I have read the foregoing

ANSWER OF RONALD R. YATES TO CASE NO. YC021569

and know the contents thereof; and I certify that the same is true of my own knowledge, except as to those matters which are therein stated upon my information or belief, and as to those matters I believe to be true.

I declare, under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on December 15, 1994 at Rancho Palos Verdes, California

(signature)

RONALD R. YATES

9704384279

PROOF OF SERVICE BY MAIL

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am a resident of the county aforesaid: I am over the age of eighteen years and not a party to the within entitled action: my business address is:

1621 W. 25th Street, #209

San Pedro, CA 90732

On December 16, 1994, I served the within answer of **Ronald R. Yates to Case No. YC021569** on the interested parties in said action, by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully pre-paid, in the United States mail at San Pedro, California addressed as follows:

1. Jim Brooks, individually and on behalf of the Susan Brooks for Congress Committee
   3419 Carinna Drive
   Rancho Palos Verdes, California 90274

2. John Bernard Duke
   P.O. Box 20463
   Long Beach, California 90801

3. Michael A. Durst, individually and Michael A. Durst dba L.A. Rubber Company
   2915 East Washington Blvd.
   Los Angeles, California 90023

4. Ronald M. Florance, individually and on behalf of the Ronald M. Florance for Congress Committee
   C/O Robert Alden Welbourn - Attorney for plaintiff
   2211 Torrance Blvd.
   Torrance, California 90501-2595

I declare, under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on December 16, 1994 at San Pedro, California

June Pagan

June Pagan *(signature)*

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EXHIBIT S

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RONALD M. FLORANCE
1075 VIA MIRABEL
PALOS VERDES ESTATES, CALIFORNIA 90274

FOR IMMEDIATE RELEASE
WEDNESDAY, OCTOBER 5, 1994

CONTACT:
RON FLORANCE
310 378-0752

FLORANCE FILES SUITS FOR INJUNCTION AND LIBEL AGAINST RESPONDENT'S, "THE REPUBLIC REPORTER"; SUSAN BROOKS AND THE SUSAN BROOKS FOR CONGRESS COMMITTEE

RON FLORANCE ANNOUNCED THAT ON FRIDAY, SEPTEMBER 30, 1994, HE FILED COMPLAINTS WITH THE FEDERAL ELECTION COMMISSION AGAINST "CALIFORNIA'S REPUBLIC REPORTER", AKA " THE REPUBLICAN REPORTER"; RONALD R. YATES, EDITOR & PUBLISHER; SUSAN BROOKS FOR CONGRESS COMMITTEE AND MRS. SUSAN BROOKS AND REQUEST FOR EXPEDITED, INFORMAL EFFORTS TO SEEK CORRECTIVE FILINGS. COMPLAINTS WERE ALSO FILED WITH CALIFORNIA'S FAIR POLITICAL PRACTICES COMMISSION.

FLORANCE FURTHER ANNOUNCED HIS ATTORNEYS, FORMER ATTORNEY FOR THE CALIFORNIA REPUBLICAN PARTY, CHARLES H BELL ESQ. OF SACRAMENTO AND ROBERT A. WELBOURN ESQ. OF TORRANCE WILL BRING A CIVIL SUIT AGAINST THE PUBLICATION, YATES, BROOKS, BROOKS COMMITTEE AND CERTAIN COMMITTEE MEMBERS FOR LIBEL, SLANDER AND SEEK INJUNCTIVE RELIEF TO REQUIRE FILING PAST DUE STATE CAMPAIGN REPORTS.

Statement of Law/fact

CHARLES BELL POINTED OUT, CALIFORNIA STATE LAW PERMITS A PRIVATE PARTY TO BRING SUCH ACTIONS TO COMPEL THE FILING OF UNFILLED CAMPAIGN REPORTS. FEDERAL LAW REQUIRES THE "FEC" TO BRING ACTIONS OR TO REQUIRE THE CAMPAIGN COMMITTEE TO FILE REPORTS VOLUNTARILY.

FLORANCE STATED IT APPEARS, "THESE RESPONDENTS FLAGRANTLY VIOLATED A WHOLE HOST OF FEDERAL AND STATE CAMPAIGN LAWS, WHICH ARE DESIGNED TO PROVIDE VOTERS ACCURATE, TIMELY INFORMATION ON WHO IS FUNDING POLITICAL CAMPAIGNS. IN THIS CASE, HAD BROOKS AND "THE REPUBLIC REPORTER" TABLOID FOLLOWED CAMPAIGN FILING LAWS, THE PUBLIC WOULD HAVE KNOWN ALL ARTICLES, PICTURES, HEADLINES, BEING AN ENDORSED CANDIDATE, AND THE TWO PAGE CENTER FOLD "HIT PIECE" ON FLORANCE WERE PURCHASED BY BROOKS AND SOLD BY YATES. FEDERAL AND STATE CAMPAIGN LAWS ARE PASSED TO MAKE SURE CANDIDATES ARE HELD ACCOUNTABLE FOR HIDING INFORMATION FROM THE VOTERS, EVEN AS THEY SHOULD BE HELD ACCOUNTABLE FOR DISPENSING FALSE, MALICIOUS AND LIBELOUS SLEASE."

9 False

False

"THE CALIFORNIA REPUBLIC REPORTER" QUALIFIED AS A "POLITICAL COMMITTEE" BUT FAILED TO REGISTER WITH THE FEDERAL ELECTION COMMISSION OR FILE CAMPAIGN REPORTS

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Page two
Florance Press Release (cont.)

THE CALIFORNIA'S REPUBLIC REPORTER IS A TABLOID-STYLE PUBLICATION, NOT A NEWSPAPER, PUBLISHED AND APPARENTLY OWNED BY RONALD R. YATES. MR. YATES SOLICITED AND RECEIVED CONTRIBUTIONS IN EXCESS OF $1000, AND MADE EXPENDITURES IN EXCESS OF $1000 FOR THE PURPOSE OF PUBLISHING "SLATE MAILERS" IN CONNECTION WITH FEDERAL AND STATE ELECTIONS. SPECIFICALLY FOR FEDERAL CANDIDATES SEEKING THE REPUBLICAN NOMINATION FOR THE U.S. HOUSE OF REPRESENTATIVES, 29TH, 36TH AND 38TH DISTRICTS, CALIFORNIA, NAMELY PAUL STEPANEK, SUSAN BROOKS AND JOHN DUKE, AND CANDIDATE FOR THE REPUBLICAN NOMINATION FOR U.S. SENATE, WOLF DALICHAU, DURING THE PERIOD JANUARY 1, 1994 THROUGH JUNE 30, 1994.

False

SPECIFICALLY FOR CALIFORNIA, THE REPUBLIC REPORTER PUBLISHED SLATE MAILERS THAT ENDORSED OR OPPOSED AT LEAST FOURTEEN (14) CANDIDATES FOR STATE AND LOCAL OFFICES, AND NINE (9) STATE BALLOT PROPOSITIONS, INCLUDING THE FOLLOWING: (1) SUPPORTED DAVID ROBERTI RECALL, (SPECIAL EDITION APRIL 1994) WITH NUMEROUS ADVERTISEMENTS AND "ARTICLES"; (2) SUPPORTED THE FOLLOWING CANDIDATES AND MEASURES IN THREE JUNE 1994 EDITIONS ALL DISTRIBUTED WITHIN DAYS OF THE JUNE 1994 PRIMARY ELECTION; JOHN L. MORIARTY FOR L.A. COUNTY SUPERIOR COURT JUDGE, OFFICE #2; JACK HARDEN, FOR REPUBLICAN NOMINEE, STATE INSURANCE COMMISSIONER; JOHN SCHOCK, L.A. COUNTY SUPERIOR COURT JUDGE, OFFICE #93; NICK STANSFIELD, L.A. COUNTY TAX COLLECTOR; GIL CARRILLO, L.A. COUNTY SHERIFF; DAVID BOHLINE, REPUBLICAN NOMINEE, 53RD STATE ASSEMBLY DISTRICT; AND THE FOLLOWING CANDIDATES FOR COUNTY CENTRAL COMMITTEE, 54TH A.D. CENTRAL COMMITTEE (L.A. COUNTY): RONALD R. YATES, KENNETH BUCHANAN, MICHAEL A. DURST, JEANNE GOODIN, PAUL A. JESSEN, MAJORIE ANNE KIDNEY, MICHAEL W. WEBB; STATE BALLOT PROPOSITIONS 1A, 1B, AND 1C, 175, 176, 177, 178, 179, AND 180; AND STATE INITIATIVE 187.

False

<u>AS A CONSEQUENCE OF RECEIVING CONTRIBUTIONS AND MAKING EXPENDITURES IN EXCESS OF $1000 IN CONNECTION WITH A FEDERAL AND STATE ELECTION, YATES WAS SUBJECT TO REGISTERING AS A POLITICAL COMMITTEE. BY FAILING TO DO SO "THE REPUBLIC REPORTER" AND YATES VIOLATED FEDERAL AND STATE ELECTION LAWS.</u>

False

THE EXPENDITURE REPORTS OF THE BROOKS COMMITTEE AND THE DUKE COMMITTEE DISCLOSES SUCH PAYMENTS WHILE PURPORTING TO CHARACTERIZE THEM AS "VENDOR" SERVICES RATHER THAN "CONTRIBUTIONS" AS REQUIRED BY THE NATURE OF THE ORGANIZATION AS A "POLITICAL COMMITTEE."

VENDOR IS CORRECT

YATES AND THE REPORTER MADE SOLICITATIONS OF CANDIDATES BY VARIOUS "PACKAGES" CALLED GOLD, SILVER AND BRONZE. THE "GOLD PACKAGE", WHICH BROOKS AND DUKE PURCHASED PROVIDED; (1) A FRONT PAGE LEAD STORY WITH HEADING, (2) FRONT PG. COLOR PHOTO

7 0 4 3 8 4 2 7 8 3

Page Three
Florance Press Release (cont.)

(3) FULL PAGE PROFILE STORY ON PG. 5, (4) A FULL PAGE ADVERTISEMENT ON THE BACK COVER (PG. 20); (5) LISTED IN FULL PAGE "SELECTED CANDIDATE" AD (THE TRADITIONAL SLATE LIST) (6) A LETTER TO THE EDITOR ON ANY SUBJECT. THIS "GOLD PACKAGE" COST $3995. THE OTHER PACKAGES OFFERED SLIGHTLY DIFFERENT ITEMS AT CORRESPONDINGLY LOWER PRICES. AS A RESULT OF RECEIVING CONTRIBUTIONS AND MAKING EXPENDITURES IN EXCESS OF $1000 IN CONNECTION WITH A FEDERAL ELECTION, YATES AND THE CALIFORNIA REPUBLIC REPORTER WAS SUBJECT TO REPORTING REQUIREMENTS OF "FECA".

False

FACS.

THE REPUBLIC REPORTER DID NOT PUT REQUIRED DISCLAIMERS ON CAMPAIGN MAILINGS IN VIOLATION OF FEDERAL AND STATE ELECTION LAWS

False

YATES AND THE REPUBLIC REPORTER CAUSED TO BE MAILED FOUR (4) "SLATE MAILERS", IN THE FORM OF TWENTY (20) PAGE TABLOID NEWSPAPERS, WHICH FAILED TO DISCLOSE WHO PAID FOR THE MAILINGS AND WHETHER OR NOT THE PAYMENTS WERE AUTHORIZED BY FEDERAL, STATE OR LOCAL CANDIDATES, IN VIOLATION OF FEDERAL AND STATE ELECTION LAW.

FACS.

YATES AND THE REPUBLIC REPORTER WERE IN FACT AN UNDISCLOSED, AUTHORIZED COMMITTEE OFF SUSAN BROOKS AND THE BROOKS CAMPAIGN COMMITTEE IN VIOLATION OF FEDERAL LAW

False

SUFFICIENT FACTS EXIST TO CONTEND THIS POLITICAL COMMITTEE WAS SO INVOLVED WITH THE SUSAN BROOKS FOR CONGRESS COMMITTEE, AND SUSAN BROOKS, THAT BY SUCH CONCERTED ACTION, THE POLITICAL COMMITTEE, IN FACT WAS AN UNDISCLOSED, AUTHORIZED COMMITTEE OF SUSAN BROOKS. DURING THE PRIMARY CAMPAIGN, RONALD R. YATES REPRESENTED AND WAS INTRODUCED AS THE PUBLICIST FOR THE BROOKS COMMITTEE.

False

FLORANCE'S FURTHER STATED, "ON INFORMATION AND BELIEF, THE BROOKS COMMITTEE, SUSAN BROOKS, RONALD YATES, AND THE REPUBLIC REPORTER ACTED IN SUCH CONCERT AND COORDINATION THAT THE CALIFORNIA'S REPUBLIC REPORTER WAS A POLITICAL COMMITTEE AUTHORIZED BY SUSAN BROOKS, AND THE FAILURE OF EITHER BROOKS COMMITTEE OR CALIFORNIA'S REPUBLIC REPORTER TO DISCLOSE THIS MATERIAL FACT ON STATEMENTS OF ORGANIZATION OF EACH VIOLATED SECTION 431 (6) AND 432 (e) (1) OF FEDERAL ELECTION LAW.

FLORANCE FILING SUIT FOR INJUNCTION AND LIBEL

FLORANCE STATED, FOLLOWING THE FILINGS OF COMPLAINTS WITH THE FEDERAL ELECTION COMMISSION AND THE CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION, A CIVIL SUIT WILL BE FILED AS "COMPLAINT FOR LIBEL AND SLANDER FOR COMPENSATORY AND PUNITIVE DAMAGES; FOR INJUNCTIVE RELIEF TO PREVENT VIOLATIONS OF THE CALIFORNIA POLITICAL REFORM ACT, GOVERNMENT CODE "81000, ET. SEQ.; DAMAGES TO BE ASSESSED AT TIME OF TRIAL.

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Daily Breeze

South Bay

Mike Royko: *The law doesn't care about pickpockets*/**B3**

OPINION B2
PERSPECTIVE B3
COMMUNITIES B4

B1

Florance files complaints against Brooks

By Kathleen Dougherty
STAFF WRITER

Ron Florance, the former Palos Verdes Estates mayor who lost a bruising congressional primary race to Rancho Palos Verdes City Councilwoman Susan Brooks, has filed two election complaints and says he plans a libel suit against his old nemesis.

Florance's complaints, filed with the Federal Elections Commission and the state Fair Political Practices Commission, allege Brooks conspired to produce an illegal campaign mailer masquerading as a newspaper.

50,000 copies mailed

The publication, mailed to 50,000 registered South Bay Republicans, included a front-page article on Brooks and two full-page Brooks campaign ads. It also included a center spread article headlined: "... Ron Florance: Republican Asset or Potential Republican Embarrassment?"

"You could say, 'Ah, forget it. It's a political race,'" said Florance, who lost the June GOP primary by 1,352 votes. "But she made accusations against my character, reputation and integrity. That's crossing over the line."

Any role denied

The Brooks campaign denied any part in producing the publication and called Florance's charges "baseless and without merit."

"We're disappointed Mr. Florance has chosen to express his dissatisfaction over losing the primary in this way," said Brooks' husband, Jim Brooks, an adviser in the primary campaign.

Brooks' campaign manager insisted the candidate would not be distracted from the task at hand: beating first-term Democrat Jane Harman on Nov. 8. Harman and Brooks are running in the 36th Congressional District, which runs along the coast from San Pedro to Venice.

"Truth is an absolute defense against libel," said John Perkins, "and we're absolutely convinced we have truth on our side."

Nevertheless, the complaints provide ammunition for the Harman campaign, which has portrayed Brooks as a candidate with a record of distorting the facts.

"It's another very large piece of evidence that Susan Brooks will do or say anything to get elected," said Roy Behr, Harman's campaign manager. "This is coming from a loyal Republican who is neutral in this race, and he has legal evidence that Susan Brooks does not tell the truth."

FLORANCE/BACK PAGE

Florance

FROM PAGE B1

Besides Brooks and her campaign committee, the Florance complaint names Ron Yates, editor and publisher of *California's Republic Reporter*, a publication that endorsed at least 14 candidates for state and local offices and nine state ballot propositions in three editions, one published in April and two published in June, the complaint said.

At issue is whether *California's Republic Reporter*, published in San Pedro, is a bona fide newspaper or an illegal "slate" mailer, as Florance alleges.

"Slate mailers" are moneymaking ventures required to register with the state Fair Political Practices Commission and publicly disclose which candidates paid to advertise on them.

California's Republic Reporter is not registered as a slate mail organization, nor does it file expenditure reports, Yates said. It doesn't have to, he said.

'I'm a newspaper'

"I'm a newspaper, not a slate," said the self-described "third generation newspaperman." "What we're doing is the same thing I've been doing in my family for 60 years."

California's Republic Reporter is not a newspaper, according to the Florance complaint, which includes as an exhibit price lists for the publication's "Special Edition Package."

The price list describes a "Gold Candidate Package" for $3,995 that includes a "Front Page Lead Story with Headline," a "Front Page Headline Photo," a "Full Page Profile Story on Page 2," a "Full Page Advertisement," listing in a "Full Page 'Selected Candidate' Ad" and a "Letter To The Editor — Any Subject."

The list describes "Silver" and "Bronze" candidate packages promising front page stories along with ads and photos.

"Ron Yates sells editorial copy — articles — not just ads," said one local Republican source, speaking on the condition of anonymity, who said he had discussions with Yates about buying space in the publication. "That in my mind makes it not a newspaper."

Also, the source said, *California's Republic Reporter* is distributed free through direct mail, not common among newspapers.

Yates acknowledged that he offered the "Special Edition Package," but that they didn't sell and consequently he did not sell articles to candidates.

But he also said: "If they bought ads in the paper, I made an editorial decision on who I was writing on."

Yates worked for a brief time as a volunteer publicist for the Brooks campaign and is an alternate on the Republican Party Central Committee for the Palos Verdes Peninsula's 54th Assembly District.

Brooks' campaign disclosure statements show she paid a total of $3,980 to *California's Republic Reporter* — close to the price of the "Gold Candidate Package."

The June 1994 edition of *California's Republic Reporter*, in fact, contains all the elements listed in the Gold Package, including a front page color photo of Brooks and an article by Yates. Its first paragraph states that a "groundswell of support" from Republican organizations "has given (Brooks) the all important momentum that should propel her to victory at the polls."

Both Jim Brooks and Yates said Brooks did not pay for editorial copy or photos. The Brooks campaign paid only for two full page advertisements, which are noted as paid for by Brooks campaign committee, they said.

But the Florance complaints allege Brooks paid for the articles and that the publication didn't note that, as required by state law governing political advertising. Florance also alleges Brooks paid for the center-spread article on Florance that discussed lawsuits from his business dealings.

Material familiar

Florance says the information and favorable suspiciously familiar to negative campaign mailers Brooks used in the primary. The millionaire investor, who once owned a South Bay real estate company and helped develop the Shops at Palos Verdes, says the article contains false and "libelous" statements about lawsuits involving his companies. He said he plans to sue Brooks for libel regardless of the outcome of his complaints.

Brooks denies paying for the Florance article but stands by the statements in her mailings about Florance's business practices.

Florance heavily outspent Brooks in their primary battle, which went down to the wire on election night.

California's Republic Reporter might have made the difference in the race, he said.

"Did this influence at least 1,000 voters? I think so," Florance said. "It certainly created confusion in the minds of Republican voters."

Florance, who has not endorsed anyone in the general election, said his complaints are not politically motivated. He said he wants to set the record straight on his business dealings and to stop *California's Republic Reporter*, which is soliciting ads for the general election.

"We've got to blow the whistle on this," Florance said.

STOP CALIFORNIA'S REPUBLIC

EXHIBIT U

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that any obligations owed to Florance have been voided because Florance committed fraud and/or misrepresented his intentions.

44. The Brooks political mailer which the Susan Brooks for Congress Committee distributed during the course of the Primary Election campaign contained statements about Florance which simply repeated the true facts set out in Paragraphs 40 and 41 above. Because the statements about Florance contained in the Brooks political mailer were true, the statements were of necessity made in good faith and with no malice. Consequently, the Brooks political mailer did not and cannot constitute libel.

45. The Brooks Defendants had no involvement with the preparation of the article entitled "Ron Florance: Republican Asset or Political Embarrassment?" which appeared in the editions of the "**California's Republic Reporter**" newspaper attached as Exhibits B and C to Plaintiffs' First Amended Complaint. Moreover, no agency relationship whatsoever existed between the Brooks Defendants and the remaining defendants named in Plaintiffs' First Amended Complaint. Florance had full knowledge of these facts. Indeed, on information and belief, Florance recently dismissed defendants John Duke and the John Duke for Congress Committee from this action because Florance knew and understood that no agency relationship whatsoever exists or existed between the Brooks Defendants and the remaining defendants.

46. Following his loss to Susan Brooks in the Primary Election of 1994, Florance began a series of attacks on the character and reputation of Susan Brooks, publicly accusing her of misrepresenting Florance's record and publicly threatening her

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42 of the First Amended Complaint, as though fully set forth herein.

33. The Brooks Defendants have no knowledge of the facts and circumstances surrounding the allegations set forth in Paragraph 49 of the First Amended Complaint and therefore deny the allegations of Paragraph 49.

EIGHTH CAUSE OF ACTION

VIOLATION OF GOVERNMENT CODE §84305.5

34. The Brooks Defendants repeat and incorporate by reference their denial with respect to Paragraphs 22, 40, 41 and 42 of the First Amended Complaint, as though fully set forth herein.

35. The Brooks Defendants have no knowledge of the facts and circumstances surrounding the allegations set forth in Paragraphs 51-53 of the First Amended Complaint and therefore deny the allegations of Paragraphs 51-53.

FIRST AFFIRMATIVE DEFENSE

(Truth)

36. Plaintiffs' First Cause of Action is without merit because truth is an absolute defense to a charge of libel. Ronald M. Florance and his businesses have in fact been involved in at least 60 lawsuits over the past two decades, and Ronald M. Florance has in fact paid $900,000 in legal settlements since 1992. Indeed, litigation directly involving Ronald M. Florance and his businesses proceeded throughout the 1994 General Election

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campaign and continues to the present. Thus, the statements made by the Susan Brooks for Congress Committee, Jim Brooks and/or Susan Brooks regarding Ronald M. Florance's past legal record are unequivocally true.

SECOND AFFIRMATIVE DEFENSE

(Absence of Malice)

37. Plaintiffs' First Cause of Action is without merit because the statements complained of in Plaintiffs' First Cause of Action were not made with actual malice. Ronald M. Florance is a public figure and as such must prove that the statements complained of in Plaintiffs' First Cause of Action were made by the Brooks Defendants with knowledge that the statements were false or were made by the Brooks Defendants with reckless disregard for the truth. In fact, the statements made by the Susan Brooks for Congress Committee, Jim Brooks and/or Susan Brooks regarding Ronald M. Florance's past legal record were, however, made in good faith without malice, fraud, oppressive intent or recklessness.

THIRD AFFIRMATIVE DEFENSE

(Failure To Prove Special Damages For Language Not Libelous On Its Face)

38. Plaintiffs' First Cause of Action is barred because the statements complained of in Plaintiffs' First Cause of Action were not libelous on their face and Plaintiffs' cannot prove that Ronald M. Florance and the Ronald M. Florance for Congress

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Committee suffered any special damages as a proximate result of the statements.

FOURTH AFFIRMATIVE DEFENSE

(Failure To Allege Special Damages With Sufficient Specificity)

39. Plaintiffs' First Cause of Action is barred, in whole or in part, because Plaintiffs' First Amended Complaint fails to allege damages with the particularity required under the California Civil Code and specifically fails to allege any damages recognizable as "special damages" under § 48a of the Civil Code. The allegations in Plaintiffs' First Amended Complaint vaguely referring to "damages [suffered by Ronald M. Florance] in his business, including ... attorney fees and costs in bringing this action" improperly characterize the cost of bringing the present action as "special damages."

FIRST AMENDED CROSS-COMPLAINT FOR ABUSE OF PROCESS

Defendants and cross-complainants Susan Brooks and Susan Brooks for Congress Committee (hereinafter collectively "the Brooks Cross-Complainants") allege and complain against plaintiff and cross-defendant Ronald M. Florance ("Florance") as follows:

40. Susan Brooks and Florance were both candidates for the nomination of the Republican Party in California's 36th Congressional District during the 1994 Primary Election. Susan Brooks in fact defeated Florance in the Primary Election on June 8, 1994.

41. During a contested election campaign, it is conventional to conduct research into the political opponent's

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background and qualifications for office. The purpose of such research, often called "opposition research," is to assess the political viability of the opponent and determine whether voters will accept the opponent as a candidate in light of the opponent's background and previous personal, business and political record. In the 1994 Primary Election, the Susan Brooks for Congress Committee received the results of "opposition research" conducted into Florance's public record. On information and belief, Florance conducted similar research into the public record of Susan Brooks.

42. "Opposition research" revealed that Florance and companies owned or controlled by Florance have been involved in numerous lawsuits over the years, both as defendants and as plaintiffs. Court records indicated over sixty such lawsuits since 1970. By virtue of his involvement in these lawsuits, Florance of necessity knew of their existence and of necessity knew of their numerosity.

43. One of the lawsuits involving Florance, styled Coast Construction Company v. Wallace Ranch Associates et al., Case No. SWC 112594, was settled by Florance with the original plaintiff, Coast Construction Company, for $900,000 in September 1993. As a result of this settlement, Florance purportedly received an assignment of Coast Construction Company's rights vis-a-vis Florance's co-defendants in the Coast lawsuit, although Florance's Coast co-defendants vigorously dispute this purported assignment. Florance is also a cross-complaint defendant in the Coast lawsuit. The Coast cross-complainants are seeking indemnity against Florance and his business associates and a declaration

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that any obligations owed to Florance have been voided because Florance committed fraud and/or misrepresented his intentions.

44. The Brooks political mailer which the Susan Brooks for Congress Committee distributed during the course of the Primary Election campaign contained statements about Florance which simply repeated the true facts set out in Paragraphs 40 and 41 above. Because the statements about Florance contained in the Brooks political mailer were true, the statements were of necessity made in good faith and with no malice. Consequently, the Brooks political mailer did not and cannot constitute libel.

45. The Brooks Defendants had no involvement with the preparation of the article entitled "Ron Florance: Republican Asset or Political Embarrassment?" which appeared in the editions of the "**California's Republic Reporter**" newspaper attached as Exhibits B and C to Plaintiffs' First Amended Complaint. Moreover, no agency relationship whatsoever existed between the Brooks Defendants and the remaining defendants named in Plaintiffs' First Amended Complaint. Florance had full knowledge of these facts. Indeed, on information and belief, Florance recently dismissed defendants John Duke and the John Duke for Congress Committee from this action because Florance knew and understood that no agency relationship whatsoever exists or existed between the Brooks Defendants and the remaining defendants.

46. Following his loss to Susan Brooks in the Primary Election of 1994, Florance began a series of attacks on the character and reputation of Susan Brooks, publicly accusing her of misrepresenting Florance's record and publicly threatening her

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with future legal action. Despite his knowledge of the truth of the statements made in the Brocks political mailer, Florance repeatedly attempted to cast Susan Brooks in a negative public light by calling her a "liar" for distributing the Brooks political mailer. Florance encouraged his political supporters to do the same.

47. On information and belief, it was Florance's intention to injure Susan Brooks politically and to cause Susan Brooks to lose the General Election by holding the Brooks Cross-Complainants up to public ridicule and shame. On further information and belief, Florance and others acting in concert with him communicated his intentions to Jane Harman, the Democrat candidate opposing Susan Brooks in the 36th Congressional District. Jane Harman's campaign used information gained from Florance to mount various additional political attacks on Susan Brooks in the weeks leading up to the General Election of November 8, 1994.

48. Florance devised his complaint with its First Cause of Action for libel against the Brooks Cross-Complainants solely in connection with his plan to damage and injure the reputation and campaign efforts of Susan Brooks. Florance's complaint was filed despite Florance's knowledge that the allegedly libellous statements made by the Brooks Cross-Complainants were in fact true and therefore do not constitute libel, and despite the fact that Florance knows no agency relationship existed between the Brooks Defendants and the remaining defendants named in Florance's complaint.

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49. Florance initiated the present action by filing his original complaint against the Brooks cross-complainants on October 19, 1994, some five months after the events which Florance complains of occurred and less than three weeks prior to the General Election of November 8, 1994.

50. Florance's misused the judicial process in the present action in the following ways and, in each instance, such use of the judicial process was not authorized under law in the regular course of the proceedings:

50(a). Florance's original complaint, and his First Amended Complaint, had no purpose other than to provide Florance with material for press releases which Florance used to generate adverse press coverage against the Brooks Cross-Complainants. Florance intended such press coverage to cause injury and damage to the political efforts and aspirations of Susan Brooks and the Brooks Cross-Complainants.

50(b). Florance intentionally timed the filing of his original complaint for libel against the Brooks Cross-Complainants for the sole purpose of creating adverse publicity against the Brooks Cross-Complainants in Susan Brooks' campaign for the General Election on November 8, 1994, and for injuring the Brooks Cross-Complainants' campaign efforts.

50(c). Florance coordinated the filing of his original complaint and communicated his plans regarding the filing of his original complaint to Jane Harman, the Democrat opponent of Susan Brooks in the General Election on November 8, 1994, in order to aid Jane Harman's campaign efforts during the General Election.

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51. Florance's ulterior purpose and motivation in abusing the judicial process in the manner described above was to obtain collateral advantage over the Brooks Cross-Complainants by causing the Brooks Cross-Complainants annoyance, humiliation, shame and loss of reputation, thereby damaging and injuring the Brooks Cross-Complainants in their campaign for the General Election and causing the Brooks Cross-Complainants to loose the General Election.

52. As a direct and proximate result of Florance's conduct as described above, the Brooks Cross-Complainants have in fact been damaged. Susan Brooks trails her Democrat opponent in the General Election by 812 votes. Susan Brooks has further suffered loss of her reputation, shame, mortification and hurt feelings, all to her general damage of one dollar ($1.00).

53. Florance's conduct was knowing, willful and undertaken with malicious and oppressive intent, and the Brooks Cross-Complainants are accordingly entitled to punitive damages in the amount of $250,000 against Florance.

WHEREFORE, defendants Susan Brooks, Susan Brooks for Congress and Jim Brooks, and each of them, and cross-complainants Susan Brooks and Susan Brooks for Congress Committee, and each of them, pray for judgment against Ronald M. Florance and the Ronald M. Florance Committee for Congress as follows:

1. Ronald M. Florance and the Ronald M. Florance for Congress Committee take nothing from their First Amended Complaint;

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2. Compensatory damages in the amount of one dollar ($1.00) assessed against Ronald M. Florance;

3. Punitive damages in the amount of $250,000 assessed against Ronald M. Florance;

4. All costs incurred in this action, including reasonable attorneys' fees, assessed against Ronald M. Florance; and

5. Such other and further relief as the Court may deem just and proper.

DEMAND FOR JURY TRIAL

The Brooks Defendants and the Brooks Cross-Complainants hereby demand trial by jury on all issues triable by jury, as raised in the present action under the First Amended Complaint and the First Amended Cross-Complaint.

Dated: December 19, 1994

James C. Brooks
Attorney for Defendants
SUSAN BROOKS, SUSAN BROOKS FOR CONGRESS AND JIM BROOKS and Cross-Complainants SUSAN BROOKS AND SUSAN BROOKS FOR CONGRESS

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VERIFICATION

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I have read the foregoing FIRST AMENDED ANSWER TO FIRST AMENDED COMPLAINT AND FIRST AMENDED CROSS-COMPLAINT FOR ABUSE OF PROCESS and know its contents.

☒ CHECK APPLICABLE PARAGRAPH

☒ I am a party to this action. The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am ☐ an Officer ☐ a partner _____ ☐ a _____ of _____, a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. ☐ I am informed and believe and on that ground allege that the matters stated in the foregoing document are true. ☐ The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am one of the attorneys for _____, a party to this action. Such party is absent from the county of aforesaid where such attorneys have their offices, and I make this verification for and on behalf of that party for that reason. I am informed and believe and on that ground allege that the matters stated in the foregoing document are true.

Executed on December 19, 19 94, at Rancho Palos Verdes, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SUSAN M. BROOKS
Defendant and Cross-Complainant
Type or Print Name

Susan M. Brooks
Signature

PROOF OF SERVICE

1013A (3) CCP Revised 3/88

STATE OF CALIFORNIA, COUNTY OF

I am employed in the county of _____, State of California.

I am over the age of 18 and not a party to the within action; my business address is _____

On _____, 19____, I served the foregoing document described as _____

_____ on _____ in this action

☐ by placing the true copies thereof enclosed in sealed envelopes addressed as stated on the attached mailing list:

☐ by placing ☐ the original ☐ a true copy thereof enclosed in sealed envelopes addressed as follows:

☐ BY MAIL

☐ *I deposited such envelope in the mail at _____, California. The envelope was mailed with postage thereon fully prepaid.

I am "readily familiar" with firm's practice of collection and processing correspondence for mailing. It is deposited with U.S. postal service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than 1 day after date of deposit for mailing in affidavit.

Executed on _____, 19____, at _____, California.

☐ **(BY PERSONAL SERVICE) I delivered such envelope by hand to the offices of the addressee.

Executed on _____, 19____, at _____, California.

☐ (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

☐ (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

_____
Type or Print Name

_____
Signature

STUART'S EXBROOK TIMESAVER (REVISED 3/88)
NEW DISCOVERY LAW 2030 AND 2031 C.C.P.
(May be used in California State or Federal Courts)

*BY MAIL SIGNATURE MUST BE OF PERSON DEPOSITING ENVELOPE IN MAIL SLOT, BOX, OR BAG.

**FOR PERSONAL SERVICE SIGNATURE MUST BE THAT OF MESSENGER.

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VERIFICATION

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I have read the foregoing FIRST AMENDED ANSWER TO FIRST AMENDED COMPLAINT AND FIRST AMENDED CROSS-COMPLAINT FOR ABUSE OF PROCESS and know its contents

☒ CHECK APPLICABLE PARAGRAPH

☐ I am a party to this action. The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☒ I am ☐ an Officer ☐ a partner XX a Principal of SUSAN BROOKS FOR CONGRESS COMMITTEE, a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. ☐ I am informed and believe and on that ground allege that the matters stated in the foregoing document are true. ☐ The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am one of the attorneys for _____, a party to this action. Such party is absent from the county of aforesaid where such attorneys have their offices, and I make this verification for and on behalf of that party for that reason. I am informed and believe and on that ground allege that the matters stated in the foregoing document are true.

Executed on December 19, 19 94, at Rancho Palos Verdes, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SUSAN M. BROOKS on behalf of:
SUSAN BROOKS FOR CONGRESS COMMITTEE
Defendant and Cross-Complainant
Type or Print Name

Susan M Brooks
Signature

PROOF OF SERVICE

1013A (3) CCP Revised 5/88

STATE OF CALIFORNIA, COUNTY OF

I am employed in the county of _____, State of California.

I am over the age of 18 and not a party to the within action; my business address is: _____

On _____, 19____, I served the foregoing document described as _____

_____ on _____ in this action

☐ by placing the true copies thereof enclosed in sealed envelopes addressed as stated on the attached mailing list:

☐ by placing ☐ the original ☐ a true copy thereof enclosed in sealed envelopes addressed as follows:

☐ BY MAIL

☐ *I deposited such envelope in the mail at _____, California. The envelope was mailed with postage thereon fully prepaid.

I am "readily familiar" with firm's practice of collection and processing correspondence for mailing. It is deposited with U.S. postal service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than 1 day after date of deposit for mailing in affidavit.

Executed on _____, 19____, at _____, California.

☐ **(BY PERSONAL SERVICE) I delivered such envelope by hand to the offices of the addressee.

Executed on _____, 19____, at _____, California.

☐ (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

☐ (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

_____
Type or Print Name

_____
Signature

(FIRST CLASS MAIL SERVICE REVISED 3/88)
(NEW DISCOVERY LAW 2016 AND 1013 CCP)
(MAY BE USED IN CALIFORNIA BAR OF FEDERAL COURT)

*BY MAIL SIGNATURE MUST BE OF PERSON DEPOSITING ENVELOPE IN MAIL SLOT, BOX OR BAG

**(FOR PERSONAL SERVICE SIGNATURE MUST BE THAT OF MESSENGER)

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VERIFICATION

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I have read the foregoing FIRST AMENDED ANSWER TO FIRST AMENDED COMPLAINT AND FIRST AMENDED CROSS-COMPLAINT FOR ABUSE OF PROCESS and know its contents.

☒ CHECK APPLICABLE PARAGRAPH

☒ I am a party to this action. The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am ☐ an Officer ☐ a partner _____ ☐ a _____ of _____, a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. ☐ I am informed and believe and on that ground allege that the matters stated in the foregoing document are true. ☐ The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am one of the attorneys for _____, a party to this action. Such party is absent from the county of aforesaid where such attorneys have their offices, and I make this verification for and on behalf of that party for that reason. I am informed and believe and on that ground allege that the matters stated in the foregoing document are true.

Executed on December 19, 19 94, at Los Angeles, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

JAMES C. BROOKS
Type or Print Name
Defendant

James C. Brooks
Signature

PROOF OF SERVICE
1013A (3) CCP Revised 3/88

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the county of Los Angeles, State of California.

I am over the age of 18 and not a party to the within action; my business address is: 633 West Fifth Street Los Angeles, California 90071-2066

On Dec. 19, 1994, I served the foregoing document described as FIRST AMENDED ANSWER TO FIRST AMENDED COMPLAINT AND FIRST AMENDED CROSS-COMPLAINT FOR ABUSE OF PROCESS

_____ on _____ in this action

☒ by placing the true copies thereof enclosed in sealed envelopes addressed as stated on the attached mailing list:

☐ by placing ☐ the original ☐ a true copy thereof enclosed in sealed envelopes addressed as follows: RONALD R. YATES individually, dba CALIFORNIA'S REPUBLIC REPORTER, aka PUBLIC REPORTER, aka CALIFORNIA'S REPUBLIC REPORTER NEWS BUREAU, 1501 Sunnyside Terrace, San Pedro, California 90732; MICHAEL A. DURST, individually and MICHAEL A. DURST dba L.A. RUBBER CO., 2915 E. Washington Boulevard, Los Angeles California 90023; JOHN BERNARD DUKE P.O. Box 20463, Long Beach, California 90801; BY OVERNIGHT COURIER TO: ROBERT ALDEN WELBOURN, 2211 Torrance Boulevard, Torrance, California 90501-2595

☐ BY MAIL

☒ *I deposited such envelope in the mail at LOS ANGELES, California. The envelope was mailed with postage thereon fully prepaid.

I am "readily familiar" with firm's practice of collection and processing correspondence for mailing. It is deposited with U.S. postal service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than 1 day after date of deposit for mailing in affidavit.

Executed on _____, 19___, at _____, California

☐ **(BY PERSONAL SERVICE) I delivered such envelope by hand to the offices of the addressee.

Executed on _____, 19___, at _____, California

☒ (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

☐ (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

SHEILA OPLE
Type or Print Name

Sheila Ople
Signature

STUART'S EXBROOK TIMESAVER (REVISED 3/88)
NEW DISCOVERY LAW 2030 AND 2031 CCP
(May be used in California State or Federal Courts)

*BY MAIL SIGNATURE MUST BE OF PERSON DEPOSITING ENVELOPE IN MAIL SLOT, BOX OR BAG.
**FOR PERSONAL SERVICE SIGNATURE MUST BE THAT OF MESSENGER

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RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

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

FIRST GENERAL COUNSEL'S REPORT

Jan 21 10 04 AM '97

SENSITIVE

MUR #4080
DATE COMPLAINT FILED: October 6, 1994
DATE OF NOTIFICATION: October 14, 1994
DATE ACTIVATED: August 31, 1995
STAFF MEMBER: Eugene H. Bull

COMPLAINANT: Ronald M. Florance

RESPONDENTS: California's Republic Reporter and Dani Adler, as owner
Ronald R. Yates
Susan Brooks for Congress Committee,
and Hilda Daiber, as treasurer
Susan Brooks
Los Angeles Rubber Company
Joe Vilarino's Showcase

RELEVANT STATUTES: 2 U.S.C. § 431(4)(A)
2 U.S.C. § 431(9)(A)(i)
2 U.S.C. § 431(9)(B)(i)
2 U.S.C. § 433(a)
2 U.S.C. § 434(a)
2 U.S.C. § 434(b)
2 U.S.C. § 434(c)
2 U.S.C. § 441a(a)(1)(A)
2 U.S.C. § 441a(a)(7)(B)(i)
2 U.S.C. § 441a(f)
2 U.S.C. § 441b(a)
2 U.S.C. § 441d
11 C.F.R. § 100.7(b)(2)
11 C.F.R. § 100.8(b)(2)
11 C.F.R. § 102.5(a)(1)

INTERNAL REPORTS CHECKED: Disclosure Reports

FEDERAL AGENCIES CHECKED: None

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I. GENERATION OF MATTER

This matter arises from a complaint and supplement thereto (together "the complaint") filed on September 20, 1994 and October 15, 1994, respectively, by Ronald M. Florance[1] against Ronald Yates; California's Republic Reporter ("the Reporter"); Susan Brooks; and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer (the "Brooks Committee" or "SBCC"). The complaint alleges that California's Republic Reporter and Ronald Yates, the sole owner of this entity, (i) is a political committee as defined under 2 U.S.C. § 431(4)(A) of the Federal Election Campaign Act ("the Act") and violated 2 U.S.C. §§ 433 and 434(a) by failing to register as a political committee and to file reports with the Federal Election Commission ("FEC") as required by statute, (ii) violated 2 U.S.C. § 441b "by accepting prohibited contributions from corporations," and (iii) violated 2 U.S.C. § 441d(a) by publishing advertisements without the appropriate disclaimers.[2] In the alternative, the complaint alleges that the Reporter was a committee authorized by the Susan Brooks for Congress Committee, and acted in concert with Brooks, her agents, servants and employees. Moreover, the complaint alleges that "by failing to disclose this authorized committee relationship," Brooks and the Reporter violated 2 U.S.C. §§ 431(6) and 432(e)(1). Finally, the complaint alleges that as an authorized committee of the Susan Brooks for Congress Committee, the Reporter violated "2 U.S.C. § 441a(f) by accepting excessive contributions from contributors of more than $1,000 in connection with the June 1994 primary election."

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[1] Ronald Florance lost the 1994 Republican primary election for the 36th Congressional District of California to Susan Brooks. Brooks received 51% of the vote and Florance received 49%.

[2] As set forth in the following discussion, Mr. Yates' wife, Dani Adler, is the sole owner of the Reporter.

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II. FACTUAL AND LEGAL ANALYSIS

A. Background[3]

California's Republic Reporter is a business owned solely by Dani Adler, the wife of Ronald Yates. The Reporter was registered with the Los Angeles County Recorder on February 28, 1994. It is not a corporation.[4]

Ronald Yates serves as volunteer editor, publisher, and reporter for the publication. He works an average of 20 plus hours per week and assertedly does not receive any compensation for his work. Yates has no other income producing jobs. Dani Adler is "responsible for the debts of the business." She makes phone calls, and performs the Reporter's typesetting and bookkeeping. The Reporter also has other volunteers who serve as Assistant Editor and Graphic Artist. There is no set number of hours volunteered to the publication. Hours are volunteered on an as needed basis.

According to Yates, "the purpose of the publication is to sell enough advertising to publish and distribute the news content and hopefully make a profit." Revenue for the publication is generated by subscription and advertising sales. However, there is no evidence that subscriptions

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[3] Much of the background information was obtained from the California Fair Political Practices Commission ("CFPPC") in April 1996. This information includes an interview with Ronald Yates conducted on October 25, 1994, in connection with a parallel complaint to MUR 4080 filed at the state level by Ronald Florance, the complainant in MUR 4080. At this time, the CFPPC has suspended its investigation pending the outcome of a libel suit filed on October 19, 1994 in Los Angeles County Superior Court by Ronald Florance against Yates, the Reporter, Susan Brooks *et al.*

[4] Although California's Republic Reporter is registered as a sole proprietorship of Dani Adler, the evidence shows that it is an organization made up of Ms. Adler, Ronald Yates and other volunteers. See political committee discussion at pp. 16-19.

to the Reporter were actually sold. Although Yates claims that subscriptions were sold, he failed to provide a subscription list or an estimate of the number of subscriptions sold.

The publication obtains stories by covering events and reporting them, by purchasing syndicated columns, and by articles submitted for review. The publication does not hire reporters and does not subscribe to the wire services. The reporting done by the publication is done on a volunteer basis. As of October 1994, Yates represented that the Reporter was being published on a quarterly basis. However, at that time, it appears that only an April and June issue of the Reporter had been published. Subsequently, a November 1994 issue of the Reporter was published.

Apparently, there were five different versions of the June 1994 issue published; each covering a different distribution or electoral district. The April issue was delivered door to door, however, the June issues were delivered by the United States Postal Service. The June issues of the Reporter were target mailed to registered Republicans in the districts who had voted in most, if not all, of the primary and general elections since 1988.

The masthead of the first issue of the publication in April of 1994 announced the purpose or mission of the publication in the following manner: "This newspaper is dedicated to deliver the County, State and National Political News, to inform and educate the voters of each district -- and to promote good citizenship through active participation in the community. Our goal is to **'Build New Bridges of Cooperation Between the Voters, Candidates and Advertisers Through Consistent Communication.'** (boldfaced in the original). Since this newspaper is to be used as a platform to communicate ideas back and forth between the candidates and the constituents, your comments, opinions, letters and articles are welcome." The preceding continued to be the stated purpose or mission of the Reporter through the publication of the June issues. After the complaint in this matter was filed in October of 1994, the masthead of the November 1994 issue of the

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publication stated the publication's goal or mission as follows: "This newspaper is dedicated to deliver the County, State and National Political News, to inform and educate the voters of each district and to promote good citizenship through active participation in the community. Since this newspaper is designed as a platform for everyone in the community to communicate ideas back and forth, your comments, opinions, letters and articles are welcome."

Three aspects of the Reporter's contents are discussed in this report: articles in the regular publication sections (see, e.g., Attachment 1), "communications" on the "Select Republican Candidate Page" of the Reporter (see, e.g., Attachment 2) which apparently were coordinated with and/or expressly advocated federal candidates and did not include appropriate disclaimers, and advertisements purchased by federal candidates at apparently less than the usual and normal charge (see, e.g., Attachment 3), but which included appropriate disclaimers. The discussions involving these content areas, in the analysis section of this report, assume that the costs of the articles and the "communications" on the "Select Republican Candidate Page" were borne fully by the Reporter,[5] whereas the costs of the advertisements were, in some cases, shared by the Reporter and the federal candidates.

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[5] Initially it appeared that the costs of articles and "communications" on the "Select Republican Candidate Page" were not fully borne by the Reporter based on evidence that the Reporter solicited candidates to purchase advertising "packages" which included a front page story with headline and headline photo and an appearance on the "Select Republican Candidate Page." However, when additional materials subsequently obtained from the CFPPC are taken into account, it appears that, in fact, these costs were borne fully by the Reporter. Specifically, the CFPPC materials provide information about amounts paid by state and local candidates to advertise in the Reporter. From this information, an inference can be drawn that some federal candidates advertising in the Reporter paid less than the usual and normal charge for their regular advertisements, thus it is unlikely that they were also paying the costs of publishing the articles and "communications" on the "Select Republican Candidate Page" which were apparently coordinated with them and/or expressly advocated their candidacy.

Based on the available evidence, this report concludes that the Reporter does not qualify for the media exemption. Instead, this report concludes that the Reporter meets the requisite test for political committee status. Consequently, any articles, "communications," or advertisements paid for in full or in part by the Reporter resulted in in-kind contributions and, in some instances, excessive in-kind contributions to the federal committees. Moreover, these in-kind contributions were made with prohibited funds and should also have been reported by the Reporter and the recipient committees. This report also concludes that an appropriate disclaimer was required on every article and "communication" published in the Reporter that contained express advocacy.

B. Responses

According to the response to the complaint received from Ronald Yates on his and the Reporter's behalf, the Reporter is a newspaper operating as a business under California law. Attachment 4. Yates denies that the Reporter is a slate mailer or political committee. He states that the April 1994 and two June 1994 issues of the Reporter, which form a partial basis for the complaint, contained several paid advertisements from non-political enterprises. Yates asserts that paid advertisements and subscription sales represent the only sources of revenue for the publication. The Yates response further states that "all advertisements which were purchased by candidates were so marked and identified at the bottom of the ad as required by law," and that the Reporter "is not an agent acting on behalf of, or in concert with any candidate or enterprise."

In their response to the Commission, Susan Brooks and SBCC assert that the only relationship between Brooks and SBCC on the one hand and Yates and the Reporter on the other hand is that of advertiser-publisher. Attachment 5. In addition, Brooks, in a separate declaration to the Commission, denies the existence of an agency relationship between herself and Yates and any involvement with the publication and distribution of the Reporter. Attachment 6.

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John Duke, responding on behalf of the John Bernard Duke for Congress Committee and John Bernard Duke, as treasurer (the "Duke Committee"), states that he was solicited by Ronald Yates to place an ad in the Reporter.[6] Attachment 7. Duke claims that he later placed two half page ads in the publication, for a total of $2,495, after an "in-depth" discussion with Yates about the benefits of advertising in the Reporter, and after asking a few people their opinion of the Reporter. Duke asserts that he was a "grass roots" campaigner, and was in no position to give money away for any purpose. Duke claims that the ad which he purchased displays a clear disclaimer at the bottom. On August 19, 1994, the Duke Committee terminated. Accordingly, while this report will discuss the activity of the Duke Committee in terms of any dealings between the committee and the Reporter in 1994, no recommendations will be made against the committee.

Wolf Dalichau, responding on behalf of the Wolf Dalichau for U.S. Senate Committee and Edward E. Firth, as treasurer (the "Dalichau Committee"), states that the Reporter was presented to his committee as a newspaper. Attachment 8. He contends that the publication looked like any other newspaper. According to Dalichau, mainstream media such as the *Los Angeles Times* or *Daily News* were outside of what his committee could afford. Also, his committee viewed the Reporter as a fine opportunity to reach prospective Republican voters and to gain name recognition which he could not otherwise obtain. On June 20, 1996, the Dalichau Committee was administratively terminated. Accordingly, while this report will discuss the activity of the Dalichau Committee in terms of any dealings between the committee and the Reporter in 1994, no recommendations will be made against the committee.

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[6] John Duke was a candidate in the 1994 California Republican primary for the 38th Congressional District.

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In the Los Angeles Rubber Company's ("L.A. Rubber") response to the Commission, counsel for the company generally and specifically denies the allegations contained in the complaint. Attachment 9. Counsel asserts that L.A. Rubber purchased advertising space in the Reporter in response to a marketing and advertising solicitation from the publication. Counsel states that L.A. Rubber considered the Reporter advertisements to be an ordinary and legitimate method of advertising its products to the public. Counsel asserts that L.A. Rubber was unaware of any "alleged" slate mailings by the Reporter or Yates, or any "alleged" connection between Yates or the newspaper to any political campaign. Counsel for L.A. Rubber admits that it was generally aware that Yates and the Reporter were attempting to sell advertising space in the Reporter to political candidates, although it had no knowledge of the specific candidates who were being sold advertising. Counsel states that L.A. Rubber's dealings with Yates and the Reporter were "simply an arms-length purchase of commercial advertising space."

Further, L.A. Rubber's counsel contends that its purchase of advertising was not an "'expenditure' as that term is defined in and intended by 2 U.S.C. § 441b(b)(2), since [L.A. Rubber] was not making a payment of money to any candidate, campaign committee, or political party or organization, in connection with a congressional race." Counsel also contends that the purchase of advertising space was not from a political committee as defined in 2 U.S.C. § 431(4), but from a newspaper or periodical entitled to the exemption found in 2 U.S.C. § 431(9)(B)(i). Counsel states that the purchase of the advertisement was intended for commercial benefit, not for the purpose of influencing any federal election, and thus, "is not an 'expenditure.'" Counsel also points out that the advertisement does not itself advocate, let alone address, the election of any candidate, and is no different than the ads of any commercial advertiser placed in a newspaper or periodical. Finally, counsel for L.A. Rubber argues that L.A.

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Rubber's advertisement in the Reporter is a form of commercial free speech protected by the First Amendment.

Joe Vilarino, on behalf of Joe Vilarino's Showcase ("the Showcase"), states that the business is a sole proprietorship. Attachment 10. Vilarino claims that he placed a $500 advertisement in the Reporter in response to solicitations for advertisements by Ronald Yates. Vilarino asserts that this advertisement was not in conjunction with any campaign or with any political committee. Vilarino also contends that "even if the FEC decides that Mr. Yates is running a political committee, [the] advertisement expense [at issue] is neither from a corporation nor in excess of contribution limits."

C. Applicable Law

The Federal Election Campaign Act of 1971, as amended ("the Act"), defines "person" as including "an individual, partnership, committee, association, corporation, labor organization or any other organization or group of persons . . . ." 2 U.S.C. § 431(11). "Political committee" is defined as "any committee, club, association or other group of persons which receives contributions aggregating in excess of $1,000 during a calendar year or which makes expenditures aggregating in excess of $1,000 in a calendar year." 2 U.S.C. § 431(4)(A).

The Act requires any organization which qualifies as a political committee to register with the Commission and to file periodic reports of its receipts and disbursements. 2 U.S.C. §§ 433(a) and 434(a). Political committees must report their receipts and disbursements in accordance with 2 U.S.C. § 434(b). A person, other than a political committee, who makes independent expenditures in an aggregate amount or value in excess of $250 during a calendar year must also file a report with the Commission. 2 U.S.C. § 434(c).

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"Contributions" and "expenditures" which would lead to political committee status are defined as follows. The term "contribution" includes (i) any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office; or (ii) the payment by any person of compensation for the personal services of another person which are rendered to a political committee without charge for any purpose. 2 U.S.C. § 431(8)(A)(i) and (ii). The term "expenditure" includes any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(9)(A)(i). The Commission has defined "anything of value" to include all in-kind contributions, i.e., "the provision of any goods and services without charge or at a charge which is less than the usual and normal charge for such goods and services . . . ." 11 C.F.R. §§ 100.7(a)(1)(iii) and 100.8(a)(1)(iv). Expenditures which are made by any person, including a political committee, "in coordination, consultation or concert with, or at the request or suggestion of, a candidate, his authorized committee or their agents" are considered in-kind contributions to that candidate. 2 U.S.C. § 441a(a)(7)(B)(i). Thus, "[a] communication made in coordination with a candidate presumptively confers 'something of value' received by the candidate so as to constitute an attributable [in-kind] 'contribution.'" Advisory Opinion 1988-22. In contrast, an expenditure made by a person, including a political committee, which expressly advocates the election or defeat of a clearly identified candidate, but which is not made "in cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which [is] not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate" is an "independent expenditure." See 2 U.S.C. § 431(17). There is no

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limit on the dollar amount of independent expenditures a person may make. See Buckley v. Valeo, 424 U.S. 1, 39-59 (1976). Nevertheless, independent expenditures count toward the $1,000 threshold for political committee status. See, e.g., Advisory Opinion 1988-22.

The Act provides that no corporation may make a contribution or expenditure in connection with any Federal election and prohibits any candidate or committee from knowingly accepting any such contribution. 2 U.S.C. § 441b(a). Pursuant to 11 C.F.R. § 102.5(a)(1), political committees which make expenditures "in connection with both federal and non-federal elections" are required to establish separate federal and non-federal accounts or set up a single account which receives only contributions subject to the limitations and prohibitions of the Act. If separate federal and non-federal accounts are established, all expenditures made in connection with federal elections must be made from the federal account.

The Act prohibits any person from making any contributions to any candidate and his authorized political committees with respect to any election for federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A). Pursuant to 2 U.S.C. § 441a(f), it is a violation of the Act for any candidate or political committee to knowingly accept any contributions which are in violation of 2 U.S.C. § 441a.

However, the Act and the Commission's regulations exclude any cost incurred in covering or carrying a news story, commentary, or editorial by any broadcasting station, newspaper, magazine, or other periodical publication from the definition of a "contribution" or "expenditure," unless the facility is owned or controlled by any political committee or candidate. 2 U.S.C. § 431(9)(B)(i); 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2). (These provisions have been referred to

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informally as the "media exemption.") Additionally, in Reader's Digest Ass'n v. FEC, 509 F. Supp. 1210, 1214 (S.D.N.Y. 1981), the court, interpreting the Act, stated that the "media exemption" applies when the distribution of news or commentary falls within the media entity's "legitimate press function."

Section 431(9)(B)(i) identifies only "broadcasting station[s], newspaper[s], magazine[s], or other periodical publication[s]" as press entities entitled to the exemption. To determine whether a medium of communication fits the description of one of the press entities listed at 2 U.S.C. § 431(9)(B)(i), the Commission has applied the definitions of "broadcaster," "newspaper," and "magazine or other periodical publication" in its Explanation and Justification of 11 C.F.R. § 114.4(e). See, e.g. MURs 2277 and 2567. According to the Explanation and Justification,

> [t]he term 'bona fide' newspaper is intended to mean a publication of general circulation produced on newsprint paper which appears at regular intervals (usually daily or weekly) and which is devoted primarily to the dissemination of news and editorial opinion to the general public. Only newspapers which ordinarily derive their revenues from subscriptions or advertising would be considered 'bona fide.' A 'bona fide' magazine or other periodical publication is a publication in bound pamphlet form appearing at regular intervals (usually either weekly, bi-weekly, monthly, or quarterly) and containing articles of news, information, opinion and entertainment, whether of general or specialized interest. Only magazines and periodicals which ordinarily derive their revenues from subscriptions and advertising would be considered 'bona fide.'

44 Fed. Reg. 76, 735.

In addition to determining whether a press entity is one which ordinarily would be entitled to the press exemption, the Commission also must determine whether the press entity is owned or controlled by any political party, political committee or candidate. 2 U.S.C. § 431(9)(B)(i). This test involves an inquiry into whether there is evidence that the complaint, response or other data available to the Commission suggest that a media entity is so owned or controlled. See MUR 3645. If the media entity is owned or controlled by a political party, political committee or

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candidate, the exemption from the definition of a contribution extends only to the cost of news stories "(i) which represent . . . bona fide news account[s] communicated in a publication of general circulation . . . and (ii) which [are] part of a general pattern of campaign-related news accounts which give reasonably equal coverage to all opposing candidates in the circulation . . . area . . . ." 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2).

As set out above, the Act defines "political committee" as "any committee, club, association or other group of persons which receives contributions aggregating in excess of $1,000 during a calendar year or which makes expenditures aggregating in excess of $1,000 in a calendar year." 2 U.S.C. § 431(4)(A). However, in order to address constitutional concerns related to avoiding possible vagueness in the application of 2 U.S.C. § 431, *et al*, the Supreme Court in Buckley v. Valeo, 424 U.S. 1, 80 (1976), construed the Act's references to "political committee" in such a manner as to prevent their "reach [to] groups engaged purely in issue discussion." The Court recognized that "[t]o fulfill the purposes of the Act [the designation 'political committee'] need only encompass organizations that are under the control of a candidate or the major purpose of which is the nomination or election of a candidate." 424 U.S. at 79. Thus, in determining whether an organization is a political committee, the Commission employs both the statutory $1,000 threshold and a "major purpose" inquiry. Advisory Opinion 1996-3; but see Akins v. FEC, 1996 WL 695208 (D.C. Cir.).

The term "expressly advocating" means any communication that uses such phrases as "vote for the President," "re-elect your Congressman," "support the Democratic nominee," and "cast your ballot for the Republican challenger . . . ." See 11 C.F.R. § 100.22(a). Paid advertising expressly advocating a candidate's election or defeat does not qualify for the "media exemption" and is therefore subject to the requirements of 2 U.S.C. § 441d(a). That section mandates a

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disclaimer whenever any person makes an expenditure for general public political advertising containing express advocacy. The disclaimer must clearly identify who paid for the communication and whether or not the communication was authorized by a candidate or candidate committee. Id.

D. Analysis

1. Media Exemption

The Reporter does not appear to qualify for the "media exemption" because it does not fit within the description of any of the press entities listed at 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2), particularly the description of a "bona fide" newspaper which it purports to be. To fit within the description of a "bona fide" newspaper, the Reporter, in addition to deriving its revenue from subscription or advertising, would need to be (i) a publication of general circulation, (ii) produced on newsprint paper, (iii) devoted primarily to the dissemination of news and editorial opinion to the general public, and (iv) distributed at regular intervals. See Explanation and Justification of 11 C.F.R. § 114.4(e), 44 Fed. Reg. 76, 734 (1979). In contrast, the Reporter appears to have been delivered by mail to only registered Republicans in the congressional districts where it was distributed; and this Office has no evidence that copies of the Reporter was widely available to the public at the newsstand price of $2.50 as advertised on its masthead.

Moreover, although the Reporter appears to be published on newsprint paper, it does not appear to be devoted primarily to the dissemination of news and editorial opinion to the general public. The publication's stated goal is to "build new bridges of cooperation between the voters, candidates and advertisers through consistent communication."[7] It promises that this goal is to be

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[7] See Attachment 11; the masthead of publication information.

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[7] See Attachment 11; the masthead of publication information.

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reached through using the Reporter as a "platform for communication of ideas between the candidates and the constituents."[8] In an article entitled, "Help Keep This Republican Newspaper In Your Congressional District," in the June 1994 issues of the Reporter, Ronald Yates writes about what appears to be the publication's primary purpose: "California's Republic Reporter wants to continue publishing customized, local political newspapers for each Congressional District in Los Angles County on a monthly basis. To do so we need your **help**, but **NOT** your money! . . . To help defeat *all democratic incumbents*, our goal is to increase the paper's circulation with every monthly issue until we achieve total saturation . . Let's show the democrats that we mean business. Together we can 'Defeat democrat incumbents, and elect Republican candidates.'" (all special marks are in the original).

Finally, it is unclear whether the Reporter is distributed on a regular basis.[9] An April 1994 issue of the Reporter, apparently in connection with a special election in California's 20th State Senate District, is marked Volume 1, Issue 1. As far as this Office is able to determine, no further issues of the Reporter were published in that district after the special election. The June 1994 issues for the Reporter's 53rd and 54th distribution districts are marked Volume 1, Issue 1. In each case, the issue was published in connection with a June 1994 primary election. In the case of the Reporter's 53rd distribution district, this Office also has a copy of a Volume 1, Issue 3, published in connection with the November 1994 general election. Thus, it remains unclear on the basis of the issues of the Reporter available to this Office whether it was being published

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[8] Id.

[9] In an attempt to determine whether the Reporter is still in publication, this Office checked various on-line research services and with the Library of Congress. This Office was not only unable to confirm whether the Reporter is still in publication, but was also unable to find any references to the Reporter -- even as to issues that this Office already has in its possession.

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regularly. In fact, when viewed together, the available issues of the Reporter suggest that it was being published only in connection with election activity.

For these reasons, it does not appear that California's Republic Reporter is a "bona fide" newspaper entitled to the "media exemption."[10]

2. Political Committee Status and Source of Funds

a. Political Committee Status

The complaint makes alternative allegations with respect to the political committee status of the Reporter. On the one hand, the complaint alleges that the Reporter was a committee authorized by SBCC. However, section 431(6) defines an "authorized committee" as the principal campaign committee or any other political committee authorized by a candidate under section 432(e). Section 432(e) requires that authorized committees be designated by a candidate in writing. Because Susan Brooks did not designate the Reporter as an authorized committee pursuant to section 432(e) and denies in her response that she had any relationship with Yates or the Reporter beyond that of advertiser-publisher, the publication is not a committee authorized by Susan Brooks.

Alternatively, the complaint alleges that the Reporter is a political committee within the meaning of 2 U.S.C. § 431(4) and violated 2 U.S.C. §§ 433 and 434(a) by failing to register with the Commission and file regular reports of its receipts and expenditures. When determining whether an organization is a political committee, the Commission employs both the statutory

[10] Since the Reporter does not appear to be a bona fide newspaper entitled to the media exemption, this Office need not address a secondary issue relevant to the applicability of the media exemption to bona fide newspapers; that is, whether the newspaper is controlled by any political committee or candidate.

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$1,000 threshold and a "major purpose" inquiry. Advisory Opinion 1996-3; but see Akins v. FEC, 1996 WL 695208 (D.C. Cir.).[11]

In the instant MUR, the Reporter meets the statutory expenditure/contribution threshold for political committee status because the cost of the articles which it published for the purpose of influencing federal elections exceeded $1,000 during a calendar year. According to an invoice sent to Susan Brooks from the Reporter for advertisement purposes, the cost of two full page ads in the Reporter was approximately $4,000, or $2,000 per page, during the publication period covered by the complaint in this matter. See Attachment 11. This Office infers that the space in the regular publication sections of the Reporter that contained articles were equivalent in value to that in the advertising sections. Based on the available copies of the Reporter, during 1994, the publication ran three articles in its regular publication sections which were coordinated with Susan Brooks and/or expressly advocated her election.[12] Consequently, if the Reporter did not qualify

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[11] In Akins, the Court concluded that the "major purpose" test for political committees only applies to independent expenditures, so that any group making over $1,000 in contributions or coordinated expenditures becomes a political committee regardless of the group's major purpose. Pending further resolution of the Akins case, this Office is not recommending any changes in our approach in this matter.

[12] For example, the June 1994 issue for the Reporter's 53rd distribution district carried a favorable front page profile of Susan Brooks. The profile touts the endorsements received by Brooks, her successful background in politics and the community, and the momentum which had been attained by her campaign as of publication, and closes with the words, ". . .Susan needs your vote in the primary election on June 7th." In two other articles in the same issue of the Reporter, one of which is titled, "36th Congressional Candidate Ron Florance...Republican Asset or Potential Republican Embarrassment" (underlined in the original), the publication contrasts Susan Brooks and Ron Florance, her opponent in the primary election. The article named above states that, "Voters on June 7th must decide which candidate will stand the best chance against Jane Harman [the incumbent]; . . . [Susan Brooks who has] flawlessly served her community as a councilwoman and mayor and [Ron Florance who] will be testifying as a defendant in a business fraud lawsuit in October -- just a few weeks before the general election." The other article essentially highlights Ronald Florance's negative record and ends with a presentation of the choice between Florance and Brooks.

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for the media exemption, the amount it expended in connection with these articles counted towards the $1,000 statutory threshold. Using the valuation discussed in this paragraph, the articles, which covered nearly three pages of the Reporter, represented an expenditure of at least $5,000 for the purpose of influencing a federal election.

However, the Reporter is a political committee only if, in addition to meeting the $1,000 statutory threshold, a major purpose of the organization is the nomination or election of a federal candidate. While there were some articles in the Reporter which were not directly related to the nomination or election of a federal candidate and the Reporter did not limit its solicitations for advertisers to political advertisers, this Office believes that there is sufficient evidence to support a finding that there is reason to believe a major purpose of those operating the Reporter is to influence federal elections.

First, the Reporter's stated goal is to "build new bridges of cooperation between the voters, candidates and advertisers through consistent communication" by using the Reporter as a "platform for communication of ideas between the candidates and the constituents." Moreover, the issues of the Reporter obtained by this Office were specifically tailored to promote particular candidates. Second, in solicitation letters, Ronald Yates told prospective candidate/advertisers, "I look forward to discussing with you how California's Republic Reporter can help promote your candidacy more effectively and for a lot less money." (underlined in the original). Third, a classified advertisement for an advertising salesperson for the Reporter placed in the June 1994 issues of the publication read as follows: "If you would like to help build up the local Republican political infrastructure in your area, we need YOU to help businesses get involved with California's Republic Reporter. If you are familiar with the political arena, can make a quality presentation to quality companies, and have a sales background (political fundraising for example)

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we would like to see your resume, TODAY! . . . ." Finally, as set out above, in an article entitled, "Help Keep This Republican Newspaper In Your Congressional District," in the June issues of the Reporter, Ronald Yates writes about his desire to continue publishing customized, local political newspapers for each Congressional District in Los Angles County on a monthly basis and how he needs "your **help**, but **NOT** your money" in order to defeat all democratic incumbents and elect Republican candidates.

Based on these factors, it appears that a major purpose of those operating the Reporter is the nomination or election of various federal candidates. Moreover, because Ronald Yates apparently managed the daily affairs of the Reporter, this Office believes he was acting as the treasurer of the Reporter. Based on the available evidence, Yates served as the editor, publisher, and reporter for the publication. He also contacted federal candidates and solicited advertisements for the Reporter. Mr. Yates, while a volunteer, had no other income producing job. Therefore, California's Republic Reporter and Ronald Yates, acting as treasurer, qualify as a political committee and should have registered with the Commission and began to file regular reports of receipts and disbursements.

b. Source of Funds

Other than any personal monies Dani Adler, the Reporter's owner, and Ronald Yates, her husband, may have put into the publication, it appears that the only other potential sources of funds available to the Reporter were revenues from sales of advertising space and subscriptions, and from purchases of the Reporter off newsstands. As stated earlier, there is no evidence that subscriptions to the Reporter were sold, or that the publication was sold at newsstands. Further, at this time, this Office has no evidence relating to the amounts either Adler or Yates contributed in personal funds to the Reporter. During its investigation, this Office will attempt to ascertain the

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amounts of personal monies at issue and will make appropriate recommendations to the Commission.

With regard to the revenue received from business and political advertisers in the Reporter, such revenue could be analyzed similar to the way the Court characterized money from paying slate mailer participants in FEC v. Californian for Democratic Representation, No. 85-2086-JMI (C.D. Cal. Jan. 9, 1986). In Californian for Democratic Representation ("CDR"), the Court held that money from paying participants to the slate mailer would not constitute contributions, but rather should be reported as "other receipts." As is often true with slate mailers, some of the state and local candidates who advertised in the Reporter may have paid for them with funds which included corporate monies. Moreover, some of the business advertisers in the Reporter were corporations. By analogy to CDR, any payments to the Reporter from the businesses involved for non-political advertising did not constitute contributions to the Reporter. See also MUR 3716. Instead these payments were for "services" and would constitute "other receipts" by the Reporter. This Office notes that in their responses, both L.A. Rubber and Joe Vilarino's Showcase asserted that the placement of the advertisements in the Reporter was not done in connection with any federal campaign or political committee. Based on the foregoing, L.A. Rubber and Joe Vilarino's Showcase did not make prohibited contributions to the Reporter.[13] However, the Reporter did receive corporate monies from L.A. Rubber. Although the Reporter qualified as a political committee and engaged in activity that involved both federal and non-federal candidates, the Reporter did not have separate federal and non-federal accounts. Therefore, the Reporter

[13] Even if the payment by Joe Vilarino's Showcase was considered to be a contribution, it would not be prohibited because Joe Vilarino's Showcase is a sole proprietorship, not a corporation, and the cost associated with the advertisement totaled $500.

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impermissibly commingled non-federal funds with federal funds.[14] This, in view of the analysis in section 3, *infra*, also raises the prospect that the Reporter was making federal contributions with these prohibited funds. Accordingly, the Reporter also made, and the federal committees accepted, in-kind contributions containing impermissible funds.

3. Excessive Contributions and Reporting Violations

As discussed above, the Reporter does not appear to qualify for the media exemption but does appear to qualify as a political committee. Accordingly, any "communication" by the Reporter, if published "in cooperation, consultation or concert with, or at the request or suggestion of a candidate, his authorized committee or their agents," may have resulted in an in-kind contribution to that candidate [see 2 U.S.C. § 441a(a)(7)(B)(i)] and should have been reported as such under 2 U.S.C. § 434(b).[15]

Based on the available evidence, it appears that the Reporter did in fact provide something "of value" to various federal candidates in the form of articles and "communications" paid for and placed by the Reporter or by undercharging these federal candidates for the placement of advertisements. The evidence further shows that in addition to the apparent coordination between the Reporter and the federal candidates on the subsidized advertisements, there also appears to have been coordination between the Reporter and the candidates with respect to the articles and

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[14] However, if further investigation indicates that the Reporter is not a political committee, but rather a business, this Office would not pursue the Reporter for failing to keep separate federal and non-federal accounts.

[15] Further, even assuming that the Reporter did not coordinate with federal candidates, the articles and "communications" on the "Select Republican Candidate Page" at issue expressly advocated the election of specified federal candidates, and reporting them as independent expenditures pursuant to 2 U.S.C. § 434(b) would have been required.

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"communications." Under either scenario, it appears that the Reporter made in-kind contributions and, in some cases, excessive in-kind contributions, to the federal committees involved.[16]

As evidence that the Reporter coordinated with federal candidates in connection with published articles, Susan Brooks states in her affidavit that in May of 1994, some time after Ronald Yates had expressed a desire to write an article about her campaign, he visited her campaign headquarters to gather information for the article and take pictures of her and her campaign staff. Likewise, the article about the John Duke candidacy, which appears in a June 1994 issue of the Reporter, was apparently published with the cooperation, consultation or prior consent of Duke and his agents because the photograph of Duke which accompanies the article was taken by Ronald Yates and the article contains what appears to be direct quotes by the candidate. Based on the available information, it does not appear that the Brooks or Duke committees paid for these articles. Further, it appears that the articles alone exceeded the $1,000 contribution limit pursuant to section 441a(a)(1)(A). The Duke article covered more than half a page of the Reporter, and thus was worth more than $1,000 (see discussion on valuation at page 17), and the 3 separate articles in connection with the Brooks candidacy covering nearly 3 pages of the Reporter was worth at least $5,000. In contrast, there were no articles about the Dalichau candidacy in the Reporter. Moreover, although Wolf Dalichau was featured on the "Select Republican Candidate Page," it does not appear that the in-kind contribution to him which resulted exceeded $1,000 because less than one-eighth of the page was devoted to his candidacy.

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[16] If, during our investigation, this Office determines that expenditures made by the Reporter were independent expenditures on behalf of the candidate committees, we will make appropriate recommendations to the Commission. Further, if the Commission determines that the Reporter is not a political committee but that independent expenditures were made, this Office will make appropriate recommendations to the Commission concerning the reporting of these independent expenditures.

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Further evidence of coordination between the Reporter and federal candidates is demonstrated by the "Select Republican Candidate Page" which is described in a Reporter advertising circular in the following manner: "The Select Republican Candidate Page is a Full Page Photo Feature which has been designed for statewide and national candidates to help their own campaign and the local candidates and groups as well . . . **The candidate may supply their own photo as well as the profile paragraph. Participation in this section not only helps the Statewide candidate get local exposure, but helps the local candidates and local Republican clubs by helping to defray the costs of publishing and mailing the newspaper** (emphasis added) in their district . . . ." Thus, it appears that the "Select Republican Candidate Page" was published in cooperation, consultation and with prior consent of candidates for federal office who were featured therein and consequently resulted in in-kind contributions to such candidates. Brooks, Duke, and Dalichau were each featured at least one time in one of the several approximately one-eighth of a page slots on the "Select Republican Candidate Page."

Further, it appears that the Reporter made additional in-kind contributions to certain federal candidates by undercharging them for advertising space in the publication. For example, it appears that three candidates for state and local offices -- Schock for Judge, Moriarty for Judge, and Harden for Insurance Commissioner -- paid $3,975 each for 2 half page ads in the April and June 1994 issues of the Reporter. It also appears that Delores White, a candidate for the California State Senate, may have paid as much as $3,990 for an eighth of a page ad in the Reporter. In contrast, it appears that the Duke for Congress Committee paid $2,495 for its 2 half page ads in the same two issues, while the Brooks for Congress Committee paid $3,990 for 2 full page ads in those same issues, only $15 dollars more than the state and local candidates paid for their 2 half

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page ads.[17] Accordingly, it appears that the Reporter made in-kind contributions to some of the federal committees at issue by undercharging them for advertising space in the publication.

Based on the foregoing, the Reporter made in-kind contributions to the federal committees involved and, in some instances, excessive in-kind contributions. Moreover, the Reporter and the Brooks Committee were required to report these in-kind contributions.[18]

4. Disclaimers

If the Reporter does not qualify for the media exemption, then any communications expressly advocating the election or defeat of a clearly identified candidate which appeared in the publication, whether paid for by the candidate or contributed by the Reporter, were subject to the disclaimer requirements found at 2 U.S.C. § 441d. That being the case, it should be noted that all of the advertisements placed by the candidates in the Reporter included an appropriate disclaimer and, therefore, are not under discussion in this section. In contrast, footnote 12, *supra*, outlines several articles in which the Reporter expressly advocated the election or defeat of a clearly identified candidate and failed to include disclaimers. Moreover, each issue of the Reporter obtained by this Office included the "Select Republican Candidate Page," which also did not include the required disclaimer. The top of the "Select Republican Candidate Page" was essentially a reproduction of the masthead of the Reporter, complete with the publication's name

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[17] There were other federal, state, and local advertisers for which this Office was unable to obtain information on advertising costs. Such information might further suggest that advertisements in the Reporter by federal candidates were being subsidized.

[18] If after further investigation it is determined that the Reporter is not a political committee, California's Republic Reporter and Dani Adler, as owner, would still face contribution violations under the Act. Therefore, this report includes a recommendation that the Commission find reason to believe, in the alternative, that California's Republic Reporter and Dani Adler, as owner, violated 2 U.S.C. § 441a(a)(1)(A).

and logo. Photographs of John Duke and Wolf Dalichau were featured on the "Select Republican Candidate Page" in a June 1994 issue of the Reporter, and Susan Brooks' picture appeared on a "Select Republican Candidate Page" and a "Leadership/Voter Guide Page" in a June and November 1994 issue of the Reporter, respectively.[19] The text accompanying the photographs included such phrases as "vote for John Duke for Congress," "Wolf would welcome your support at the polls," and "Susan Brooks should be sent to Congress." No disclaimers were attached to these communications, despite the fact that they expressly advocated the candidacies of John Duke, Wolf Dalichau, and Susan Brooks.

Since the Reporter controlled the content, placement, design, and distribution of all of the articles and "communications," and apparently bore all the costs associated with their publication, this Office believes that the liability for the disclaimer violations should fall on the Reporter.[20] Moreover, it was activity undertaken by the Reporter, and not the candidates, that resulted in the apparent masquerade of a format eligible for the press exemption. Although the candidates and their committees coordinated with the Reporter to publish the articles at issue, and probably provided photographs and text for the "Select Republican Candidate Page," they apparently exercised no control over the content, format, and placement of the articles and the "communications" on the "Select Republican Candidate Page" containing express advocacy.

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[19] The "Leadership/Voter Guide Page" is named differently but is essentially no different than the "Select Republican Candidate Page."

[20] If it is determined that a portion of the costs of the articles and "communications" at issue were paid for by the candidates, this Office will make appropriate recommendations at that time. Moreover, if it is determined after our investigation that the Reporter is not a political committee, California's Republic Reporter and Dani Adler, as owner, would still face disclaimer violations. Therefore, this report includes a recommendation that the Commission find reason to believe, in the alternative, that California's Republic Reporter and Dani Adler, as owner, violated 2 U.S.C. § 441d.

Accordingly, the Reporter failed to include the appropriate disclaimers on the articles and "communications" placed in the Reporter which expressly advocated the election of certain federal candidates.

III. SUMMARY AND PROPOSED DISCOVERY

Based on the evidence, Susan Brooks did not designate the Reporter as an authorized committee pursuant to 2 U.S.C. § 432(e). Moreover, she denies in her response that she had any relationship with Yates or the Reporter beyond that of advertiser-publisher. Accordingly, this Office recommends that the Commission find no reason to believe that Susan Brooks violated 2 U.S.C. § 432(e). Further, it does not appear that the Reporter meets the Commission's definition of a bona fide newspaper, and thus, does not qualify for the media exemption. The mission of those operating the publication appears to be primarily political, the issues are tailored to impact specific elections, employees are unpaid volunteers, and advertising rates are applied inconsistently to the candidates advertising in the publication. The Reporter also appears to endorse and support the election of candidates outside the context of its editorial purview. See Attachment 12. Thus, a major purpose of those operating the Reporter appears to be the nomination and election of various federal candidates, some of whom received contributions in excess of $1,000 from the publication. Accordingly, the Reporter meets the requirements for political committee status. Therefore, this Office recommends that the Commission find reason to believe that California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. §§ 433(a) and 434(a) by failing to register with the Commission and file regular reports of receipts and disbursements. This Office also recommends that the Commission find reason to believe that California's Republic Reporter and Ronald Yates, acting as treasurer, violated 11 C.F.R. § 102.5(a)(1) by failing to keep separate federal and non-federal accounts and, thereby,

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impermissibly commingling non-federal funds with federal funds. Moreover, because the contributions that were made by the Reporter to Brooks and SBCC and the Duke Committee apparently contained corporate funds and exceeded $1,000, this Office recommends that the Commission find reason to believe California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. §§ 441b(a) and 441a(a)(1)(A), and that Susan Brooks and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer, violated 2 U.S.C. §§ 441b(a) and 441a(f) for the receipt of these excessive, prohibited contributions.[21] However, this Office recommends that the Commission find no reason to believe Joe Vilarino's Showcase and Los Angeles Rubber violated 2 U.S.C. § 441b(a).

Finally, since the Reporter did not report making the in-kind contributions, and the Brooks Committee did not report receiving the in-kind contributions, this Office recommends that the Commission find reason to believe California's Republic Reporter and Ronald Yates, acting as treasurer, and Susan Brooks and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer, violated 2 U.S.C. § 434(b). This Office further recommends that the Commission find reason to believe that California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. § 441d in connection with the articles and "communications" in the Reporter which expressly advocated the candidates Brooks, Duke, and Dalichau and did not include the appropriate disclaimers.

Additionally, this Office recommends that the Commission find reason to believe, in the

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[21] Because this Office currently has evidence that Ms. Brooks was personally involved in the activities giving rise to the violations in this matter, we are including her in the recommendations. During this Office's investigation, we will attempt to discover the full extent of Ms. Brooks' involvement in the activities giving rise to the violations in this matter.

alternative, that California's Republic Reporter and Dani Adler, as owner, violated 2 U.S.C. § 441a(a)(1)(A) for making excessive contributions, and 2 U.S.C. § 441d for failing to include the appropriate disclaimers on the articles and "communications" at issue in this matter.

This Office will seek to determine during its investigation whether the Reporter had sources of funding other than its advertising and subscription revenue and whether the federal candidates it featured in articles and "communications" on the "Select Republican Candidate Page" paid for any portion of the costs associated with these articles and "communications." This Office will also seek to determine the amount of personal funds that Adler and Yates put into the publication of the Reporter. Finally, this Office will seek to verify whether the Reporter was subsidizing political advertising by federal candidates by undercharging such candidates for advertising space in the publication and whether it was engaged in other federal election activity.

IV. RECOMMENDATIONS

1. Find reason to believe that California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. §§ 433(a), 434(a), 434(b), 441a(a)(1)(A), 441b(a), and 441d, and 11 C.F.R. § 102.5(a)(1).

2. In the alternative, find reason to believe that California's Republic Reporter and Dani Adler, as owner, violated 2 U.S.C. §§ 441a(a)(1)(A) and 441d.

3. Find reason to believe that Susan Brooks and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer, violated 2 U.S.C. §§ 434(b), 441a(f), and 441b(a).

4. Find no reason to believe that Susan Brooks violated 2 U.S.C. § 432(e).

5. Find no reason to believe that Joe Vilarino's Showcase violated 2 U.S.C. § 441b(a) and close the file as to this Respondent.

6. Find no reason to believe that Los Angeles Rubber company violated 2 U.S.C. § 441b(a) and close the file as to this Respondent.

7. Approve the attached Factual and Legal Analyses.

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8. Approve the appropriate letters.

1/17/97
Date

Lawrence M. Noble
General Counsel

Attachments

1. Reporter article about the Susan Brooks campaign.
2. "Select Republican Candidate Page" from the June 1994 issue of the Reporter.
3. An advertisement placed in the Reporter by the Duke campaign.
4. Response of Ronald Yates and the Reporter.
5. Response of Susan Brooks and SBCC.
6. Declaration of Susan Brooks.
7. Response of the Duke Committee.
8. Response of the Dalichau Committee.
9. Response of L.A. Rubber.
10. Response of Joe Vilarino's Showcase.
11. Invoice received from the Reporter by the Brooks campaign.
12. "Note" of appreciation for support given Brooks candidacy, written by Yates on Reporter letterhead.
13. Factual and Legal Analyses (2).

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE ROSS
COMMISSION SECRETARY

DATE: JANUARY 24, 1997

SUBJECT: MUR 4080 - First General Counsel's Report

The above-captioned document was circulated to the Commission on **Tuesday, January 21, 1997**.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	XXX
Commissioner Elliott	XXX
Commissioner McDonald	_
Commissioner McGarry	_
Commissioner Thomas	_

This matter will be placed on the meeting agenda for

Tuesday, January 28, 1997

Please notify us who will represent your Division before the Commission on this matter.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 4080
California's Republic Reporter and	)	
Dani Adler, as owner;	)	
Ronald R. Yates;	)	
Susan Brooks for Congress Committee,	)	
and Hilda Daiber, as treasurer;	)	
Susan Brooks;	)	
Los Angeles Rubber Company;	)	
Joe Vilarino's Showcase	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission's executive session on January 28, 1997, do hereby certify that the Commission decided by a vote of 4-0 to return the January 17, 1997 report on MUR 4080 to the Office of General Counsel for revision of the Factual and Legal Analyses pursuant to the meeting discussion and circulation for approval on a tally vote.

Commissioners Aikens, Elliott, McGarry, and Thomas voted affirmatively for the decision. Commissioner McDonald was not present.

Attest:

1-29-97
Date

Marjorie W Emmons
Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

SENSITIVE

January 30, 1997

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

RE: MUR 4080 -- California's Republic Reporter

Attached are the revised Factual and Legal Analyses as per the discussion of MUR 4080 during the Executive Session of January 28, 1997. Attachment 1. The Factual and Legal Analyses contain proposed alternative language to address the concerns raised in connection with the phrase: "a major purpose of the organization. . . ." Specifically, in the Factual and Legal Analysis for California's Republic Reporter and Ronald Yates, acting as treasurer, the changes are found at pages 9, 12, 13, 14, and 20. On page 9, the sentence, "Thus, in determining whether an organization is a political committee, the Commission employs both the statutory $1,000 threshold and a 'major purpose' inquiry," has been changed to "Thus, in determining whether an organization is a political committee, the Commission employs both the statutory $1,000 threshold and an inquiry into the organization's major purpose." These same revisions were made to an almost identical sentence on page 12. On page 13, the sentence, "However, the Reporter is a political committee only if, in addition to meeting the $1,000 statutory threshold, a major purpose of the organization is the nomination or election of a federal candidate," has been changed to "However, the Reporter is a political committee only if, in addition to meeting the $1,000 statutory threshold, the Reporter's major purpose is the nomination or election of a federal candidate." Also on page 13, the sentence, ". . . there is sufficient evidence to support a finding that there is reason to believe a major purpose of those operating the Reporter is to influence federal elections," has been changed to ". . . there is sufficient evidence to show that the Reporter's major purpose is to influence federal elections." On page 14, the sentence, "Based on these factors, a major purpose of those operating the Reporter is the nomination or election of various federal candidates," has been changed to "Based on these factors, the Reporter's major purpose is the nomination

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or election of various federal candidates." On page 20, the sentence, "Thus, a major purpose of those operating the Reporter is the nomination and election of various federal candidates. . ." has been changed to "Thus, the Reporter's major purpose is the nomination and election of various federal candidates. . . ." Identical changes have been made to the Factual and Legal Analysis for Susan Brooks and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer, at pages 10, 13, 14, 15, and 20.

The Office of the General Counsel is circulating the revised Factual and Legal Analyses on a 24 hour tally vote basis.

Staff Member: Eugene H. Bull

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 4080
California's Republic Reporter.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 6, 1997, the Commission decided by a vote of 4-1 to approve the Factual and Legal Analysis, as recommended in the General Counsel's Memorandum dated January 30, 1997.

Commissioners Aikens, Elliott, McGarry, and Thomas voted affirmatively for the decision; Commissioner McDonald dissented.

Attest:

Feb. 6, 1997
Date

Mary W. Dove
for Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Thurs., Jan. 30, 1997 12:55 p.m.
Circulated to the Commission: Thurs., Jan. 30, 1997 4:00 p.m.
Deadline for vote: Fri., Jan. 31, 1997 4:00 p.m.

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

SENSITIVE

February 14, 1997

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

SUBJECT: MUR 4080 -- California's Republic Reporter

On January 27, 1997, the Commission considered several recommendations set forth in the First General Counsel's Report dated January 17, 1997. During the discussion at the table, concerns were raised in connection with the phrase "a major purpose of the organization" and the Commission voted 4-0 to have this Office revise the Factual and Legal Analyses and circulate them for approval on tally vote. Based on the discussion at the table, it appears that the Commission also intended to approve this Office's reason to believe and no reason to believe recommendations with respect to the various respondents; however, no formal motion was made at that time. On February 6, 1997, the Commission decided by a vote of 4-1 to approve the revised Factual and Legal Analyses, as recommended in the General Counsel's Memorandum dated January 30, 1997. Accordingly, this Office now recommends that the Commission approve the remaining recommendations that were set forth in the First General Counsel's Report dated January 17, 1997. This memorandum is being circulated on a 24 hour tally vote basis.

RECOMMENDATIONS

1. Find reason to believe that California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. §§ 433(a), 434(a), 434(b), 441a(a)(1)(A), 441b(a), and 441d, and 11 C.F.R. § 102.5(a)(1).

2. In the alternative, find reason to believe that California's Republic Reporter and Dani Adler, as owner, violated 2 U.S.C. §§ 441a(a)(1)(A) and 441d.

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3. Find reason to believe that Susan Brooks and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer, violated 2 U.S.C. §§ 434(b), 441a(f), and 441b(a).

4. Find no reason to believe that Susan Brooks violated 2 U.S.C. § 432(e).

5. Find no reason to believe that Joe Vilarino's Showcase violated 2 U.S.C. § 441b(a) and close the file as to this Respondent.

6. Find no reason to believe that Los Angeles Rubber company violated 2 U.S.C. § 441b(a) and close the file as to this Respondent.

7. Approve the appropriate letters.

Staff Assigned: Eugene Bull

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
California's Republic Reporter.	)	MUR 4080

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 19, 1997, the Commission decided by a vote of 5-0 to take the following actions in MUR 4080:

1. Find reason to believe that California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. §§ 433(a), 434(a), 434(b), 441a(a)(1)(A), 441b(a), and 441d, and 11 C.F.R. § 102.5(a)(1).

2. In the alternative, find reason to believe that California's Republic Reporter and Dani Adler, as owner, violated 2 U.S.C. §§ 441a(a)(1)(A) and 441d.

3. Find reason to believe that Susan Brooks and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer, violated 2 U.S.C. §§ 434(b), 441a(f), and 441b(a).

4. Find no reason to believe that Susan Brooks violated 2 U.S.C. § 432(e).

5. Find no reason to believe that Joe Vilarino's Showcase violated 2 U.S.C. § 441b(a) and close the file as to this Respondent.

(continued)

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6. Find no reason to believe that Los Angeles Rubber company violated 2 U.S.C. § 441b(a) and close the file as to this Respondent.

7. Approve the appropriate letters, as recommended in the General Counsel's Memorandum dated February 14, 1997.

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

Attest:

2-19-97
Date

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

Received in the Secretariat: Fri., Feb. 14, 1997 3:49 p.m.
Circulated to the Commission: Tues., Feb. 18, 1997 11:00 a.m.
Deadline for vote: Wed., Feb. 19, 1997 4:00 p.m.

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

February 26, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Hilda Daiber, Treasurer
Susan Brooks for Congress Committee
727 Silver Spur Road, #200
Palos Verdes Peninsula, CA 90274

RE: MUR 4080

Dear Ms. Daiber:

On October 14, 1994, the Federal Election Commission notified the Susan Brooks for Congress Committee and you, as treasurer, 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 enclosed with that notification.

Upon further review of the allegations contained in the complaint, and information provided by you, the Commission, on February 19, 1997, found that there is reason to believe the Susan Brooks for Congress Committee and you, as treasurer, violated 2 U.S.C. §§ 434(b), 441a(f), and 441b(a), provisions of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath. All responses to the enclosed Interrogatories and Request for Production of Documents must be submitted to the General Counsel's Office within 30 days of your receipt of this letter. Any additional materials or statements you wish to submit should accompany your response. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to the Interrogatories and Request for Production of Documents. If you intend to be represented by counsel, please advise the Commission by completing the enclosed form

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stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notification or other communications from the Commission.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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 Eugene Bull, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

John Warren McGarry
Chairman

Enclosures
Interrogatories and Request for Production of Documents
Designation of Counsel Form
Factual and Legal Analysis

cc: Susan Brooks

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 4080
	)	
	)	

INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

TO: Hilda Daiber, Treasurer
Susan Brooks for Congress Committee
727 Silver Spur Road, #200
Palos Verdes Peninsula, CA 90274

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 30 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

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INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery request shall refer to the time period from September 1993 to January 1995.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

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DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and request for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

1. State whether the Reporter interviewed or otherwise received information and/or assistance from Susan Brooks and/or staff of her campaign in connection with any of the following articles which appeared in June and November 1994 issues of the Reporter. See Attachment. If so, identify any such persons and the type of information or assistance they provided. State whether Susan Brooks and/or staff of her campaign reviewed any of the articles prior to publication, and identify any persons who performed such review.

   a) "'Brooks For Congress' Gains Momentum," June 1994 issue.
   b) "Congressional Candidate Ron Florance. . .Republican Asset <u>or</u> Potential Republican <u>Embarrassment</u>," June 1994 issue.
   c) "Brooks Gears For Victory," November 1994 issue.

2. Identify any articles in connection with Susan Brooks' campaign, other than the three listed above, that the Reporter published. If any such articles are identified, state whether the Reporter interviewed or otherwise received information and/or assistance from Susan Brooks and/or staff of her campaign in connection with these articles. If so, identify any such persons and the type of information or assistance they provided. State whether Susan Brooks and/or staff of her campaign reviewed any of the articles prior to publication, and identify any persons who performed such review.

3. State the dates that Ronald Yates worked as a volunteer for Susan Brooks' 1994 campaign and any duties he performed.

4. Produce copies of any campaign newsletters and/or press releases put out by Susan Brooks' 1994 campaign.

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

MUR: 4080

RESPONDENTS: Susan Brooks for Congress Committee
and Hilda Daiber, as treasurer
Susan Brooks

I. GENERATION OF MATTER

This matter arises from a complaint and supplement thereto (together "the complaint") filed on September 20, 1994 and October 15, 1994, respectively, by Ronald M. Florance[1] against Ronald Yates; California's Republic Reporter ("the Reporter"); Susan Brooks; and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer (the "Brooks Committee" or "SBCC"). The complaint alleges that California's Republic Reporter and Ronald Yates, the sole owner of this entity, (i) is a political committee as defined under 2 U.S.C. § 431(4)(A) of the Federal Election Campaign Act ("the Act") and violated 2 U.S.C. §§ 433 and 434(a) by failing to register as a political committee and to file reports with the Federal Election Commission ("FEC") as required by statute, (ii) violated 2 U.S.C. § 441b "by accepting prohibited contributions from corporations," and (iii) violated 2 U.S.C. § 441d(a) by publishing advertisements without the appropriate disclaimers.[2] In the alternative, the complaint alleges that the Reporter

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[1] Ronald Florance lost the 1994 Republican primary election for the 36th Congressional District of California to Susan Brooks. Brooks received 51% of the vote and Florance received 49%.

[2] As set forth in the following discussion, Mr. Yates' wife, Dani Adler, is the sole owner of the Reporter.

was a committee authorized by the Susan Brooks for Congress Committee, and acted in concert with Brooks, her agents, servants and employees. Moreover, the complaint alleges that "by failing to disclose this authorized committee relationship," Brooks and the Reporter violated 2 U.S.C. §§ 431(6) and 432(e)(1). Finally, the complaint alleges that as an authorized committee of the Susan Brooks for Congress Committee, the Reporter violated "2 U.S.C. § 441a(f) by accepting excessive contributions from contributors of more than $1,000 in connection with the June 1994 primary election."

II. FACTUAL AND LEGAL ANALYSIS

A. Background

California's Republic Reporter is a business owned solely by Dani Adler, the wife of Ronald Yates. The Reporter was registered with the Los Angeles County Recorder on February 28, 1994. It is not a corporation.[3]

Ronald Yates serves as volunteer editor, publisher, and reporter for the publication. He works an average of 20 plus hours per week and assertedly does not receive any compensation for his work. Yates has no other income producing jobs. Dani Adler is "responsible for the debts of the business." She makes phone calls, and performs the Reporter's typesetting and bookkeeping. The Reporter also has other volunteers who serve as Assistant Editor and Graphic Artist. There is no set number of hours volunteered to the publication. Hours are volunteered on an as needed basis.

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[3] Although California's Republic Reporter is registered as a sole proprietorship of Dani Adler, the evidence shows that it is an organization made up of Ms. Adler, Ronald Yates and other volunteers. See political committee discussion at pp. 12-16.

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According to Yates, "the purpose of the publication is to sell enough advertising to publish and distribute the news content and hopefully make a profit." Revenue for the publication is generated by subscription and advertising sales. However, there is no evidence that subscriptions to the Reporter were actually sold. Although Yates claims that subscriptions were sold, he failed to provide a subscription list or an estimate of the number of subscriptions sold.

The publication obtains stories by covering events and reporting them, by purchasing syndicated columns, and by articles submitted for review. The publication does not hire reporters and does not subscribe to the wire services. The reporting done by the publication is done on a volunteer basis. As of October 1994, Yates represented that the Reporter was being published on a quarterly basis. However, at that time, it appears that only an April and June issue of the Reporter had been published. Subsequently, a November 1994 issue of the Reporter was published.

Apparently, there were five different versions of the June 1994 issue published; each covering a different distribution or electoral district. The April issue was delivered door to door, however, the June issues were delivered by the United States Postal Service. The June issues of the Reporter were target mailed to registered Republicans in the districts who had voted in most, if not all, of the primary and general elections since 1988.

The masthead of the first issue of the publication in April of 1994 announced the purpose or mission of the publication in the following manner: "This newspaper is dedicated to deliver the County, State and National Political News, to inform and educate

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the voters of each district -- and to promote good citizenship through active participation in the community. Our goal is to **'Build New Bridges of Cooperation Between the Voters, Candidates and Advertisers Through Consistent Communication.'** (boldfaced in the original). Since this newspaper is to be used as a platform to communicate ideas back and forth between the candidates and the constituents, your comments, opinions, letters and articles are welcome." The preceding continued to be the stated purpose or mission of the Reporter through the publication of the June issues. After the complaint in this matter was filed in October of 1994, the masthead of the November 1994 issue of the publication stated the publication's goal or mission as follows: "This newspaper is dedicated to deliver the County, State and National Political News, to inform and educate the voters of each district and to promote good citizenship through active participation in the community. Since this newspaper is designed as a platform for everyone in the community to communicate ideas back and forth, your comments, opinions, letters and articles are welcome."

Three aspects of the Reporter's contents are discussed in this Factual and Legal Analysis in connection with Brooks and SBCC: articles in connection with the Brooks candidacy in the regular publication sections, "communications" on the "Select Republican Candidate Page" of the Reporter which were coordinated with and/or expressly advocated Susan Brooks, and advertisements purchased by SBCC at less than the usual and normal charge. The costs of the articles and the "communications" on the "Select Republican Candidate Page" were borne fully by the Reporter, whereas the costs of the advertisements were shared by the Reporter and SBCC.

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Based on the available evidence, the Reporter does not qualify for the media exemption. Instead, the Reporter meets the requisite test for political committee status. Consequently, the articles and "communications," in the Reporter that were coordinated with Brooks, and the Brooks advertisements paid for in full or in part by the Reporter, resulted in in-kind contributions and, in some instances, excessive in-kind contributions to Brooks and SBCC. These in-kind contributions should have been reported by Brooks and SBCC. Moreover, because the monies which the Reporter used in connection with the in-kind contributions contained corporate funds, the Brooks Committee accepted prohibited contributions.

B. Response of Susan Brooks and SBCC

In their response to the Commission, Susan Brooks and SBCC assert that the only relationship between Brooks and SBCC on the one hand and Yates and the Reporter on the other hand is that of advertiser-publisher. In addition, Brooks, in a separate declaration to the Commission, denies the existence of an agency relationship between herself and Yates and any involvement with the publication and distribution of the Reporter.

C. Applicable Law

The Federal Election Campaign Act of 1971, as amended ("the Act"), defines "person" as including "an individual, partnership, committee, association, corporation, labor organization or any other organization or group of persons . . . ." 2 U.S.C. § 431(11). "Political committee" is defined as "any committee, club, association or other group of persons which receives contributions aggregating in excess of $1,000 during a

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calendar year or which makes expenditures aggregating in excess of $1,000 in a calendar year." 2 U.S.C. § 431(4)(A).

The Act requires any organization which qualifies as a political committee to register with the Commission and to file periodic reports of its receipts and disbursements. 2 U.S.C. §§ 433(a) and 434(a). Political committees must report their receipts and disbursements in accordance with 2 U.S.C. § 434(b). A person, other than a political committee, who makes independent expenditures in an aggregate amount or value in excess of $250 during a calendar year must also file a report with the Commission. 2 U.S.C. § 434(c).

"Contributions" and "expenditures" which would lead to political committee status are defined as follows. The term "contribution" includes (i) any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office; or (ii) the payment by any person of compensation for the personal services of another person which are rendered to a political committee without charge for any purpose. 2 U.S.C. § 431(8)(A)(i) and (ii). The term "expenditure" includes any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(9)(A)(i). The Commission has defined "anything of value" to include all in-kind contributions, i.e., "the provision of any goods and services without charge or at a charge which is less than the usual and normal charge for such goods and services . . . ." 11 C.F.R. §§ 100.7(a)(1)(iii) and 100.8(a)(1)(iv). Expenditures which are made by any person, including a political

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committee, "in coordination, consultation or concert with, or at the request or suggestion of, a candidate, his authorized committee or their agents" are considered in-kind contributions to that candidate. 2 U.S.C. § 441a(a)(7)(B)(i). Thus, "[a] communication made in coordination with a candidate presumptively confers 'something of value' received by the candidate so as to constitute an attributable [in-kind] 'contribution.'" Advisory Opinion 1988-22. In contrast, an expenditure made by a person, including a political committee, which expressly advocates the election or defeat of a clearly identified candidate, but which is not made "in cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which [is] not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate" is an "independent expenditure." See 2 U.S.C. § 431(17). There is no limit on the dollar amount of independent expenditures a person may make. See Buckley v. Valeo, 424 U.S. 1, 39-59 (1976). Nevertheless, independent expenditures count toward the $1,000 threshold for political committee status. See, e.g., Advisory Opinion 1988-22.

The Act provides that no corporation may make a contribution or expenditure in connection with any Federal election and prohibits any candidate or committee from knowingly accepting any such contribution. 2 U.S.C. § 441b(a). Pursuant to 11 C.F.R. § 102.5(a)(1), political committees which make expenditures "in connection with both federal and non-federal elections" are required to establish separate federal and non-federal accounts or set up a single account which receives only contributions subject to the limitations and prohibitions of the Act. If separate federal and non-federal accounts

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are established, all expenditures made in connection with federal elections must be made from the federal account.

The Act prohibits any person from making any contributions to any candidate and his authorized political committees with respect to any election for federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A). Pursuant to 2 U.S.C. § 441a(f), it is a violation of the Act for any candidate or political committee to knowingly accept any contributions which are in violation of 2 U.S.C. § 441a.

However, the Act and the Commission's regulations exclude any cost incurred in covering or carrying a news story, commentary, or editorial by any broadcasting station, newspaper, magazine, or other periodical publication from the definition of a "contribution" or "expenditure," unless the facility is owned or controlled by any political committee or candidate. 2 U.S.C. § 431(9)(B)(i); 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2). (These provisions have been referred to informally as the "media exemption.") Additionally, in Reader's Digest Ass'n v. FEC, 509 F. Supp. 1210, 1214 (S.D.N.Y. 1981), the court, interpreting the Act, stated that the "media exemption" applies when the distribution of news or commentary falls within the media entity's "legitimate press function."

Section 431(9)(B)(i) identifies only "broadcasting station[s], newspaper[s], magazine[s], or other periodical publication[s]" as press entities entitled to the exemption. To determine whether a medium of communication fits the description of one of the press entities listed at 2 U.S.C. § 431(9)(B)(i), the Commission has applied the definitions of "broadcaster," "newspaper," and "magazine or other periodical publication" in its

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Explanation and Justification of 11 C.F.R. § 114.4(e). See, e.g. MURs 2277 and 2567. According to the Explanation and Justification,

> [t]he term 'bona fide' newspaper is intended to mean a publication of general circulation produced on newsprint paper which appears at regular intervals (usually daily or weekly) and which is devoted primarily to the dissemination of news and editorial opinion to the general public. Only newspapers which ordinarily derive their revenues from subscriptions or advertising would be considered 'bona fide.' A 'bona fide' magazine or other periodical publication is a publication in bound pamphlet form appearing at regular intervals (usually either weekly, bi-weekly, monthly, or quarterly) and containing articles of news, information, opinion and entertainment, whether of general or specialized interest. Only magazines and periodicals which ordinarily derive their revenues from subscriptions and advertising would be considered 'bona fide.'

44 Fed. Reg. 76, 735.

In addition to determining whether a press entity is one which ordinarily would be entitled to the press exemption, the Commission also must determine whether the press entity is owned or controlled by any political party, political committee or candidate. 2 U.S.C. § 431(9)(B)(i). This test involves an inquiry into whether there is evidence that the complaint, response or other data available to the Commission suggest that a media entity is so owned or controlled. See MUR 3645. If the media entity is owned or controlled by a political party, political committee or candidate, the exemption from the definition of a contribution extends only to the cost of news stories "(i) which represent . . . bona fide news account[s] communicated in a publication of general circulation . . . and (ii) which [are] part of a general pattern of campaign-related news accounts which give reasonably equal coverage to all opposing candidates in the circulation . . . area . . . ." 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2).

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As set out above, the Act defines "political committee" as "any committee, club, association or other group of persons which receives contributions aggregating in excess of $1,000 during a calendar year or which makes expenditures aggregating in excess of $1,000 in a calendar year." 2 U.S.C. § 431(4)(A). However, in order to address constitutional concerns related to avoiding possible vagueness in the application of 2 U.S.C. § 431, *et al*, the Supreme Court in Buckley v. Valeo, 424 U.S. 1, 80 (1976), construed the Act's references to "political committee" in such a manner as to prevent their "reach [to] groups engaged purely in issue discussion." The Court recognized that "[t]o fulfill the purposes of the Act [the designation 'political committee'] need only encompass organizations that are under the control of a candidate or the major purpose of which is the nomination or election of a candidate." 424 U.S. at 79. Thus, in determining whether an organization is a political committee, the Commission employs both the statutory $1,000 threshold and an inquiry into the organization's major purpose. Advisory Opinion 1996-3; but see Akins v. FEC, 1996 WL 695208 (D.C. Cir.).

D. Analysis

1. Media Exemption

The Reporter does not qualify for the "media exemption" because it does not fit within the description of any of the press entities listed at 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2), particularly the description of a "bona fide" newspaper which it purports to be. To fit within the description of a "bona fide" newspaper, the Reporter, in addition to deriving its revenue from subscription or advertising, would need to be (i) a publication of general circulation, (ii) produced on newsprint paper, (iii) devoted primarily to the

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dissemination of news and editorial opinion to the general public, and (iv) distributed at regular intervals. See Explanation and Justification of 11 C.F.R. § 114.4(e), 44 Fed. Reg. 76, 734 (1979). In contrast, the Reporter appears to have been delivered by mail to only registered Republicans in the congressional districts where it was distributed; and this Office has no evidence that copies of the Reporter was widely available to the public at the newsstand price of $2.50 as advertised on its masthead.

Moreover, although the Reporter is published on newsprint paper, it is devoted primarily to the dissemination of news and editorial opinion to the general public. The publication's stated goal is to "build new bridges of cooperation between the voters, candidates and advertisers through consistent communication." It promises that this goal is to be reached through using the Reporter as a "platform for communication of ideas between the candidates and the constituents." In an article entitled, "Help Keep This Republican Newspaper In Your Congressional District," in the June 1994 issues of the Reporter, Ronald Yates writes about what appears to be the publication's primary purpose "California's Republic Reporter wants to continue publishing customized, local political newspapers for each Congressional District in Los Angles County on a monthly basis. To do so we need your **help**, but **NOT** your money! . . . To help defeat *all democratic incumbents*, our goal is to increase the paper's circulation with every monthly issue until we achieve total saturation . . . Let's show the democrats that we mean business. Together we can 'Defeat democrat incumbents, and elect Republican candidates.'" (all special marks are in the original).

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Finally, it is unclear whether the Reporter is distributed on a regular basis. An April 1994 issue of the Reporter, in connection with a special election in California's 20th State Senate District, is marked Volume 1, Issue 1. As far as this Office is able to determine, no further issues of the Reporter were published in that district after the special election. The June 1994 issues for the Reporter's 53rd and 54th distribution districts are marked Volume 1, Issue 1. In each case, the issue was published in connection with a June 1994 primary election. In the case of the Reporter's 53rd distribution district, this Office also has a copy of a Volume 1, Issue 3, published in connection with the November 1994 general election. Thus, it remains unclear on the basis of the issues of the Reporter available to this Office whether it was being published regularly. In fact, when viewed together, the available issues of the Reporter suggest that it was being published only in connection with election activity.

For these reasons, California's Republic Reporter is not a "bona fide" newspaper entitled to the "media exemption."[4]

2. Political Committee Status and Source of Funds

a. Political Committee Status

The complaint makes alternative allegations with respect to the political committee status of the Reporter. On the one hand, the complaint alleges that the Reporter was a committee authorized by SBCC. However, section 431(6) defines an

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[4] Since the Reporter is not a bona fide newspaper entitled to the media exemption, it is not necessary to address a secondary issue relevant to the applicability of the media exemption to bona fide newspapers; that is, whether the newspaper is controlled by any political committee or candidate.

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"authorized committee" as the principal campaign committee or any other political committee authorized by a candidate under section 432(e). Section 432(e) requires that authorized committees be designated by a candidate in writing. Susan Brooks did not designate the Reporter as an authorized committee pursuant to section 432(e) and denies in her response that she had any relationship with Yates or the Reporter beyond that of advertiser-publisher.

Alternatively, the complaint alleges that the Reporter is a political committee within the meaning of 2 U.S.C. § 431(4) and violated 2 U.S.C. §§ 433 and 434(a) by failing to register with the Commission and file regular reports of its receipts and expenditures. When determining whether an organization is a political committee, the Commission employs both the statutory $1,000 threshold and an inquiry into the organization's major purpose. Advisory Opinion 1996-3; but see Akins v. FEC, 1996 WL 695208 (D.C. Cir.).

In the instant MUR, the Reporter meets the statutory expenditure/contribution threshold for political committee status because the cost of the articles which it published for the purpose of influencing federal elections exceeded $1,000 during a calendar year. According to an invoice sent to Susan Brooks from the Reporter for advertisement purposes, the cost of two full page ads in the Reporter was approximately $4,000, or $2,000 per page, during the publication period covered by the complaint in this matter. This Office infers that the space in the regular publication sections of the Reporter that contained articles were equivalent in value to that in the advertising sections. Based on the available copies of the Reporter, during 1994, the publication ran three articles in its

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regular publication sections which were coordinated with Susan Brooks and/or expressly advocated her election.[5] Consequently, if the Reporter did not qualify for the media exemption, the amount it expended in connection with these articles counted towards the $1,000 statutory threshold. Using the valuation discussed in this paragraph, the articles, which covered nearly three pages of the Reporter, represented an expenditure of at least $5,000 for the purpose of influencing a federal election.

However, the Reporter is a political committee only if, in addition to meeting the $1,000 statutory threshold, the Reporter's major purpose is the nomination or election of a federal candidate. While there were some articles in the Reporter which were not directly related to the nomination or election of a federal candidate and the Reporter did not limit its solicitations for advertisers to political advertisers, there is sufficient evidence to show that the Reporter's major purpose is to influence federal elections.

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[5] For example, the June 1994 issue for the Reporter's 53rd distribution district carried a favorable front page profile of Susan Brooks. The profile touts the endorsements received by Brooks, her successful background in politics and the community, and the momentum which had been attained by her campaign as of publication, and closes with the words, ". . .Susan needs your vote in the primary election on June 7th." In two other articles in the same issue of the Reporter, one of which is titled, "36th Congressional Candidate Ron Florance...Republican Asset or Potential Republican Embarrassment" (underlined in the original), the publication contrasts Susan Brooks and Ron Florance, her opponent in the primary election. The article named above states that, "Voters on June 7th must decide which candidate will stand the best chance against Jane Harman [the incumbent]; . . . [Susan Brooks who has] flawlessly served her community as a councilwoman and mayor and [Ron Florance who] will be testifying as a defendant in a business fraud lawsuit in October -- just a few weeks before the general election." The other article essentially highlights Ronald Florance's negative record and ends with a presentation of the choice between Florance and Brooks.

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First, the Reporter's stated goal is to "build new bridges of cooperation between the voters, candidates and advertisers through consistent communication" by using the Reporter as a "platform for communication of ideas between the candidates and the constituents." Moreover, the available issues of the Reporter were specifically tailored to promote particular candidates. Second, in solicitation letters, Ronald Yates told prospective candidate/advertisers, "I look forward to discussing with you how California's Republic Reporter can help promote your candidacy more effectively and for a lot less money." (underlined in the original). Third, a classified advertisement for an advertising salesperson for the Reporter placed in the June 1994 issues of the publication read as follows: "If you would like to help build up the local Republican political infrastructure in your area, we need YOU to help businesses get involved with California's Republic Reporter. If you are familiar with the political arena, can make a quality presentation to quality companies, and have a sales background (political fundraising for example) we would like to see your resume, TODAY! . . . ." Finally, as set out above, in an article entitled, "Help Keep This Republican Newspaper In Your Congressional District," in the June issues of the Reporter, Ronald Yates writes about his desire to continue publishing customized, local political newspapers for each Congressional District in Los Angles County on a monthly basis and how he needs "your **help**, but **NOT** your money" in order to defeat all democratic incumbents and elect Republican candidates.

Based on these factors, the Reporter's major purpose is the nomination or election of various federal candidates. Moreover, because Ronald Yates managed the daily affairs

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of the Reporter, he was acting as the treasurer of the Reporter. Mr. Yates served as the editor, publisher, and reporter for the publication. He also contacted federal candidates and solicited advertisements for the Reporter. Mr. Yates, while a volunteer, had no other income producing job. Therefore, California's Republic Reporter and Ronald Yates, acting as treasurer, qualify as a political committee.

b. Source of Funds

Other than any personal monies Dani Adler, the Reporter's owner, and Ronald Yates, her husband, may have put into the publication, the only other identifiable sources of funds available to the Reporter were revenues from sales of advertising space and subscriptions, and from purchases of the Reporter off newsstands. However, as stated earlier, there is no evidence that subscriptions to the Reporter were sold, or that the publication was sold at newsstands. Thus, the only source of revenue available to the Reporter, other than personal monies, was revenue received from political and business advertisers in the publication. Some of the business advertisers were corporations, and some of the state and local candidates who advertised in the Reporter may have paid for their advertisements with funds which included corporate monies. Although the Reporter qualified as a political committee and engaged in activity that involved both federal and non-federal candidates, the Reporter did not have separate federal and non-federal accounts. Accordingly, the Reporter impermissibly commingled non-federal funds with federal funds. This, in view of the analysis in section 3, *infra*, means that California's Republic Reporter and Ronald Yates, acting as treasurer, were making federal contributions with prohibited funds. Accordingly, Brooks and the Susan Brooks for

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Congress Committee and Hilda Daiber, as treasurer, accepted in-kind contributions containing impermissible funds.

3. Excessive Contributions and Reporting Violation

As discussed above, the Reporter does not qualify for the media exemption, but does qualify as a political committee. Accordingly, any "communication" by the Reporter, if published "in cooperation, consultation or concert with, or at the request or suggestion of a candidate, his authorized committee or their agents," resulted in an in-kind contribution to that candidate [see 2 U.S.C. § 441a(a)(7)(B)(i)] and should have been reported as such under 2 U.S.C. § 434(b).

Based on the available evidence, the Reporter provided something "of value" to Susan Brooks and SBCC in the form of articles and "communications" paid for and placed by the Reporter or by undercharging them for the placement of advertisements. The evidence shows that in addition to the coordination between the Reporter, Brooks, and SBCC on the subsidized advertisements, there was coordination between them with respect to the articles and "communications" about Brooks which appeared in the publication. Under either scenario, not only did the Reporter make in-kind contributions to Susan Brooks and SBCC, these contributions were excessive as well.

As evidence that the Reporter coordinated with Brooks and SBCC in connection with published articles, Susan Brooks states in her affidavit that in May of 1994, some time after Ronald Yates had expressed a desire to write an article about her campaign, he visited her campaign headquarters to gather information for the article and take pictures of her and her campaign staff. Based on its reports filed with the Commission, it does not

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appear that the Brooks Committee paid for these articles. Further, the articles alone exceeded the $1,000 contribution limit pursuant to section 441a(a)(1)(A). As discussed in section 2, *supra*, the cost of a published page in the Reporter was approximately $2,000, during the publication period covered by the complaint in this matter. Thus, the 3 separate articles in connection with the Brooks candidacy covering nearly 3 pages of the Reporter was worth at least $5,000.

Further evidence of coordination between the Reporter, Brooks, and SBCC is demonstrated by the "Select Republican Candidate Page" which is described in a Reporter advertising circular in the following manner: "The Select Republican Candidate Page is a Full Page Photo Feature which has been designed for statewide and national candidates to help their own campaign and the local candidates and groups as well . . . **The candidate may supply their own photo as well as the profile paragraph. Participation in this section not only helps the Statewide candidate get local exposure, but helps the local candidates and local Republican clubs by helping to defray the costs of publishing and mailing the newspaper** (emphasis added) in their district . . . ." Thus, it is likely that the "Select Republican Candidate Page" was published in cooperation, consultation and with prior consent of candidates for federal office who were featured therein and consequently resulted in in-kind contributions to such candidates. Brooks was featured at least two times in one of the several approximately one-eighth of a page slots on the "Select Republican Candidate Page."

Further, the Reporter made additional in-kind contributions to Brooks and SBCC by undercharging them for advertising space in the publication. For example, three

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candidates for state and local offices -- Schock for Judge, Moriarty for Judge, and Harden for Insurance Commissioner -- paid $3,975 each for 2 half page ads in the April and June 1994 issues of the Reporter. Delores White, a candidate for the California State Senate, may have paid as much as $3,990 for an eighth of a page ad in the Reporter. In contrast, the Brooks for Congress Committee paid $3,990 for 2 full page ads in those same issues, only $15 dollars more than the state and local candidates paid for their 2 half page ads. Accordingly, California's Republic Reporter and Ronald Yates, acting as treasurer, made in-kind contributions to Brooks and SBCC by undercharging them for advertising space in the publication.

Based on the foregoing, Susan Brooks and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer, accepted excessive in-kind contributions from the Reporter. Moreover, SBCC was required to report these in-kind contributions.

III. CONCLUSION

Based on the evidence, Susan Brooks did not designate the Reporter as an authorized committee pursuant to 2 U.S.C. § 432(e). Moreover, she denies in her response that she had any relationship with Yates or the Reporter beyond that of advertiser-publisher. Accordingly, there is no reason to believe that Susan Brooks violated 2 U.S.C. § 432(e). Further, the Reporter does not meet the Commission's definition of a bona fide newspaper, and thus, it does not qualify for the media exemption. The mission of those operating the publication is primarily political, the issues are tailored to impact specific elections, employees are unpaid volunteers, and advertising rates are applied inconsistently to the candidates advertising in the

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publication. The Reporter also endorses and supports the election of candidates outside the context of its editorial purview. Thus, the Reporter's major purpose is the nomination and election of various federal candidates, some of whom received contributions in excess of $1,000 from the publication. Accordingly, the Reporter meets the requirements for political committee status. Therefore, the articles and "communications" about Susan Brooks which appeared in the Reporter, and the subsidized advertising which she and her committee received from the publication, resulted in excessive in-kind contributions because their value exceeded $1,000. Accordingly, there is reason to believe Susan Brooks and Susan Brooks for Congress and Hilda Daiber, as treasurer, violated 2 U.S.C. § 441a(f). Moreover, because the contributions that were made by the Reporter to Brooks and SBCC contained corporate funds, there is reason to believe Susan Brooks and Susan Brooks for Congress and Hilda Daiber, as treasurer, violated 2 U.S.C. § 441b(a). Finally, since Susan Brooks and Susan Brooks for Congress and Hilda Daiber, as treasurer, did not report receiving the in-kind contributions, there is reason to believe they also violated 2 U.S.C. § 434(b).

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

February 26, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Susan Brooks
3419 Corrina Drive
Rancho Palos Verdes, CA 90274

RE: MUR 4080

Dear Ms. Brooks:

On October 14, 1994, the Federal Election Commission notified you 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 you at that time.

Upon further review of the allegations contained in the complaint, and information provided by you, the Commission, on February 19, 1997, found that there is reason to believe you violated 2 U.S.C. §§ 434(b), 441a(f), and 441b(a), provisions of the Act. The Commission also found that there is no reason to believe you violated 2 U.S.C. § 432(e). The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

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 30 days of receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter.

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Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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.

If you intend to be represented by counsel, 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.

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 Eugene Bull, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

John Warren McGarry
Chairman

Enclosures
Designation of Counsel Form
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

MUR: 4080

RESPONDENTS: Susan Brooks for Congress Committee
and Hilda Daiber, as treasurer
Susan Brooks

I. GENERATION OF MATTER

This matter arises from a complaint and supplement thereto (together "the complaint") filed on September 20, 1994 and October 15, 1994, respectively, by Ronald M. Florance[1] against Ronald Yates; California's Republic Reporter ("the Reporter"); Susan Brooks; and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer (the "Brooks Committee" or "SBCC"). The complaint alleges that California's Republic Reporter and Ronald Yates, the sole owner of this entity, (i) is a political committee as defined under 2 U.S.C. § 431(4)(A) of the Federal Election Campaign Act ("the Act") and violated 2 U.S.C. §§ 433 and 434(a) by failing to register as a political committee and to file reports with the Federal Election Commission ("FEC") as required by statute, (ii) violated 2 U.S.C. § 441b "by accepting prohibited contributions from corporations," and (iii) violated 2 U.S.C. § 441d(a) by publishing advertisements without the appropriate disclaimers.[2] In the alternative, the complaint alleges that the Reporter

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[1] Ronald Florance lost the 1994 Republican primary election for the 36th Congressional District of California to Susan Brooks. Brooks received 51% of the vote and Florance received 49%.

[2] As set forth in the following discussion, Mr. Yates' wife, Dani Adler, is the sole owner of the Reporter.

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was a committee authorized by the Susan Brooks for Congress Committee, and acted in concert with Brooks, her agents, servants and employees. Moreover, the complaint alleges that "by failing to disclose this authorized committee relationship," Brooks and the Reporter violated 2 U.S.C. §§ 431(6) and 432(e)(1). Finally, the complaint alleges that as an authorized committee of the Susan Brooks for Congress Committee, the Reporter violated "2 U.S.C. § 441a(f) by accepting excessive contributions from contributors of more than $1,000 in connection with the June 1994 primary election."

II. FACTUAL AND LEGAL ANALYSIS

A. Background

California's Republic Reporter is a business owned solely by Dani Adler, the wife of Ronald Yates. The Reporter was registered with the Los Angeles County Recorder on February 28, 1994. It is not a corporation.[3]

Ronald Yates serves as volunteer editor, publisher, and reporter for the publication. He works an average of 20 plus hours per week and assertedly does not receive any compensation for his work. Yates has no other income producing jobs. Dani Adler is "responsible for the debts of the business." She makes phone calls, and performs the Reporter's typesetting and bookkeeping. The Reporter also has other volunteers who serve as Assistant Editor and Graphic Artist. There is no set number of hours volunteered to the publication. Hours are volunteered on an as needed basis.

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[3] Although California's Republic Reporter is registered as a sole proprietorship of Dani Adler, the evidence shows that it is an organization made up of Ms. Adler, Ronald Yates and other volunteers. See political committee discussion at pp. 12-16.

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According to Yates, "the purpose of the publication is to sell enough advertising to publish and distribute the news content and hopefully make a profit." Revenue for the publication is generated by subscription and advertising sales. However, there is no evidence that subscriptions to the Reporter were actually sold. Although Yates claims that subscriptions were sold, he failed to provide a subscription list or an estimate of the number of subscriptions sold.

The publication obtains stories by covering events and reporting them, by purchasing syndicated columns, and by articles submitted for review. The publication does not hire reporters and does not subscribe to the wire services. The reporting done by the publication is done on a volunteer basis. As of October 1994, Yates represented that the Reporter was being published on a quarterly basis. However, at that time, it appears that only an April and June issue of the Reporter had been published. Subsequently, a November 1994 issue of the Reporter was published.

Apparently, there were five different versions of the June 1994 issue published; each covering a different distribution or electoral district. The April issue was delivered door to door, however, the June issues were delivered by the United States Postal Service. The June issues of the Reporter were target mailed to registered Republicans in the districts who had voted in most, if not all, of the primary and general elections since 1988.

The masthead of the first issue of the publication in April of 1994 announced the purpose or mission of the publication in the following manner: "This newspaper is dedicated to deliver the County, State and National Political News, to inform and educate

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the voters of each district -- and to promote good citizenship through active participation in the community. Our goal is to **'Build New Bridges of Cooperation Between the Voters, Candidates and Advertisers Through Consistent Communication.'** (boldfaced in the original). Since this newspaper is to be used as a platform to communicate ideas back and forth between the candidates and the constituents, your comments, opinions, letters and articles are welcome." The preceding continued to be the stated purpose or mission of the Reporter through the publication of the June issues. After the complaint in this matter was filed in October of 1994, the masthead of the November 1994 issue of the publication stated the publication's goal or mission as follows: "This newspaper is dedicated to deliver the County, State and National Political News, to inform and educate the voters of each district and to promote good citizenship through active participation in the community. Since this newspaper is designed as a platform for everyone in the community to communicate ideas back and forth, your comments, opinions, letters and articles are welcome."

Three aspects of the Reporter's contents are discussed in this Factual and Legal Analysis in connection with Brooks and SBCC: articles in connection with the Brooks candidacy in the regular publication sections, "communications" on the "Select Republican Candidate Page" of the Reporter which were coordinated with and/or expressly advocated Susan Brooks, and advertisements purchased by SBCC at less than the usual and normal charge. The costs of the articles and the "communications" on the "Select Republican Candidate Page" were borne fully by the Reporter, whereas the costs of the advertisements were shared by the Reporter and SBCC.

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Based on the available evidence, the Reporter does not qualify for the media exemption. Instead, the Reporter meets the requisite test for political committee status. Consequently, the articles and "communications," in the Reporter that were coordinated with Brooks, and the Brooks advertisements paid for in full or in part by the Reporter, resulted in in-kind contributions and, in some instances, excessive in-kind contributions to Brooks and SBCC. These in-kind contributions should have been reported by Brooks and SBCC. Moreover, because the monies which the Reporter used in connection with the in-kind contributions contained corporate funds, the Brooks Committee accepted prohibited contributions.

B. Response of Susan Brooks and SBCC

In their response to the Commission, Susan Brooks and SBCC assert that the only relationship between Brooks and SBCC on the one hand and Yates and the Reporter on the other hand is that of advertiser-publisher. In addition, Brooks, in a separate declaration to the Commission, denies the existence of an agency relationship between herself and Yates and any involvement with the publication and distribution of the Reporter.

C. Applicable Law

The Federal Election Campaign Act of 1971, as amended ("the Act"), defines "person" as including "an individual, partnership, committee, association, corporation, labor organization or any other organization or group of persons . . . ." 2 U.S.C. § 431(11). "Political committee" is defined as "any committee, club, association or other group of persons which receives contributions aggregating in excess of $1,000 during a

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calendar year or which makes expenditures aggregating in excess of $1,000 in a calendar year." 2 U.S.C. § 431(4)(A).

The Act requires any organization which qualifies as a political committee to register with the Commission and to file periodic reports of its receipts and disbursements. 2 U.S.C. §§ 433(a) and 434(a). Political committees must report their receipts and disbursements in accordance with 2 U.S.C. § 434(b). A person, other than a political committee, who makes independent expenditures in an aggregate amount or value in excess of $250 during a calendar year must also file a report with the Commission. 2 U.S.C. § 434(c).

"Contributions" and "expenditures" which would lead to political committee status are defined as follows. The term "contribution" includes (i) any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office; or (ii) the payment by any person of compensation for the personal services of another person which are rendered to a political committee without charge for any purpose. 2 U.S.C. § 431(8)(A)(i) and (ii). The term "expenditure" includes any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(9)(A)(i). The Commission has defined "anything of value" to include all in-kind contributions, i.e., "the provision of any goods and services without charge or at a charge which is less than the usual and normal charge for such goods and services . . . ." 11 C.F.R. §§ 100.7(a)(1)(iii) and 100.8(a)(1)(iv). Expenditures which are made by any person, including a political

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committee, "in coordination, consultation or concert with, or at the request or suggestion of, a candidate, his authorized committee or their agents" are considered in-kind contributions to that candidate. 2 U.S.C. § 441a(a)(7)(B)(i). Thus, "[a] communication made in coordination with a candidate presumptively confers 'something of value' received by the candidate so as to constitute an attributable [in-kind] 'contribution.'" Advisory Opinion 1988-22. In contrast, an expenditure made by a person, including a political committee, which expressly advocates the election or defeat of a clearly identified candidate, but which is not made "in cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which [is] not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate" is an "independent expenditure." See 2 U.S.C. § 431(17). There is no limit on the dollar amount of independent expenditures a person may make. See Buckley v. Valeo, 424 U.S. 1, 39-59 (1976). Nevertheless, independent expenditures count toward the $1,000 threshold for political committee status. See, e.g., Advisory Opinion 1988-22.

The Act provides that no corporation may make a contribution or expenditure in connection with any Federal election and prohibits any candidate or committee from knowingly accepting any such contribution. 2 U.S.C. § 441b(a). Pursuant to 11 C.F.R. § 102.5(a)(1), political committees which make expenditures "in connection with both federal and non-federal elections" are required to establish separate federal and non-federal accounts or set up a single account which receives only contributions subject to the limitations and prohibitions of the Act. If separate federal and non-federal accounts

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are established, all expenditures made in connection with federal elections must be made from the federal account.

The Act prohibits any person from making any contributions to any candidate and his authorized political committees with respect to any election for federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A). Pursuant to 2 U.S.C. § 441a(f), it is a violation of the Act for any candidate or political committee to knowingly accept any contributions which are in violation of 2 U.S.C. § 441a.

However, the Act and the Commission's regulations exclude any cost incurred in covering or carrying a news story, commentary, or editorial by any broadcasting station, newspaper, magazine, or other periodical publication from the definition of a "contribution" or "expenditure," unless the facility is owned or controlled by any political committee or candidate. 2 U.S.C. § 431(9)(B)(i); 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2). (These provisions have been referred to informally as the "media exemption.") Additionally, in Reader's Digest Ass'n v. FEC, 509 F. Supp. 1210, 1214 (S.D.N.Y. 1981), the court, interpreting the Act, stated that the "media exemption" applies when the distribution of news or commentary falls within the media entity's "legitimate press function."

Section 431(9)(B)(i) identifies only "broadcasting station[s], newspaper[s], magazine[s], or other periodical publication[s]" as press entities entitled to the exemption. To determine whether a medium of communication fits the description of one of the press entities listed at 2 U.S.C. § 431(9)(B)(i), the Commission has applied the definitions of "broadcaster," "newspaper," and "magazine or other periodical publication" in its

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Explanation and Justification of 11 C.F.R. § 114.4(e). See, e.g. MURs 2277 and 2567.

According to the Explanation and Justification,

> [t]he term 'bona fide' newspaper is intended to mean a publication of general circulation produced on newsprint paper which appears at regular intervals (usually daily or weekly) and which is devoted primarily to the dissemination of news and editorial opinion to the general public. Only newspapers which ordinarily derive their revenues from subscriptions or advertising would be considered 'bona fide.' A 'bona fide' magazine or other periodical publication is a publication in bound pamphlet form appearing at regular intervals (usually either weekly, bi-weekly, monthly, or quarterly) and containing articles of news, information, opinion and entertainment, whether of general or specialized interest. Only magazines and periodicals which ordinarily derive their revenues from subscriptions and advertising would be considered 'bona fide.'

44 Fed. Reg. 76, 735.

In addition to determining whether a press entity is one which ordinarily would be entitled to the press exemption, the Commission also must determine whether the press entity is owned or controlled by any political party, political committee or candidate. 2 U.S.C. § 431(9)(B)(i). This test involves an inquiry into whether there is evidence that the complaint, response or other data available to the Commission suggest that a media entity is so owned or controlled. See MUR 3645. If the media entity is owned or controlled by a political party, political committee or candidate, the exemption from the definition of a contribution extends only to the cost of news stories "(i) which represent . . . bona fide news account[s] communicated in a publication of general circulation . . . and (ii) which [are] part of a general pattern of campaign-related news accounts which give reasonably equal coverage to all opposing candidates in the circulation . . . area . . . ." 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2).

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As set out above, the Act defines "political committee" as "any committee, club, association or other group of persons which receives contributions aggregating in excess of $1,000 during a calendar year or which makes expenditures aggregating in excess of $1,000 in a calendar year." 2 U.S.C. § 431(4)(A). However, in order to address constitutional concerns related to avoiding possible vagueness in the application of 2 U.S.C. § 431, *et al*, the Supreme Court in Buckley v. Valeo, 424 U.S. 1, 80 (1976), construed the Act's references to "political committee" in such a manner as to prevent their "reach [to] groups engaged purely in issue discussion." The Court recognized that "[t]o fulfill the purposes of the Act [the designation 'political committee'] need only encompass organizations that are under the control of a candidate or the major purpose of which is the nomination or election of a candidate." 424 U.S. at 79. Thus, in determining whether an organization is a political committee, the Commission employs both the statutory $1,000 threshold and an inquiry into the organization's major purpose. Advisory Opinion 1996-3; but see Akins v. FEC, 1996 WL 695208 (D.C. Cir.).

D. Analysis

1. Media Exemption

The Reporter does not qualify for the "media exemption" because it does not fit within the description of any of the press entities listed at 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2), particularly the description of a "bona fide" newspaper which it purports to be. To fit within the description of a "bona fide" newspaper, the Reporter, in addition to deriving its revenue from subscription or advertising, would need to be (i) a publication of general circulation, (ii) produced on newsprint paper, (iii) devoted primarily to the

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dissemination of news and editorial opinion to the general public, and (iv) distributed at regular intervals. See Explanation and Justification of 11 C.F.R. § 114.4(e), 44 Fed. Reg. 76, 734 (1979). In contrast, the Reporter appears to have been delivered by mail to only registered Republicans in the congressional districts where it was distributed; and this Office has no evidence that copies of the Reporter was widely available to the public at the newsstand price of $2.50 as advertised on its masthead.

Moreover, although the Reporter is published on newsprint paper, it is devoted primarily to the dissemination of news and editorial opinion to the general public. The publication's stated goal is to "build new bridges of cooperation between the voters, candidates and advertisers through consistent communication." It promises that this goal is to be reached through using the Reporter as a "platform for communication of ideas between the candidates and the constituents." In an article entitled, "Help Keep This Republican Newspaper In Your Congressional District," in the June 1994 issues of the Reporter, Ronald Yates writes about what appears to be the publication's primary purpose "California's Republic Reporter wants to continue publishing customized, local political newspapers for each Congressional District in Los Angles County on a monthly basis. To do so we need your **help**, but **NOT** your money! . . . To help defeat *all democratic incumbents*, our goal is to increase the paper's circulation with every monthly issue until we achieve total saturation . . . Let's show the democrats that we mean business. Together we can 'Defeat democrat incumbents, and elect Republican candidates.'" (all special marks are in the original).

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Finally, it is unclear whether the Reporter is distributed on a regular basis. An April 1994 issue of the Reporter, in connection with a special election in California's 20th State Senate District, is marked Volume 1, Issue 1. As far as this Office is able to determine, no further issues of the Reporter were published in that district after the special election. The June 1994 issues for the Reporter's 53rd and 54th distribution districts are marked Volume 1, Issue 1. In each case, the issue was published in connection with a June 1994 primary election. In the case of the Reporter's 53rd distribution district, this Office also has a copy of a Volume 1, Issue 3, published in connection with the November 1994 general election. Thus, it remains unclear on the basis of the issues of the Reporter available to this Office whether it was being published regularly. In fact, when viewed together, the available issues of the Reporter suggest that it was being published only in connection with election activity.

For these reasons, California's Republic Reporter is not a "bona fide" newspaper entitled to the "media exemption."[4]

2. Political Committee Status and Source of Funds

a. Political Committee Status

The complaint makes alternative allegations with respect to the political committee status of the Reporter. On the one hand, the complaint alleges that the Reporter was a committee authorized by SBCC. However, section 431(6) defines an

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[4] Since the Reporter is not a bona fide newspaper entitled to the media exemption, it is not necessary to address a secondary issue relevant to the applicability of the media exemption to bona fide newspapers; that is, whether the newspaper is controlled by any political committee or candidate.

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"authorized committee" as the principal campaign committee or any other political committee authorized by a candidate under section 432(e). Section 432(e) requires that authorized committees be designated by a candidate in writing. Susan Brooks did not designate the Reporter as an authorized committee pursuant to section 432(e) and denies in her response that she had any relationship with Yates or the Reporter beyond that of advertiser-publisher.

Alternatively, the complaint alleges that the Reporter is a political committee within the meaning of 2 U.S.C. § 431(4) and violated 2 U.S.C. §§ 433 and 434(a) by failing to register with the Commission and file regular reports of its receipts and expenditures. When determining whether an organization is a political committee, the Commission employs both the statutory $1,000 threshold and an inquiry into the organization's major purpose. Advisory Opinion 1996-3; but see Akins v. FEC, 1996 WL 695208 (D.C. Cir.).

In the instant MUR, the Reporter meets the statutory expenditure/contribution threshold for political committee status because the cost of the articles which it published for the purpose of influencing federal elections exceeded $1,000 during a calendar year. According to an invoice sent to Susan Brooks from the Reporter for advertisement purposes, the cost of two full page ads in the Reporter was approximately $4,000, or $2,000 per page, during the publication period covered by the complaint in this matter. This Office infers that the space in the regular publication sections of the Reporter that contained articles were equivalent in value to that in the advertising sections. Based on the available copies of the Reporter, during 1994, the publication ran three articles in its

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regular publication sections which were coordinated with Susan Brooks and/or expressly advocated her election.[5] Consequently, if the Reporter did not qualify for the media exemption, the amount it expended in connection with these articles counted towards the $1,000 statutory threshold. Using the valuation discussed in this paragraph, the articles, which covered nearly three pages of the Reporter, represented an expenditure of at least $5,000 for the purpose of influencing a federal election.

However, the Reporter is a political committee only if, in addition to meeting the $1,000 statutory threshold, the Reporter's major purpose is the nomination or election of a federal candidate. While there were some articles in the Reporter which were not directly related to the nomination or election of a federal candidate and the Reporter did not limit its solicitations for advertisers to political advertisers, there is sufficient evidence to show that the Reporter's major purpose is to influence federal elections.

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[5] For example, the June 1994 issue for the Reporter's 53rd distribution district carried a favorable front page profile of Susan Brooks. The profile touts the endorsements received by Brooks, her successful background in politics and the community, and the momentum which had been attained by her campaign as of publication, and closes with the words, ". . .Susan needs your vote in the primary election on June 7th." In two other articles in the same issue of the Reporter, one of which is titled, "36th Congressional Candidate Ron Florance...Republican Asset or Potential Republican Embarrassment" (underlined in the original), the publication contrasts Susan Brooks and Ron Florance, her opponent in the primary election. The article named above states that, "Voters on June 7th must decide which candidate will stand the best chance against Jane Harman [the incumbent]; . . . [Susan Brooks who has] flawlessly served her community as a councilwoman and mayor and [Ron Florance who] will be testifying as a defendant in a business fraud lawsuit in October -- just a few weeks before the general election." The other article essentially highlights Ronald Florance's negative record and ends with a presentation of the choice between Florance and Brooks.

First, the Reporter's stated goal is to "build new bridges of cooperation between the voters, candidates and advertisers through consistent communication" by using the Reporter as a "platform for communication of ideas between the candidates and the constituents." Moreover, the available issues of the Reporter were specifically tailored to promote particular candidates. Second, in solicitation letters, Ronald Yates told prospective candidate/advertisers, "I look forward to discussing with you how California's Republic Reporter can help promote your candidacy more effectively and for a lot less money." (underlined in the original). Third, a classified advertisement for an advertising salesperson for the Reporter placed in the June 1994 issues of the publication read as follows: "If you would like to help build up the local Republican political infrastructure in your area, we need YOU to help businesses get involved with California's Republic Reporter. If you are familiar with the political arena, can make a quality presentation to quality companies, and have a sales background (political fundraising for example) we would like to see your resume, TODAY! . . . ." Finally, as set out above, in an article entitled, "Help Keep This Republican Newspaper In Your Congressional District," in the June issues of the Reporter, Ronald Yates writes about his desire to continue publishing customized, local political newspapers for each Congressional District in Los Angles County on a monthly basis and how he needs "your **help**, but **NOT** your money" in order to defeat all democratic incumbents and elect Republican candidates.

Based on these factors, the Reporter's major purpose is the nomination or election of various federal candidates. Moreover, because Ronald Yates managed the daily affairs

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of the Reporter, he was acting as the treasurer of the Reporter. Mr. Yates served as the editor, publisher, and reporter for the publication. He also contacted federal candidates and solicited advertisements for the Reporter. Mr. Yates, while a volunteer, had no other income producing job. Therefore, California's Republic Reporter and Ronald Yates, acting as treasurer, qualify as a political committee.

b. Source of Funds

Other than any personal monies Dani Adler, the Reporter's owner, and Ronald Yates, her husband, may have put into the publication, the only other identifiable sources of funds available to the Reporter were revenues from sales of advertising space and subscriptions, and from purchases of the Reporter off newsstands. However, as stated earlier, there is no evidence that subscriptions to the Reporter were sold, or that the publication was sold at newsstands. Thus, the only source of revenue available to the Reporter, other than personal monies, was revenue received from political and business advertisers in the publication. Some of the business advertisers were corporations, and some of the state and local candidates who advertised in the Reporter may have paid for their advertisements with funds which included corporate monies. Although the Reporter qualified as a political committee and engaged in activity that involved both federal and non-federal candidates, the Reporter did not have separate federal and non-federal accounts. Accordingly, the Reporter impermissibly commingled non-federal funds with federal funds. This, in view of the analysis in section 3, *infra*, means that California's Republic Reporter and Ronald Yates, acting as treasurer, were making federal contributions with prohibited funds. Accordingly, Brooks and the Susan Brooks for

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Congress Committee and Hilda Daiber, as treasurer, accepted in-kind contributions containing impermissible funds.

3. Excessive Contributions and Reporting Violation

As discussed above, the Reporter does not qualify for the media exemption, but does qualify as a political committee. Accordingly, any "communication" by the Reporter, if published "in cooperation, consultation or concert with, or at the request or suggestion of a candidate, his authorized committee or their agents," resulted in an in-kind contribution to that candidate [see 2 U.S.C. § 441a(a)(7)(B)(i)] and should have been reported as such under 2 U.S.C. § 434(b).

Based on the available evidence, the Reporter provided something "of value" to Susan Brooks and SBCC in the form of articles and "communications" paid for and placed by the Reporter or by undercharging them for the placement of advertisements. The evidence shows that in addition to the coordination between the Reporter, Brooks, and SBCC on the subsidized advertisements, there was coordination between them with respect to the articles and "communications" about Brooks which appeared in the publication. Under either scenario, not only did the Reporter make in-kind contributions to Susan Brooks and SBCC, these contributions were excessive as well.

As evidence that the Reporter coordinated with Brooks and SBCC in connection with published articles, Susan Brooks states in her affidavit that in May of 1994, some time after Ronald Yates had expressed a desire to write an article about her campaign, he visited her campaign headquarters to gather information for the article and take pictures of her and her campaign staff. Based on its reports filed with the Commission, it does not

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appear that the Brooks Committee paid for these articles. Further, the articles alone exceeded the $1,000 contribution limit pursuant to section 441a(a)(1)(A). As discussed in section 2, *supra*, the cost of a published page in the Reporter was approximately $2,000, during the publication period covered by the complaint in this matter. Thus, the 3 separate articles in connection with the Brooks candidacy covering nearly 3 pages of the Reporter was worth at least $5,000.

Further evidence of coordination between the Reporter, Brooks, and SBCC is demonstrated by the "Select Republican Candidate Page" which is described in a Reporter advertising circular in the following manner: "The Select Republican Candidate Page is a Full Page Photo Feature which has been designed for statewide and national candidates to help their own campaign and the local candidates and groups as well . . . **The candidate may supply their own photo as well as the profile paragraph. Participation in this section not only helps the Statewide candidate get local exposure, but helps the local candidates and local Republican clubs by helping to defray the costs of publishing and mailing the newspaper** (emphasis added) in their district . . . ." Thus, it is likely that the "Select Republican Candidate Page" was published in cooperation, consultation and with prior consent of candidates for federal office who were featured therein and consequently resulted in in-kind contributions to such candidates. Brooks was featured at least two times in one of the several approximately one-eighth of a page slots on the "Select Republican Candidate Page."

Further, the Reporter made additional in-kind contributions to Brooks and SBCC by undercharging them for advertising space in the publication. For example, three

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candidates for state and local offices -- Schock for Judge, Moriarty for Judge, and Harden for Insurance Commissioner -- paid $3,975 each for 2 half page ads in the April and June 1994 issues of the Reporter. Delores White, a candidate for the California State Senate, may have paid as much as $3,990 for an eighth of a page ad in the Reporter. In contrast, the Brooks for Congress Committee paid $3,990 for 2 full page ads in those same issues, only $15 dollars more than the state and local candidates paid for their 2 half page ads. Accordingly, California's Republic Reporter and Ronald Yates, acting as treasurer, made in-kind contributions to Brooks and SBCC by undercharging them for advertising space in the publication.

Based on the foregoing, Susan Brooks and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer, accepted excessive in-kind contributions from the Reporter. Moreover, SBCC was required to report these in-kind contributions.

III. CONCLUSION

Based on the evidence, Susan Brooks did not designate the Reporter as an authorized committee pursuant to 2 U.S.C. § 432(e). Moreover, she denies in her response that she had any relationship with Yates or the Reporter beyond that of advertiser-publisher. Accordingly, there is no reason to believe that Susan Brooks violated 2 U.S.C. § 432(e). Further, the Reporter does not meet the Commission's definition of a bona fide newspaper, and thus, it does not qualify for the media exemption. The mission of those operating the publication is primarily political, the issues are tailored to impact specific elections, employees are unpaid volunteers, and advertising rates are applied inconsistently to the candidates advertising in the

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publication. The Reporter also endorses and supports the election of candidates outside the context of its editorial purview. Thus, the Reporter's major purpose is the nomination and election of various federal candidates, some of whom received contributions in excess of $1,000 from the publication. Accordingly, the Reporter meets the requirements for political committee status. Therefore, the articles and "communications" about Susan Brooks which appeared in the Reporter, and the subsidized advertising which she and her committee received from the publication, resulted in excessive in-kind contributions because their value exceeded $1,000. Accordingly, there is reason to believe Susan Brooks and Susan Brooks for Congress and Hilda Daiber, as treasurer, violated 2 U.S.C. § 441a(f). Moreover, because the contributions that were made by the Reporter to Brooks and SBCC contained corporate funds, there is reason to believe Susan Brooks and Susan Brooks for Congress and Hilda Daiber, as treasurer, violated 2 U.S.C. § 441b(a). Finally, since Susan Brooks and Susan Brooks for Congress and Hilda Daiber, as treasurer, did not report receiving the in-kind contributions, there is reason to believe they also violated 2 U.S.C. § 434(b).

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

February 26, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald R. Yates, acting as treasurer
California's Republic Reporter
28729 Western Avenue
P.O. Box 173
Rancho Palos Verdes, CA 90732

RE: MUR 4080

Dear Mr. Yates:

On October 14, 1994, the Federal Election Commission notified you 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 you at that time.

Upon further review of the allegations contained in the complaint, and information provided by you, the Commission, on February 19, 1997, found that there is reason to believe California's Republic Reporter and you, acting as treasurer, violated 2 U.S.C. §§ 433(a), 434(a), 434(b), 441a(a)(1)(A), 441b(a), and 441d, and 11 C.F.R. § 102.5(a)(1), provisions of the Act and the Commission's regulations. The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath. All responses to the enclosed Interrogatories and Request for Production of Documents must be submitted to the General Counsel's Office within 30 days of your receipt of this letter. Any additional materials or statements you wish to submit should accompany your response. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to the Interrogatories and Request for Production of Documents. If you intend to be represented by counsel, please advise the Commission by completing the enclosed form

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stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notification or other communications from the Commission.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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 Eugene Bull, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

John Warren McGarry
Chairman

Enclosures
Interrogatories and Request for Production of Documents
Designation of Counsel Form
Factual and Legal Analysis

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 4080
	)	
	)	

INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

TO: Ronald R. Yates, acting as treasurer
California's Republic Reporter
28729 Western Avenue
P.O. Box 173
Rancho Palos Verdes, CA 90732

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 30 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

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INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery request shall refer to the time period from September 1993 to the present.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

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DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and request for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

1. State whether California's Republic Reporter ("the Reporter") is still in publication. List and produce copies of every issue of the Reporter from its inception in 1994 to its last publication date.

2. State whether issues of the Reporter were targeted to any particular group of persons and, if so, identify all groups targeted and explain why.

3. State the total circulation of each issue of the Reporter and how each issue was distributed.

4. Describe the criteria, financial or otherwise, used to determine when an issue of the Reporter was published and distributed. State whether there were any exceptions to the use of this criteria and explain the reason for the exception.

5. State each job held by Ronald Yates and Dani Adler at the Reporter, and describe their responsibilities and duties for each.

6. Discuss in detail how the Reporter was established including, but not limited to:

   a) any objectives or goals for establishing the Reporter.
   b) the identity of the persons who first envisioned the Reporter.
   c) the identity of the persons consulted in connection with establishing the Reporter.
   d) the source of all start-up money.

7. State the number of volunteers who have worked at the Reporter since its inception. State the dates and total number of hours worked by each volunteer, their job titles, and describe the work they performed.

8. Identify all paid employees of the Reporter and their dates of employment. State their job titles and describe the work they performed.

9. Produce all financial documents kept by the Reporter from its inception through the present. Give an accounting of revenue and expenses for each issue of the Reporter, including but not limited to:

   a) advertisement revenue generated by the issue.
   b) subscription revenue generated by the issue.
   c) revenue from sales of the issue off newsstands.
   d) the costs associated with publishing the issue.
   e) the sources of funds used in publishing the issue.

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10. Provide an estimate of the cost of publishing the following article or feature which appeared in the Reporter:

    a) "Duke Blasts Horn For Voting Record," June 1994 issue.
    b) "'Brooks For Congress' Gains Momentum," June 1994 issue.
    c) "Congressional Candidate Ron Florance. . .Republican Asset or Potential Republican Embarrassment," June 1994 issue.
    d) "Select Republican Page" and Leadership/Voter Guide Page," June and November 1994 issues.
    e) "Brooks Gears For Victory," November 1994 issue.
    f) "Waxman Challenged On Health Care Reform," June 1994 issue.

11. List any other sources of operating funds used by the Reporter including, but not limited to:

    a) any contributions received by the Reporter. Identify the source of the contribution.
    b) any loans received by the Reporter. State the terms of the loan, and its source.

12. Produce advertising rate sheets for the Reporter. State whether any advertising rate for any advertisement placed in the Reporter by any business or federal, state or local candidate was determined other than by reference to the information on the rate sheets. If so, identify the advertisement, state the reason for the exception, and state the cost of the advertisement.

13. Produce copies of all solicitations to advertise in the Reporter sent to local, state, and federal candidates or businesses.

14. State where the Reporter obtained the photographs of Susan Brooks, John Duke, Paul Stepanek, and Wolf Dalichau that appeared on the "Select Republican Candidate Page" and "Leadership/Voter Guide Page" in the June and November 1994 issues of the Reporter. Identify persons who provided the text that appeared below the photographs.

15. State whether the Reporter interviewed or otherwise received information or assistance from Paul Stepanek and/or staff of his campaign in connection with the article on the candidate which appeared in a June 1994 issue of the Reporter. If so, identify any such persons and the type of information or assistance they provided.

16. State whether the Reporter interviewed or otherwise received information or assistance from John Duke and/or staff of his campaign in connection with the article

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on the candidate which appeared in a June 1994 issue of the Reporter. If so, identify any such persons and the type of information or assistance they provided.

17. State whether the Reporter interviewed or otherwise received information or assistance from Susan Brooks and/or staff of her campaign in connection with the following articles which appeared in June and November 1994 issues of the Reporter. If so, identify any such persons and the type of information or assistance they provided.

    a) "'Brooks For Congress' Gains Momentum," June 1994 issue.
    b) "Congressional Candidate Ron Florance. . .Republican Asset or Potential Republican Embarrassment," June 1994 issue.
    c) "Brooks Gears For Victory," November 1994 issue.

18. State whether any federal candidate, other than Susan Brooks, John Duke, Paul Stepanek, or Wolf Dalichau, was featured either in an article, advertisement, or on the "Select Republican Candidate Page" or "Leadership/Voter Guide Page" of the Reporter. Identify the issue and location where such candidate is featured and state whether the candidate and/or his or her campaign staff otherwise provided information and/or assistance in connection with the candidate's appearance in the Reporter and if so, identify any such persons and the type of information or assistance they provided.

19. Provide the following additional information for any articles, advertisements, or appearances on the "Select Republican Candidate Page" or "Leadership/Voter Guide Page" identified in response to interrogatory 18:

    a) for articles, provide an estimate of publishing costs.
    b) for advertisements, state the dollar amount of the purchase and what was received for that dollar purchase (e.g. -- 3 half page ads).
    c) for appearances on the "Select Republican Candidate Page" and "Leadership/Voter Guide Page," state where the Reporter obtained the photograph of the candidate and identify the persons who provided the text that appeared below the photograph.

20. For each of the following persons, state the dollar amount of Reporter and/or Great Slates advertising space purchased between January 1994 and December 1994; state what was received for that dollar purchase (e.g. -- 3 half page ads) and identify the issues of the Reporter where the advertisement(s) appeared:

    a) Susan Brooks
    b) John Duke
    c) Wolf Dalichau

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d) John L. Moriarity
e) Jack Harden
f) Gil Carrillo
g) John Schock
h) David Bohline
i) Nick Stansfield
j) Bob Davis
k) Paul Stepanek
l) David Cohen
m) Julian Sirull
n) Charles Stuart
o) Mike Huffington
p) Delores White

21. Provide context for the January 15, 1994 handwritten note on Reporter letterhead. See Attachment. Produce a full name, address, and telephone number for the "Bob" greeted in the note. Explain the "support" he had given Susan Brooks' campaign. State your function (e.g. -- press secretary) in writing this note.

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

MUR: 4080

RESPONDENTS: California's Republic Reporter and Ronald Yates, acting as treasurer

I. GENERATION OF MATTER

This matter arises from a complaint and supplement thereto (together "the complaint") filed on September 20, 1994 and October 15, 1994, respectively, by Ronald M. Florance[1] against Ronald Yates; California's Republic Reporter ("the Reporter"); Susan Brooks; and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer (the "Brooks Committee" or "SBCC"). The complaint alleges that California's Republic Reporter and Ronald Yates, the sole owner of this entity, (i) is a political committee as defined under 2 U.S.C. § 431(4)(A) of the Federal Election Campaign Act ("the Act") and violated 2 U.S.C. §§ 433 and 434(a) by failing to register as a political committee and to file reports with the Federal Election Commission ("FEC") as required by statute, (ii) violated 2 U.S.C. § 441b "by accepting prohibited contributions from corporations," and (iii) violated 2 U.S.C. § 441d(a) by publishing advertisements without the appropriate disclaimers.[2] In the alternative, the complaint alleges that the Reporter was a committee authorized by the Susan Brooks for Congress Committee, and acted in concert with Brooks, her agents, servants and employees. Moreover, the complaint alleges that "by failing to disclose this authorized committee relationship," Brooks and the

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[1] Ronald Florance lost the 1994 Republican primary election for the 36th Congressional District of California to Susan Brooks. Brooks received 51% of the vote and Florance received 49%.

[2] As set forth in the following discussion, Mr. Yates' wife, Dani Adler, is the sole owner of the Reporter.

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Reporter violated 2 U.S.C. §§ 431(6) and 432(e)(1). Finally, the complaint alleges that as an authorized committee of the Susan Brooks for Congress Committee, the Reporter violated "2 U.S.C. § 441a(f) by accepting excessive contributions from contributors of more than $1,000 in connection with the June 1994 primary election."

II. FACTUAL AND LEGAL ANALYSIS

A. Background

California's Republic Reporter is a business owned solely by Dani Adler, the wife of Ronald Yates. The Reporter was registered with the Los Angeles County Recorder on February 28, 1994. It is not a corporation.[3]

Ronald Yates serves as volunteer editor, publisher, and reporter for the publication. He works an average of 20 plus hours per week and assertedly does not receive any compensation for his work. Yates has no other income producing jobs. Dani Adler is "responsible for the debts of the business." She makes phone calls, and performs the Reporter's typesetting and bookkeeping. The Reporter also has other volunteers who serve as Assistant Editor and Graphic Artist. There is no set number of hours volunteered to the publication. Hours are volunteered on an as needed basis.

According to Yates, "the purpose of the publication is to sell enough advertising to publish and distribute the news content and hopefully make a profit." Revenue for the publication is generated by subscription and advertising sales. However, there is no evidence that subscriptions to the Reporter were actually sold. Although Yates claims that subscriptions

[3] Although California's Republic Reporter is registered as a sole proprietorship of Dani Adler, the evidence shows that it is an organization made up of Ms. Adler, Ronald Yates and other volunteers. See political committee discussion at pp. 12-15.

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were sold, he failed to provide a subscription list or an estimate of the number of subscriptions sold.

The publication obtains stories by covering events and reporting them, by purchasing syndicated columns, and by articles submitted for review. The publication does not hire reporters and does not subscribe to the wire services. The reporting done by the publication is done on a volunteer basis. As of October 1994, Yates represented that the Reporter was being published on a quarterly basis. However, at that time, it appears that only an April and June issue of the Reporter had been published. Subsequently, a November 1994 issue of the Reporter was published.

Apparently, there were five different versions of the June 1994 issue published; each covering a different distribution or electoral district. The April issue was delivered door to door, however, the June issues were delivered by the United States Postal Service. The June issues of the Reporter were target mailed to registered Republicans in the districts who had voted in most, if not all, of the primary and general elections since 1988.

The masthead of the first issue of the publication in April of 1994 announced the purpose or mission of the publication in the following manner: "This newspaper is dedicated to deliver the County, State and National Political News, to inform and educate the voters of each district -- and to promote good citizenship through active participation in the community. Our goal is to **'Build New Bridges of Cooperation Between the Voters, Candidates and Advertisers Through Consistent Communication.'** (boldfaced in the original). Since this newspaper is to be used as a platform to communicate ideas back and forth between the candidates and the constituents, your comments, opinions, letters and articles are welcome." The preceding continued to be the stated purpose or mission of the Reporter through the publication of the June

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issues. After the complaint in this matter was filed in October of 1994, the masthead of the November 1994 issue of the publication stated the publication's goal or mission as follows: "This newspaper is dedicated to deliver the County, State and National Political News, to inform and educate the voters of each district and to promote good citizenship through active participation in the community. Since this newspaper is designed as a platform for everyone in the community to communicate ideas back and forth, your comments, opinions, letters and articles are welcome."

Three aspects of the Reporter's contents are discussed below: articles in the regular publication sections, "communications" on the "Select Republican Candidate Page" of the Reporter which were coordinated with and/or expressly advocated federal candidates and did not include appropriate disclaimers, and advertisements purchased by federal candidates at less than the usual and normal charge, but which included appropriate disclaimers. The discussions involving these content areas, in the analysis section of this Factual and Legal Analysis, assume that the costs of the articles and the "communications" on the "Select Republican Candidate Page" were borne fully by the Reporter, whereas the costs of the advertisements were, in some cases, shared by the Reporter and the federal candidates.

Based on the available evidence, the Reporter does not qualify for the media exemption. Instead, the Reporter meets the requisite test for political committee status. Consequently, any articles, "communications," or advertisements paid for in full or in part by the Reporter resulted in in-kind contributions and, in some instances, excessive in-kind contributions to the federal committees. Moreover, these in-kind contributions were made with prohibited funds and should also have been reported by the Reporter. Further, an appropriate disclaimer was required on every article and "communication" published in the Reporter that contained express advocacy.

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B. Response of Yates and the Reporter

According to the response to the complaint received from Ronald Yates on his and the Reporter's behalf, the Reporter is a newspaper operating as a business under California law. Yates denies that the Reporter is a slate mailer or political committee. He states that the April 1994 and two June 1994 issues of the Reporter, which form a partial basis for the complaint, contained several paid advertisements from non-political enterprises. Yates asserts that paid advertisements and subscription sales represent the only sources of revenue for the publication. The Yates response further states that "all advertisements which were purchased by candidates were so marked and identified at the bottom of the ad as required by law," and that the Reporter "is not an agent acting on behalf of, or in concert with any candidate or enterprise."

C. Applicable Law

The Federal Election Campaign Act of 1971, as amended ("the Act"), defines "person" as including "an individual, partnership, committee, association, corporation, labor organization or any other organization or group of persons . . . ." 2 U.S.C. § 431(11). "Political committee" is defined as "any committee, club, association or other group of persons which receives contributions aggregating in excess of $1,000 during a calendar year or which makes expenditures aggregating in excess of $1,000 in a calendar year." 2 U.S.C. § 431(4)(A).

The Act requires any organization which qualifies as a political committee to register with the Commission and to file periodic reports of its receipts and disbursements. 2 U.S.C. §§ 433(a) and 434(a). Political committees must report their receipts and disbursements in accordance with 2 U.S.C. § 434(b). A person, other than a political committee, who makes independent expenditures in an aggregate amount or value in excess of $250 during a calendar year must also file a report with the Commission. 2 U.S.C. § 434(c).

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"Contributions" and "expenditures" which would lead to political committee status are defined as follows. The term "contribution" includes (i) any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office; or (ii) the payment by any person of compensation for the personal services of another person which are rendered to a political committee without charge for any purpose. 2 U.S.C. § 431(8)(A)(i) and (ii). The term "expenditure" includes any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(9)(A)(i). The Commission has defined "anything of value" to include all in-kind contributions, i.e., "the provision of any goods and services without charge or at a charge which is less than the usual and normal charge for such goods and services . . . ." 11 C.F.R. §§ 100.7(a)(1)(iii) and 100.8(a)(1)(iv). Expenditures which are made by any person, including a political committee, "in coordination, consultation or concert with, or at the request or suggestion of, a candidate, his authorized committee or their agents" are considered in-kind contributions to that candidate. 2 U.S.C. § 441a(a)(7)(B)(i). Thus, "[a] communication made in coordination with a candidate presumptively confers 'something of value' received by the candidate so as to constitute an attributable [in-kind] 'contribution.'" Advisory Opinion 1988-22. In contrast, an expenditure made by a person, including a political committee, which expressly advocates the election or defeat of a clearly identified candidate, but which is not made "in cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which [is] not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate" is an "independent expenditure." See 2 U.S.C. § 431(17).

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There is no limit on the dollar amount of independent expenditures a person may make. See Buckley v. Valeo, 424 U.S. 1, 39-59 (1976). Nevertheless, independent expenditures count toward the $1,000 threshold for political committee status. See, e.g., Advisory Opinion 1988-22.

The Act provides that no corporation may make a contribution or expenditure in connection with any Federal election and prohibits any candidate or committee from knowingly accepting any such contribution. 2 U.S.C. § 441b(a). Pursuant to 11 C.F.R. § 102.5(a)(1), political committees which make expenditures "in connection with both federal and non-federal elections" are required to establish separate federal and non-federal accounts or set up a single account which receives only contributions subject to the limitations and prohibitions of the Act. If separate federal and non-federal accounts are established, all expenditures made in connection with federal elections must be made from the federal account.

The Act prohibits any person from making any contributions to any candidate and his authorized political committees with respect to any election for federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A). Pursuant to 2 U.S.C. § 441a(f), it is a violation of the Act for any candidate or political committee to knowingly accept any contributions which are in violation of 2 U.S.C. § 441a.

However, the Act and the Commission's regulations exclude any cost incurred in covering or carrying a news story, commentary, or editorial by any broadcasting station, newspaper, magazine, or other periodical publication from the definition of a "contribution" or "expenditure," unless the facility is owned or controlled by any political committee or candidate. 2 U.S.C. § 431(9)(B)(i); 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2). (These provisions have been referred to informally as the "media exemption.") Additionally, in Reader's Digest Ass'n v. FEC, 509 F. Supp. 1210, 1214 (S.D.N.Y. 1981), the court, interpreting the Act, stated that the "media

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exemption" applies when the distribution of news or commentary falls within the media entity's "legitimate press function."

Section 431(9)(B)(i) identifies only "broadcasting station[s], newspaper[s], magazine[s], or other periodical publication[s]" as press entities entitled to the exemption. To determine whether a medium of communication fits the description of one of the press entities listed at 2 U.S.C. § 431(9)(B)(i), the Commission has applied the definitions of "broadcaster," "newspaper," and "magazine or other periodical publication" in its Explanation and Justification of 11 C.F.R. § 114.4(e). See, e.g. MURs 2277 and 2567. According to the Explanation and Justification,

> [t]he term 'bona fide' newspaper is intended to mean a publication of general circulation produced on newsprint paper which appears at regular intervals (usually daily or weekly) and which is devoted primarily to the dissemination of news and editorial opinion to the general public. Only newspapers which ordinarily derive their revenues from subscriptions or advertising would be considered 'bona fide.' A 'bona fide' magazine or other periodical publication is a publication in bound pamphlet form appearing at regular intervals (usually either weekly, bi-weekly, monthly, or quarterly) and containing articles of news, information, opinion and entertainment, whether of general or specialized interest. Only magazines and periodicals which ordinarily derive their revenues from subscriptions and advertising would be considered 'bona fide.'

44 Fed. Reg. 76, 735.

In addition to determining whether a press entity is one which ordinarily would be entitled to the press exemption, the Commission also must determine whether the press entity is owned or controlled by any political party, political committee or candidate. 2 U.S.C. § 431(9)(B)(i). This test involves an inquiry into whether there is evidence that the complaint, response or other data available to the Commission suggest that a media entity is so owned or controlled. See MUR 3645. If the media entity is owned or controlled by a political party, political committee or candidate, the exemption from the definition of a contribution extends only to the cost of news

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stories "(i) which represent . . . bona fide news account[s] communicated in a publication of general circulation . . . and (ii) which [are] part of a general pattern of campaign-related news accounts which give reasonably equal coverage to all opposing candidates in the circulation . . . area . . . ." 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2).

As set out above, the Act defines "political committee" as "any committee, club, association or other group of persons which receives contributions aggregating in excess of $1,000 during a calendar year or which makes expenditures aggregating in excess of $1,000 in a calendar year." 2 U.S.C. § 431(4)(A). However, in order to address constitutional concerns related to avoiding possible vagueness in the application of 2 U.S.C. § 431, *et al*, the Supreme Court in Buckley v. Valeo, 424 U.S. 1, 80 (1976), construed the Act's references to "political committee" in such a manner as to prevent their "reach [to] groups engaged purely in issue discussion." The Court recognized that "[t]o fulfill the purposes of the Act [the designation 'political committee'] need only encompass organizations that are under the control of a candidate or the major purpose of which is the nomination or election of a candidate." 424 U.S. at 79. Thus, in determining whether an organization is a political committee, the Commission employs both the statutory $1,000 threshold and an inquiry into the organization's major purpose. Advisory Opinion 1996-3; but see Akins v. FEC, 1996 WL 695208 (D.C. Cir.).

The term "expressly advocating" means any communication that uses such phrases as "vote for the President," "re-elect your Congressman," "support the Democratic nominee," and "cast your ballot for the Republican challenger . . . ." See 11 C.F.R. § 100.22(a). Paid advertising expressly advocating a candidate's election or defeat does not qualify for the "media exemption" and is therefore subject to the requirements of 2 U.S.C. § 441d(a). That section mandates a disclaimer whenever any person makes an expenditure for general public political

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advertising containing express advocacy. The disclaimer must clearly identify who paid for the communication and whether or not the communication was authorized by a candidate or candidate committee. Id.

D. Analysis

1. Media Exemption

The Reporter does not qualify for the "media exemption" because it does not fit within the description of any of the press entities listed at 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2), particularly the description of a "bona fide" newspaper which it purports to be. To fit within the description of a "bona fide" newspaper, the Reporter, in addition to deriving its revenue from subscription or advertising, would need to be (i) a publication of general circulation, (ii) produced on newsprint paper, (iii) devoted primarily to the dissemination of news and editorial opinion to the general public, and (iv) distributed at regular intervals. See Explanation and Justification of 11 C.F.R. § 114.4(e), 44 Fed. Reg. 76, 734 (1979). In contrast, the Reporter appears to have been delivered by mail to only registered Republicans in the congressional districts where it was distributed; and this Office has no evidence that copies of the Reporter was widely available to the public at the newsstand price of $2.50 as advertised on its masthead.

Moreover, although the Reporter is published on newsprint paper, it is devoted primarily to the dissemination of news and editorial opinion to the general public. The publication's stated goal is to "build new bridges of cooperation between the voters, candidates and advertisers through consistent communication." It promises that this goal is to be reached through using the Reporter as a "platform for communication of ideas between the candidates and the constituents." In an article entitled, "Help Keep This Republican Newspaper In Your Congressional District," in the June 1994 issues of the Reporter, Ronald Yates writes about what appears to be the

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publication's primary purpose: "California's Republic Reporter wants to continue publishing customized, local political newspapers for each Congressional District in Los Angles County on a monthly basis. To do so we need your help, but **NOT** your money! . . . To help defeat *all democratic incumbents*, our goal is to increase the paper's circulation with every monthly issue until we achieve total saturation . . . Let's show the democrats that we mean business. Together we can 'Defeat democrat incumbents, and elect Republican candidates.'" (all special marks are in the original).

Finally, it is unclear whether the Reporter is distributed on a regular basis. An April 1994 issue of the Reporter, in connection with a special election in California's 20th State Senate District, is marked Volume 1, Issue 1. As far as this Office is able to determine, no further issues of the Reporter were published in that district after the special election. The June 1994 issues for the Reporter's 53rd and 54th distribution districts are marked Volume 1, Issue 1. In each case, the issue was published in connection with a June 1994 primary election. In the case of the Reporter's 53rd distribution district, this Office also has a copy of a Volume 1, Issue 3, published in connection with the November 1994 general election. Thus, it remains unclear on the basis of the issues of the Reporter available to this Office whether it was being published regularly. In fact, when viewed together, the available issues of the Reporter suggest that it was being published only in connection with election activity.

For these reasons, California's Republic Reporter is not a "bona fide" newspaper entitled to the "media exemption."[4]

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[4] Since the Reporter is not a bona fide newspaper entitled to the media exemption, it is not necessary to address a secondary issue relevant to the applicability of the media exemption to bona fide newspapers; that is, whether the newspaper is controlled by any political committee or candidate.

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2. Political Committee Status and Source of Funds

a. Political Committee Status

The complaint makes alternative allegations with respect to the political committee status of the Reporter. On the one hand, the complaint alleges that the Reporter was a committee authorized by SBCC. However, section 431(6) defines an "authorized committee" as the principal campaign committee or any other political committee authorized by a candidate under section 432(e). Section 432(e) requires that authorized committees be designated by a candidate in writing. Susan Brooks did not designate the Reporter as an authorized committee pursuant to section 432(e) and denies in her response that she had any relationship with Yates or the Reporter beyond that of advertiser-publisher.

Alternatively, the complaint alleges that the Reporter is a political committee within the meaning of 2 U.S.C. § 431(4) and violated 2 U.S.C. §§ 433 and 434(a) by failing to register with the Commission and file regular reports of its receipts and expenditures. When determining whether an organization is a political committee, the Commission employs both the statutory $1,000 threshold and an inquiry into the organization's major purpose. Advisory Opinion 1996-3; but see Akins v. FEC, 1996 WL 695208 (D.C. Cir.).

In the instant MUR, the Reporter meets the statutory expenditure/contribution threshold for political committee status because the cost of the articles which it published for the purpose of influencing federal elections exceeded $1,000 during a calendar year. According to an invoice sent to Susan Brooks from the Reporter for advertisement purposes, the cost of two full page ads in the Reporter was approximately $4,000, or $2,000 per page, during the publication period covered by the complaint in this matter. This Office infers that the space in the regular publication sections of the Reporter that contained articles were equivalent in value to that in the

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advertising sections. Based on the available copies of the Reporter, during 1994, the publication ran three articles in its regular publication sections which were coordinated with Susan Brooks and/or expressly advocated her election.[5] Consequently, if the Reporter did not qualify for the media exemption, the amount it expended in connection with these articles counted towards the $1,000 statutory threshold. Using the valuation discussed in this paragraph, the articles, which covered nearly three pages of the Reporter, represented an expenditure of at least $5,000 for the purpose of influencing a federal election.

However, the Reporter is a political committee only if, in addition to meeting the $1,000 statutory threshold, the Reporter's major purpose is the nomination or election of a federal candidate. While there were some articles in the Reporter which were not directly related to the nomination or election of a federal candidate and the Reporter did not limit its solicitations for advertisers to political advertisers, there is sufficient evidence to show that the Reporter's major purpose is to influence federal elections.

First, the Reporter's stated goal is to "build new bridges of cooperation between the voters, candidates and advertisers through consistent communication" by using the Reporter as a

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[5] For example, the June 1994 issue for the Reporter's 53rd distribution district carried a favorable front page profile of Susan Brooks. The profile touts the endorsements received by Brooks, her successful background in politics and the community, and the momentum which had been attained by her campaign as of publication, and closes with the words, ". . .Susan needs your vote in the primary election on June 7th." In two other articles in the same issue of the Reporter, one of which is titled, "36th Congressional Candidate Ron Florance...Republican Asset or Potential Republican Embarrassment" (underlined in the original), the publication contrasts Susan Brooks and Ron Florance, her opponent in the primary election. The article named above states that, "Voters on June 7th must decide which candidate will stand the best chance against Jane Harman [the incumbent]; . . . [Susan Brooks who has] flawlessly served her community as a councilwoman and mayor and [Ron Florance who] will be testifying as a defendant in a business fraud lawsuit in October -- just a few weeks before the general election." The other article essentially highlights Ronald Florance's negative record and ends with a presentation of the choice between Florance and Brooks.

"platform for communication of ideas between the candidates and the constituents." Moreover, the available issues of the Reporter were specifically tailored to promote particular candidates. Second, in solicitation letters, Ronald Yates told prospective candidate/advertisers, "I look forward to discussing with you how California's Republic Reporter can help promote your candidacy more effectively and for a lot less money." (underlined in the original). Third, a classified advertisement for an advertising salesperson for the Reporter placed in the June 1994 issues of the publication read as follows: "If you would like to help build up the local Republican political infrastructure in your area, we need YOU to help businesses get involved with California's Republic Reporter. If you are familiar with the political arena, can make a quality presentation to quality companies, and have a sales background (political fundraising for example) we would like to see your resume, TODAY! . . . ." Finally, as set out above, in an article entitled, "Help Keep This Republican Newspaper In Your Congressional District," in the June issues of the Reporter, Ronald Yates writes about his desire to continue publishing customized, local political newspapers for each Congressional District in Los Angles County on a monthly basis and how he needs "your **help**, but **NOT** your money" in order to defeat all democratic incumbents and elect Republican candidates.

Based on these factors, the Reporter's major purpose is the nomination or election of various federal candidates. Moreover, because Ronald Yates managed the daily affairs of the Reporter, he was acting as the treasurer of the Reporter. Mr. Yates served as the editor, publisher, and reporter for the publication. He also contacted federal candidates and solicited advertisements for the Reporter. Mr. Yates, while a volunteer, had no other income producing job. Therefore, California's Republic Reporter and Ronald Yates, acting as treasurer, qualify as

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a political committee and should have registered with the Commission and began to file regular reports of receipts and disbursements.

b. Source of Funds

Other than any personal monies Dani Adler, the Reporter's owner, and Ronald Yates, her husband, may have put into the publication, the only other identifiable sources of funds available to the Reporter were revenues from sales of advertising space and subscriptions, and from purchases of the Reporter off newsstands. However, as stated earlier, there is no evidence that subscriptions to the Reporter were sold, or that the publication was sold at newsstands. Thus, the only source of revenue available to the Reporter, other than personal monies, was revenue received from political and business advertisers in the publication. Some of the business advertisers were corporations, and some of the state and local candidates who advertised in the Reporter may have paid for their advertisements with funds which included corporate monies. Although the Reporter qualified as a political committee and engaged in activity that involved both federal and non-federal candidates, California's Republic Reporter and Ronald Yates, acting as treasurer, did not have separate federal and non-federal accounts. Accordingly, the Reporter impermissibly commingled non-federal funds with federal funds. This, in view of the analysis in section 3, *infra*, also suggests that the Reporter was making federal contributions with these prohibited funds. Accordingly, California's Republic Reporter and Ronald Yates, acting as treasurer, made, and the federal committees accepted, in-kind contributions containing impermissible funds.

3. Excessive Contributions and Reporting Violation

As discussed above, the Reporter does not qualify for the media exemption, but does qualify as a political committee. Accordingly, any "communication" by the Reporter, if

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published "in cooperation, consultation or concert with, or at the request or suggestion of a candidate, his authorized committee or their agents," resulted in an in-kind contribution to that candidate [see 2 U.S.C. § 441a(a)(7)(B)(i)] and should have been reported as such under 2 U.S.C. § 434(b).

Based on the available evidence, the Reporter provided something "of value" to various federal candidates in the form of articles and "communications" paid for and placed by the Reporter or by undercharging these federal candidates for the placement of advertisements. The evidence further shows that in addition to the coordination between the Reporter and the federal candidates on the subsidized advertisements, there was also coordination between the Reporter and the candidates with respect to the articles and "communications." Under either scenario, the Reporter made in-kind contributions and, in some cases, excessive in-kind contributions, to the federal committees involved.

As evidence that the Reporter coordinated with federal candidates in connection with published articles, Susan Brooks states in her affidavit that in May of 1994, some time after Ronald Yates had expressed a desire to write an article about her campaign, he visited her campaign headquarters to gather information for the article and take pictures of her and her campaign staff. Likewise, the article about the John Duke candidacy, which appears in a June 1994 issue of the Reporter, was published with the cooperation, consultation or prior consent of Duke and his agents because the photograph of Duke which accompanies the article was taken by Ronald Yates and the article contains what appears to be direct quotes by the candidate. These articles alone exceeded the $1,000 contribution limit pursuant to section 441a(a)(1)(A). The Duke article covered more than half a page of the Reporter, and thus was worth more than $1,000

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(see discussion on valuation at page 13), and the 3 separate articles in connection with the Brooks candidacy covering nearly 3 pages of the Reporter was worth at least $5,000.

Further evidence of coordination between the Reporter and federal candidates is demonstrated by the "Select Republican Candidate Page" which is described in a Reporter advertising circular in the following manner: "The Select Republican Candidate Page is a Full Page Photo Feature which has been designed for statewide and national candidates to help their own campaign and the local candidates and groups as well . . . **The candidate may supply their own photo as well as the profile paragraph. Participation in this section not only helps the Statewide candidate get local exposure, but helps the local candidates and local Republican clubs by helping to defray the costs of publishing and mailing the newspaper** (emphasis added) in their district . . . ." Thus, it is likely that the "Select Republican Candidate Page" was published in cooperation, consultation and with prior consent of candidates for federal office who were featured therein and consequently resulted in in-kind contributions to such candidates.

Further, the Reporter made additional in-kind contributions to certain federal candidates by undercharging them for advertising space in the publication. For example three candidates for state and local offices -- Schock for Judge, Moriarty for Judge, and Harden for Insurance Commissioner -- paid $3,975 each for 2 half page ads in the April and June 1994 issues of the Reporter. Delores White, a candidate for the California State Senate, may have paid as much as $3,990 for an eighth of a page ad in the Reporter. In contrast, the Duke for Congress Committee paid $2,495 for its 2 half page ads in the same two issues, while the Brooks for Congress Committee paid $3,990 for 2 full page ads in those same issues, only $15 dollars more than the state and local candidates paid for their 2 half page ads. Accordingly, the Reporter made in-kind

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contributions to some of the federal committees at issue by undercharging them for advertising space in the publication.

Based on the foregoing, California's Republic Reporter and Ronald Yates, acting as treasurer, made in-kind contributions to the federal committees involved and, in some instances, excessive in-kind contributions. The recipient committees include the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer, the John Bernard Duke for Congress Committee and John Bernard Duke, as treasurer, and the Wolf Dalichau for U.S. Senate Committee and Edward E. Firth, as treasurer. Moreover, California's Republic Reporter and Ronald Yates, acting as the treasurer, were required to report these in-kind contributions.

4. Disclaimers

Since the Reporter does not qualify for the media exemption, any communications expressly advocating the election or defeat of a clearly identified candidate which appeared in the publication, whether paid for by the candidate or contributed by the Reporter, were subject to the disclaimer requirements found at 2 U.S.C. § 441d. That being the case, it should be noted that all of the advertisements placed by the candidates in the Reporter included an appropriate disclaimer and, therefore, are not under discussion in this section. In contrast, footnote 5, *supra*, outlines several articles in which the Reporter expressly advocated the election or defeat of a clearly identified candidate and failed to include disclaimers. Moreover, each issue of the Reporter obtained by this Office included the "Select Republican Candidate Page," which also did not include the required disclaimer. The top of the "Select Republican Candidate Page" was essentially a reproduction of the masthead of the Reporter, complete with the publication's name and logo. Photographs of John Duke and Wolf Dalichau were featured on the "Select Republican Candidate Page" in a June 1994 issue of the Reporter, and Susan Brooks' picture

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appeared on a "Select Republican Candidate Page" and a "Leadership/Voter Guide Page" in a June and November 1994 issue of the Reporter, respectively.[6] The text accompanying the photographs included such phrases as "vote for John Duke for Congress," "Wolf would welcome your support at the polls," and "Susan Brooks should be sent to Congress." No disclaimers were attached to these communications, despite the fact that they expressly advocated the candidacies of John Duke, Wolf Dalichau, and Susan Brooks.

Since the Reporter controlled the content, placement, design, and distribution of all of the articles and "communications," and apparently bore all the costs associated with their publication, the liability for the disclaimer violations should fall on the Reporter. Moreover, it was activity undertaken by the Reporter, and not the candidates, that resulted in the apparent masquerade of a format eligible for the press exemption. Although the candidates and their committees coordinated with the Reporter to publish the articles at issue, and probably provided photographs and text for the "Select Republican Candidate Page," they exercised no control over the content, format, and placement of the articles and the "communications" on the "Select Republican Candidate Page" containing express advocacy. Accordingly, California's Republic Reporter and Ronald Yates, acting as treasurer, failed to include the appropriate disclaimers on the articles and "communications" placed in the Reporter which expressly advocated the election of certain federal candidates.

III. CONCLUSION

Based on the evidence, the Reporter does not meet the Commission's definition of a bona fide newspaper, and thus, it does not qualify for the media exemption. The mission of those

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[6] The "Leadership/Voter Guide Page" is named differently but is essentially no different than the "Select Republican Candidate Page."

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operating the publication is primarily political, the issues are tailored to impact specific elections, employees are unpaid volunteers, and advertising rates are applied inconsistently to the candidates advertising in the publication. The Reporter also endorses and supports the election of candidates outside the context of its editorial purview. Thus, the Reporter's major purpose is the nomination and election of various federal candidates, some of whom received contributions in excess of $1,000 from the publication. Accordingly, the Reporter meets the requirements for political committee status. Therefore, there is reason to believe California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. §§ 433(a) and 434(a) by failing to register with the Commission and file regular reports of receipts and disbursements. There is also reason to believe California's Republic Reporter and Ronald Yates, acting as treasurer, violated 11 C.F.R. § 102.5(a)(1) by failing to keep separate federal and non-federal accounts and, thereby, impermissibly commingling non-federal funds with federal funds. Moreover, because the contributions that were made by the Reporter to the federal committees contained corporate funds and exceeded $1,000 in some instances, there is reason to believe California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. §§ 441b(a) and 441a(a)(1)(A). In addition, since the Reporter did not report making the in-kind contributions, there is reason to believe California's Republic Reporter and Ronald Yates, acting as the treasurer, violated 2 U.S.C. § 434(b).

Finally, there is reason to believe California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. § 441d in connection with the articles and "communications" in the Reporter which expressly advocated the election of the candidates Brooks, Duke, and Dalichau but did not include the appropriate disclaimers.

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If after further investigation it is determined that the Reporter is not a political committee, California's Republic Reporter and Dani Adler, as owner, would still face contribution and disclaimer violations. Therefore, there is also reason to believe California's Republic Reporter and Dani Adler, as owner, violated 2 U.S.C. § 441a(a)(1)(A) for making excessive contributions, and 2 U.S.C. § 441d for failing to include the appropriate disclaimers on the articles and "communications" at issue in this matter.

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

February 26, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dani Adler, Owner
California's Republic Reporter
28729 Western Avenue
P.O. Box 173
Rancho Palos Verdes, CA 90732

RE: MUR 4080

Dear Ms. Adler:

On October 14, 1994, the Federal Election Commission notified California's Republic Reporter 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 at that time.

Upon further review of the allegations contained in the complaint, and information provided by the publication, the Commission, on February 19, 1997, found that there is reason to believe California's Republic Reporter and you, as owner, violated 2 U.S.C. §§ 441a(a)(1)(A) and 441d, provisions of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

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 30 days of receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter.

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Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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.

If you intend to be represented by counsel, 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.

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 Eugene Bull, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

John Warren McGarry
Chairman

Enclosures
Designation of Counsel Form
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

MUR: 4080

RESPONDENTS: California's Republic Reporter and Ronald Yates, acting as treasurer

I. GENERATION OF MATTER

This matter arises from a complaint and supplement thereto (together "the complaint") filed on September 20, 1994 and October 15, 1994, respectively, by Ronald M. Florance[1] against Ronald Yates; California's Republic Reporter ("the Reporter"); Susan Brooks; and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer (the "Brooks Committee" or "SBCC"). The complaint alleges that California's Republic Reporter and Ronald Yates, the sole owner of this entity, (i) is a political committee as defined under 2 U.S.C. § 431(4)(A) of the Federal Election Campaign Act ("the Act") and violated 2 U.S.C. §§ 433 and 434(a) by failing to register as a political committee and to file reports with the Federal Election Commission ("FEC") as required by statute, (ii) violated 2 U.S.C. § 441b "by accepting prohibited contributions from corporations," and (iii) violated 2 U.S.C. § 441d(a) by publishing advertisements without the appropriate disclaimers.[2] In the alternative, the complaint alleges that the Reporter was a committee authorized by the Susan Brooks for Congress Committee, and acted in concert with Brooks, her agents, servants and employees. Moreover, the complaint alleges that "by failing to disclose this authorized committee relationship," Brooks and the

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[1] Ronald Florance lost the 1994 Republican primary election for the 36th Congressional District of California to Susan Brooks. Brooks received 51% of the vote and Florance received 49%.

[2] As set forth in the following discussion, Mr. Yates' wife, Dani Adler, is the sole owner of the Reporter.

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Reporter violated 2 U.S.C. §§ 431(6) and 432(e)(1). Finally, the complaint alleges that as an authorized committee of the Susan Brooks for Congress Committee, the Reporter violated "2 U.S.C. § 441a(f) by accepting excessive contributions from contributors of more than $1,000 in connection with the June 1994 primary election."

II. FACTUAL AND LEGAL ANALYSIS

A. Background

California's Republic Reporter is a business owned solely by Dani Adler, the wife of Ronald Yates. The Reporter was registered with the Los Angeles County Recorder on February 28, 1994. It is not a corporation.[3]

Ronald Yates serves as volunteer editor, publisher, and reporter for the publication. He works an average of 20 plus hours per week and assertedly does not receive any compensation for his work. Yates has no other income producing jobs. Dani Adler is "responsible for the debts of the business." She makes phone calls, and performs the Reporter's typesetting and bookkeeping. The Reporter also has other volunteers who serve as Assistant Editor and Graphic Artist. There is no set number of hours volunteered to the publication. Hours are volunteered on an as needed basis.

According to Yates, "the purpose of the publication is to sell enough advertising to publish and distribute the news content and hopefully make a profit." Revenue for the publication is generated by subscription and advertising sales. However, there is no evidence that subscriptions to the Reporter were actually sold. Although Yates claims that subscriptions

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[3] Although California's Republic Reporter is registered as a sole proprietorship of Dani Adler, the evidence shows that it is an organization made up of Ms. Adler, Ronald Yates and other volunteers. See political committee discussion at pp. 12-15.

were sold, he failed to provide a subscription list or an estimate of the number of subscriptions sold.

The publication obtains stories by covering events and reporting them, by purchasing syndicated columns, and by articles submitted for review. The publication does not hire reporters and does not subscribe to the wire services. The reporting done by the publication is done on a volunteer basis. As of October 1994, Yates represented that the Reporter was being published on a quarterly basis. However, at that time, it appears that only an April and June issue of the Reporter had been published. Subsequently, a November 1994 issue of the Reporter was published.

Apparently, there were five different versions of the June 1994 issue published; each covering a different distribution or electoral district. The April issue was delivered door to door, however, the June issues were delivered by the United States Postal Service. The June issues of the Reporter were target mailed to registered Republicans in the districts who had voted in most, if not all, of the primary and general elections since 1988.

The masthead of the first issue of the publication in April of 1994 announced the purpose or mission of the publication in the following manner: "This newspaper is dedicated to deliver the County, State and National Political News, to inform and educate the voters of each district -- and to promote good citizenship through active participation in the community. Our goal is to **'Build New Bridges of Cooperation Between the Voters, Candidates and Advertisers Through Consistent Communication.'** (boldfaced in the original). Since this newspaper is to be used as a platform to communicate ideas back and forth between the candidates and the constituents, your comments, opinions, letters and articles are welcome." The preceding continued to be the stated purpose or mission of the Reporter through the publication of the June

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issues. After the complaint in this matter was filed in October of 1994, the masthead of the November 1994 issue of the publication stated the publication's goal or mission as follows: "This newspaper is dedicated to deliver the County, State and National Political News, to inform and educate the voters of each district and to promote good citizenship through active participation in the community. Since this newspaper is designed as a platform for everyone in the community to communicate ideas back and forth, your comments, opinions, letters and articles are welcome."

Three aspects of the Reporter's contents are discussed below: articles in the regular publication sections, "communications" on the "Select Republican Candidate Page" of the Reporter which were coordinated with and/or expressly advocated federal candidates and did not include appropriate disclaimers, and advertisements purchased by federal candidates at less than the usual and normal charge, but which included appropriate disclaimers. The discussions involving these content areas, in the analysis section of this Factual and Legal Analysis, assume that the costs of the articles and the "communications" on the "Select Republican Candidate Page" were borne fully by the Reporter, whereas the costs of the advertisements were, in some cases, shared by the Reporter and the federal candidates.

Based on the available evidence, the Reporter does not qualify for the media exemption. Instead, the Reporter meets the requisite test for political committee status. Consequently, any articles, "communications," or advertisements paid for in full or in part by the Reporter resulted in in-kind contributions and, in some instances, excessive in-kind contributions to the federal committees. Moreover, these in-kind contributions were made with prohibited funds and should also have been reported by the Reporter. Further, an appropriate disclaimer was required on every article and "communication" published in the Reporter that contained express advocacy.

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B. Response of Yates and the Reporter

According to the response to the complaint received from Ronald Yates on his and the Reporter's behalf, the Reporter is a newspaper operating as a business under California law. Yates denies that the Reporter is a slate mailer or political committee. He states that the April 1994 and two June 1994 issues of the Reporter, which form a partial basis for the complaint, contained several paid advertisements from non-political enterprises. Yates asserts that paid advertisements and subscription sales represent the only sources of revenue for the publication. The Yates response further states that "all advertisements which were purchased by candidates were so marked and identified at the bottom of the ad as required by law," and that the Reporter "is not an agent acting on behalf of, or in concert with any candidate or enterprise."

C. Applicable Law

The Federal Election Campaign Act of 1971, as amended ("the Act"), defines "person" as including "an individual, partnership, committee, association, corporation, labor organization or any other organization or group of persons . . . ." 2 U.S.C. § 431(11). "Political committee" is defined as "any committee, club, association or other group of persons which receives contributions aggregating in excess of $1,000 during a calendar year or which makes expenditures aggregating in excess of $1,000 in a calendar year." 2 U.S.C. § 431(4)(A).

The Act requires any organization which qualifies as a political committee to register with the Commission and to file periodic reports of its receipts and disbursements. 2 U.S.C. §§ 433(a) and 434(a). Political committees must report their receipts and disbursements in accordance with 2 U.S.C. § 434(b). A person, other than a political committee, who makes independent expenditures in an aggregate amount or value in excess of $250 during a calendar year must also file a report with the Commission. 2 U.S.C. § 434(c).

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"Contributions" and "expenditures" which would lead to political committee status are defined as follows. The term "contribution" includes (i) any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office; or (ii) the payment by any person of compensation for the personal services of another person which are rendered to a political committee without charge for any purpose. 2 U.S.C. § 431(8)(A)(i) and (ii). The term "expenditure" includes any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(9)(A)(i). The Commission has defined "anything of value" to include all in-kind contributions, i.e., "the provision of any goods and services without charge or at a charge which is less than the usual and normal charge for such goods and services . . . ." 11 C.F.R. §§ 100.7(a)(1)(iii) and 100.8(a)(1)(iv). Expenditures which are made by any person, including a political committee, "in coordination, consultation or concert with, or at the request or suggestion of, a candidate, his authorized committee or their agents" are considered in-kind contributions to that candidate. 2 U.S.C. § 441a(a)(7)(B)(i). Thus, "[a] communication made in coordination with a candidate presumptively confers 'something of value' received by the candidate so as to constitute an attributable [in-kind] 'contribution.'" Advisory Opinion 1988-22. In contrast, an expenditure made by a person, including a political committee, which expressly advocates the election or defeat of a clearly identified candidate, but which is not made "in cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which [is] not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate" is an "independent expenditure." See 2 U.S.C. § 431(17).

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There is no limit on the dollar amount of independent expenditures a person may make. See Buckley v. Valeo, 424 U.S. 1, 39-59 (1976). Nevertheless, independent expenditures count toward the $1,000 threshold for political committee status. See, e.g., Advisory Opinion 1988-22.

The Act provides that no corporation may make a contribution or expenditure in connection with any Federal election and prohibits any candidate or committee from knowingly accepting any such contribution. 2 U.S.C. § 441b(a). Pursuant to 11 C.F.R. § 102.5(a)(1), political committees which make expenditures "in connection with both federal and non-federal elections" are required to establish separate federal and non-federal accounts or set up a single account which receives only contributions subject to the limitations and prohibitions of the Act. If separate federal and non-federal accounts are established, all expenditures made in connection with federal elections must be made from the federal account.

The Act prohibits any person from making any contributions to any candidate and his authorized political committees with respect to any election for federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A). Pursuant to 2 U.S.C. § 441a(f), it is a violation of the Act for any candidate or political committee to knowingly accept any contributions which are in violation of 2 U.S.C. § 441a.

However, the Act and the Commission's regulations exclude any cost incurred in covering or carrying a news story, commentary, or editorial by any broadcasting station, newspaper, magazine, or other periodical publication from the definition of a "contribution" or "expenditure," unless the facility is owned or controlled by any political committee or candidate. 2 U.S.C. § 431(9)(B)(i); 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2). (These provisions have been referred to informally as the "media exemption.") Additionally, in Reader's Digest Ass'n v. FEC, 509 F. Supp. 1210, 1214 (S.D.N.Y. 1981), the court, interpreting the Act, stated that the "media

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exemption" applies when the distribution of news or commentary falls within the media entity's "legitimate press function."

Section 431(9)(B)(i) identifies only "broadcasting station[s], newspaper[s], magazine[s], or other periodical publication[s]" as press entities entitled to the exemption. To determine whether a medium of communication fits the description of one of the press entities listed at 2 U.S.C. § 431(9)(B)(i), the Commission has applied the definitions of "broadcaster," "newspaper," and "magazine or other periodical publication" in its Explanation and Justification of 11 C.F.R. § 114.4(e). See, e.g. MURs 2277 and 2567. According to the Explanation and Justification,

> [t]he term 'bona fide' newspaper is intended to mean a publication of general circulation produced on newsprint paper which appears at regular intervals (usually daily or weekly) and which is devoted primarily to the dissemination of news and editorial opinion to the general public. Only newspapers which ordinarily derive their revenues from subscriptions or advertising would be considered 'bona fide.' A 'bona fide' magazine or other periodical publication is a publication in bound pamphlet form appearing at regular intervals (usually either weekly, bi-weekly, monthly, or quarterly) and containing articles of news, information, opinion and entertainment, whether of general or specialized interest. Only magazines and periodicals which ordinarily derive their revenues from subscriptions and advertising would be considered 'bona fide.'

44 Fed. Reg. 76, 735.

In addition to determining whether a press entity is one which ordinarily would be entitled to the press exemption, the Commission also must determine whether the press entity is owned or controlled by any political party, political committee or candidate. 2 U.S.C. § 431(9)(B)(i). This test involves an inquiry into whether there is evidence that the complaint, response or other data available to the Commission suggest that a media entity is so owned or controlled. See MUR 3645. If the media entity is owned or controlled by a political party, political committee or candidate, the exemption from the definition of a contribution extends only to the cost of news

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stories "(i) which represent . . . bona fide news account[s] communicated in a publication of general circulation . . . and (ii) which [are] part of a general pattern of campaign-related news accounts which give reasonably equal coverage to all opposing candidates in the circulation . . . area . . . ." 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2).

As set out above, the Act defines "political committee" as "any committee, club, association or other group of persons which receives contributions aggregating in excess of $1,000 during a calendar year or which makes expenditures aggregating in excess of $1,000 in a calendar year." 2 U.S.C. § 431(4)(A). However, in order to address constitutional concerns related to avoiding possible vagueness in the application of 2 U.S.C. § 431, *et al*, the Supreme Court in Buckley v. Valeo, 424 U.S. 1, 80 (1976), construed the Act's references to "political committee" in such a manner as to prevent their "reach [to] groups engaged purely in issue discussion." The Court recognized that "[t]o fulfill the purposes of the Act [the designation 'political committee'] need only encompass organizations that are under the control of a candidate or the major purpose of which is the nomination or election of a candidate." 424 U.S. at 79. Thus, in determining whether an organization is a political committee, the Commission employs both the statutory $1,000 threshold and an inquiry into the organization's major purpose. Advisory Opinion 1996-3; but see Akins v. FEC, 1996 WL 695208 (D.C. Cir.).

The term "expressly advocating" means any communication that uses such phrases as "vote for the President," "re-elect your Congressman," "support the Democratic nominee," and "cast your ballot for the Republican challenger . . . ." See 11 C.F.R. § 100.22(a). Paid advertising expressly advocating a candidate's election or defeat does not qualify for the "media exemption" and is therefore subject to the requirements of 2 U.S.C. § 441d(a). That section mandates a disclaimer whenever any person makes an expenditure for general public political

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advertising containing express advocacy. The disclaimer must clearly identify who paid for the communication and whether or not the communication was authorized by a candidate or candidate committee. Id.

D. Analysis

1. Media Exemption

The Reporter does not qualify for the "media exemption" because it does not fit within the description of any of the press entities listed at 11 C.F.R. §§ 100.7(b)(2) and 100.8(b)(2), particularly the description of a "bona fide" newspaper which it purports to be. To fit within the description of a "bona fide" newspaper, the Reporter, in addition to deriving its revenue from subscription or advertising, would need to be (i) a publication of general circulation, (ii) produced on newsprint paper, (iii) devoted primarily to the dissemination of news and editorial opinion to the general public, and (iv) distributed at regular intervals. See Explanation and Justification of 11 C.F.R. § 114.4(e), 44 Fed. Reg. 76, 734 (1979). In contrast, the Reporter appears to have been delivered by mail to only registered Republicans in the congressional districts where it was distributed; and this Office has no evidence that copies of the Reporter was widely available to the public at the newsstand price of $2.50 as advertised on its masthead.

Moreover, although the Reporter is published on newsprint paper, it is devoted primarily to the dissemination of news and editorial opinion to the general public. The publication's stated goal is to "build new bridges of cooperation between the voters, candidates and advertisers through consistent communication." It promises that this goal is to be reached through using the Reporter as a "platform for communication of ideas between the candidates and the constituents." In an article entitled, "Help Keep This Republican Newspaper In Your Congressional District," in the June 1994 issues of the Reporter, Ronald Yates writes about what appears to be the

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publication's primary purpose: "California's Republic Reporter wants to continue publishing customized, local political newspapers for each Congressional District in Los Angles County on a monthly basis. To do so we need your **help**, but **NOT** your money! . . . To help defeat *all democratic incumbents*, our goal is to increase the paper's circulation with every monthly issue until we achieve total saturation . . . Let's show the democrats that we mean business. Together we can 'Defeat democrat incumbents, and elect Republican candidates.'" (all special marks are in the original).

Finally, it is unclear whether the Reporter is distributed on a regular basis. An April 1994 issue of the Reporter, in connection with a special election in California's 20th State Senate District, is marked Volume 1, Issue 1. As far as this Office is able to determine, no further issues of the Reporter were published in that district after the special election. The June 1994 issues for the Reporter's 53rd and 54th distribution districts are marked Volume 1, Issue 1. In each case, the issue was published in connection with a June 1994 primary election. In the case of the Reporter's 53rd distribution district, this Office also has a copy of a Volume 1, Issue 3, published in connection with the November 1994 general election. Thus, it remains unclear on the basis of the issues of the Reporter available to this Office whether it was being published regularly. In fact, when viewed together, the available issues of the Reporter suggest that it was being published only in connection with election activity.

For these reasons, California's Republic Reporter is not a "bona fide" newspaper entitled to the "media exemption."[4]

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[4] Since the Reporter is not a bona fide newspaper entitled to the media exemption, it is not necessary to address a secondary issue relevant to the applicability of the media exemption to bona fide newspapers; that is, whether the newspaper is controlled by any political committee or candidate.

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2. Political Committee Status and Source of Funds

a. Political Committee Status

The complaint makes alternative allegations with respect to the political committee status of the Reporter. On the one hand, the complaint alleges that the Reporter was a committee authorized by SBCC. However, section 431(6) defines an "authorized committee" as the principal campaign committee or any other political committee authorized by a candidate under section 432(e). Section 432(e) requires that authorized committees be designated by a candidate in writing. Susan Brooks did not designate the Reporter as an authorized committee pursuant to section 432(e) and denies in her response that she had any relationship with Yates or the Reporter beyond that of advertiser-publisher.

Alternatively, the complaint alleges that the Reporter is a political committee within the meaning of 2 U.S.C. § 431(4) and violated 2 U.S.C. §§ 433 and 434(a) by failing to register with the Commission and file regular reports of its receipts and expenditures. When determining whether an organization is a political committee, the Commission employs both the statutory $1,000 threshold and an inquiry into the organization's major purpose. Advisory Opinion 1996-3; but see Akins v. FEC, 1996 WL 695208 (D.C. Cir.).

In the instant MUR, the Reporter meets the statutory expenditure/contribution threshold for political committee status because the cost of the articles which it published for the purpose of influencing federal elections exceeded $1,000 during a calendar year. According to an invoice sent to Susan Brooks from the Reporter for advertisement purposes, the cost of two full page ads in the Reporter was approximately $4,000, or $2,000 per page, during the publication period covered by the complaint in this matter. This Office infers that the space in the regular publication sections of the Reporter that contained articles were equivalent in value to that in the

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advertising sections. Based on the available copies of the Reporter, during 1994, the publication ran three articles in its regular publication sections which were coordinated with Susan Brooks and/or expressly advocated her election.[5] Consequently, if the Reporter did not qualify for the media exemption, the amount it expended in connection with these articles counted towards the $1,000 statutory threshold. Using the valuation discussed in this paragraph, the articles, which covered nearly three pages of the Reporter, represented an expenditure of at least $5,000 for the purpose of influencing a federal election.

However, the Reporter is a political committee only if, in addition to meeting the $1,000 statutory threshold, the Reporter's major purpose is the nomination or election of a federal candidate. While there were some articles in the Reporter which were not directly related to the nomination or election of a federal candidate and the Reporter did not limit its solicitations for advertisers to political advertisers, there is sufficient evidence to show that the Reporter's major purpose is to influence federal elections.

First, the Reporter's stated goal is to "build new bridges of cooperation between the voters, candidates and advertisers through consistent communication" by using the Reporter as a

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[5] For example, the June 1994 issue for the Reporter's 53rd distribution district carried a favorable front page profile of Susan Brooks. The profile touts the endorsements received by Brooks, her successful background in politics and the community, and the momentum which had been attained by her campaign as of publication, and closes with the words, ". . .Susan needs your vote in the primary election on June 7th." In two other articles in the same issue of the Reporter, one of which is titled, "36th Congressional Candidate Ron Florance...Republican Asset or Potential Republican Embarrassment" (underlined in the original), the publication contrasts Susan Brooks and Ron Florance, her opponent in the primary election. The article named above states that, "Voters on June 7th must decide which candidate will stand the best chance against Jane Harman [the incumbent]; . . . [Susan Brooks who has] flawlessly served her community as a councilwoman and mayor and [Ron Florance who] will be testifying as a defendant in a business fraud lawsuit in October -- just a few weeks before the general election." The other article essentially highlights Ronald Florance's negative record and ends with a presentation of the choice between Florance and Brooks.

"platform for communication of ideas between the candidates and the constituents." Moreover, the available issues of the Reporter were specifically tailored to promote particular candidates. Second, in solicitation letters, Ronald Yates told prospective candidate/advertisers, "I look forward to discussing with you how California's Republic Reporter can help promote your candidacy more effectively and for a lot less money." (underlined in the original). Third, a classified advertisement for an advertising salesperson for the Reporter placed in the June 1994 issues of the publication read as follows: "If you would like to help build up the local Republican political infrastructure in your area, we need YOU to help businesses get involved with California's Republic Reporter. If you are familiar with the political arena, can make a quality presentation to quality companies, and have a sales background (political fundraising for example) we would like to see your resume, TODAY! . . . ." Finally, as set out above, in an article entitled, "Help Keep This Republican Newspaper In Your Congressional District," in the June issues of the Reporter, Ronald Yates writes about his desire to continue publishing customized, local political newspapers for each Congressional District in Los Angles County on a monthly basis and how he needs "your **help**, but **NOT** your money" in order to defeat all democratic incumbents and elect Republican candidates.

Based on these factors, the Reporter's major purpose is the nomination or election of various federal candidates. Moreover, because Ronald Yates managed the daily affairs of the Reporter, he was acting as the treasurer of the Reporter. Mr. Yates served as the editor, publisher, and reporter for the publication. He also contacted federal candidates and solicited advertisements for the Reporter. Mr. Yates, while a volunteer, had no other income producing job. Therefore, California's Republic Reporter and Ronald Yates, acting as treasurer, qualify as

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a political committee and should have registered with the Commission and began to file regular reports of receipts and disbursements.

b. Source of Funds

Other than any personal monies Dani Adler, the Reporter's owner, and Ronald Yates, her husband, may have put into the publication, the only other identifiable sources of funds available to the Reporter were revenues from sales of advertising space and subscriptions, and from purchases of the Reporter off newsstands. However, as stated earlier, there is no evidence that subscriptions to the Reporter were sold, or that the publication was sold at newsstands. Thus, the only source of revenue available to the Reporter, other than personal monies, was revenue received from political and business advertisers in the publication. Some of the business advertisers were corporations, and some of the state and local candidates who advertised in the Reporter may have paid for their advertisements with funds which included corporate monies. Although the Reporter qualified as a political committee and engaged in activity that involved both federal and non-federal candidates, California's Republic Reporter and Ronald Yates, acting as treasurer, did not have separate federal and non-federal accounts. Accordingly, the Reporter impermissibly commingled non-federal funds with federal funds. This, in view of the analysis in section 3, *infra*, also suggests that the Reporter was making federal contributions with these prohibited funds. Accordingly, California's Republic Reporter and Ronald Yates, acting as treasurer, made, and the federal committees accepted, in-kind contributions containing impermissible funds.

3. Excessive Contributions and Reporting Violation

As discussed above, the Reporter does not qualify for the media exemption, but does qualify as a political committee. Accordingly, any "communication" by the Reporter, if

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published "in cooperation, consultation or concert with, or at the request or suggestion of a candidate, his authorized committee or their agents," resulted in an in-kind contribution to that candidate [see 2 U.S.C. § 441a(a)(7)(B)(i)] and should have been reported as such under 2 U.S.C. § 434(b).

Based on the available evidence, the Reporter provided something "of value" to various federal candidates in the form of articles and "communications" paid for and placed by the Reporter or by undercharging these federal candidates for the placement of advertisements. The evidence further shows that in addition to the coordination between the Reporter and the federal candidates on the subsidized advertisements, there was also coordination between the Reporter and the candidates with respect to the articles and "communications." Under either scenario, the Reporter made in-kind contributions and, in some cases, excessive in-kind contributions, to the federal committees involved.

As evidence that the Reporter coordinated with federal candidates in connection with published articles, Susan Brooks states in her affidavit that in May of 1994, some time after Ronald Yates had expressed a desire to write an article about her campaign, he visited her campaign headquarters to gather information for the article and take pictures of her and her campaign staff. Likewise, the article about the John Duke candidacy, which appears in a June 1994 issue of the Reporter, was published with the cooperation, consultation or prior consent of Duke and his agents because the photograph of Duke which accompanies the article was taken by Ronald Yates and the article contains what appears to be direct quotes by the candidate. These articles alone exceeded the $1,000 contribution limit pursuant to section 441a(a)(1)(A). The Duke article covered more than half a page of the Reporter, and thus was worth more than $1,000

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(see discussion on valuation at page 13), and the 3 separate articles in connection with the Brooks candidacy covering nearly 3 pages of the Reporter was worth at least $5,000.

Further evidence of coordination between the Reporter and federal candidates is demonstrated by the "Select Republican Candidate Page" which is described in a Reporter advertising circular in the following manner: "The Select Republican Candidate Page is a Full Page Photo Feature which has been designed for statewide and national candidates to help their own campaign and the local candidates and groups as well . . . **The candidate may supply their own photo as well as the profile paragraph. Participation in this section not only helps the Statewide candidate get local exposure, but helps the local candidates and local Republican clubs by helping to defray the costs of publishing and mailing the newspaper** (emphasis added) in their district . . . ." Thus, it is likely that the "Select Republican Candidate Page" was published in cooperation, consultation and with prior consent of candidates for federal office who were featured therein and consequently resulted in in-kind contributions to such candidates.

Further, the Reporter made additional in-kind contributions to certain federal candidates by undercharging them for advertising space in the publication. For example three candidates for state and local offices -- Schock for Judge, Moriarty for Judge, and Harden for Insurance Commissioner -- paid $3,975 each for 2 half page ads in the April and June 1994 issues of the Reporter. Delores White, a candidate for the California State Senate, may have paid as much as $3,990 for an eighth of a page ad in the Reporter. In contrast, the Duke for Congress Committee paid $2,495 for its 2 half page ads in the same two issues, while the Brooks for Congress Committee paid $3,990 for 2 full page ads in those same issues, only $15 dollars more than the state and local candidates paid for their 2 half page ads. Accordingly, the Reporter made in-kind

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contributions to some of the federal committees at issue by undercharging them for advertising space in the publication.

Based on the foregoing, California's Republic Reporter and Ronald Yates, acting as treasurer, made in-kind contributions to the federal committees involved and, in some instances, excessive in-kind contributions. The recipient committees include the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer, the John Bernard Duke for Congress Committee and John Bernard Duke, as treasurer, and the Wolf Dalichau for U.S. Senate Committee and Edward E. Firth, as treasurer. Moreover, California's Republic Reporter and Ronald Yates, acting as the treasurer, were required to report these in-kind contributions.

4. Disclaimers

Since the Reporter does not qualify for the media exemption, any communications expressly advocating the election or defeat of a clearly identified candidate which appeared in the publication, whether paid for by the candidate or contributed by the Reporter, were subject to the disclaimer requirements found at 2 U.S.C. § 441d. That being the case, it should be noted that all of the advertisements placed by the candidates in the Reporter included an appropriate disclaimer and, therefore, are not under discussion in this section. In contrast, footnote 5, *supra*, outlines several articles in which the Reporter expressly advocated the election or defeat of a clearly identified candidate and failed to include disclaimers. Moreover, each issue of the Reporter obtained by this Office included the "Select Republican Candidate Page," which also did not include the required disclaimer. The top of the "Select Republican Candidate Page" was essentially a reproduction of the masthead of the Reporter, complete with the publication's name and logo. Photographs of John Duke and Wolf Dalichau were featured on the "Select Republican Candidate Page" in a June 1994 issue of the Reporter, and Susan Brooks' picture

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appeared on a "Select Republican Candidate Page" and a "Leadership/Voter Guide Page" in a June and November 1994 issue of the Reporter, respectively.[6] The text accompanying the photographs included such phrases as "vote for John Duke for Congress," "Wolf would welcome your support at the polls," and "Susan Brooks should be sent to Congress." No disclaimers were attached to these communications, despite the fact that they expressly advocated the candidacies of John Duke, Wolf Dalichau, and Susan Brooks.

Since the Reporter controlled the content, placement, design, and distribution of all of the articles and "communications," and apparently bore all the costs associated with their publication, the liability for the disclaimer violations should fall on the Reporter. Moreover, it was activity undertaken by the Reporter, and not the candidates, that resulted in the apparent masquerade of a format eligible for the press exemption. Although the candidates and their committees coordinated with the Reporter to publish the articles at issue, and probably provided photographs and text for the "Select Republican Candidate Page," they exercised no control over the content, format, and placement of the articles and the "communications" on the "Select Republican Candidate Page" containing express advocacy. Accordingly, California's Republic Reporter and Ronald Yates, acting as treasurer, failed to include the appropriate disclaimers on the articles and "communications" placed in the Reporter which expressly advocated the election of certain federal candidates.

III. CONCLUSION

Based on the evidence, the Reporter does not meet the Commission's definition of a bona fide newspaper, and thus, it does not qualify for the media exemption. The mission of those

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[6] The "Leadership/Voter Guide Page" is named differently but is essentially no different than the "Select Republican Candidate Page."

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operating the publication is primarily political, the issues are tailored to impact specific elections, employees are unpaid volunteers, and advertising rates are applied inconsistently to the candidates advertising in the publication. The Reporter also endorses and supports the election of candidates outside the context of its editorial purview. Thus, the Reporter's major purpose is the nomination and election of various federal candidates, some of whom received contributions in excess of $1,000 from the publication. Accordingly, the Reporter meets the requirements for political committee status. Therefore, there is reason to believe California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. §§ 433(a) and 434(a) by failing to register with the Commission and file regular reports of receipts and disbursements. There is also reason to believe California's Republic Reporter and Ronald Yates, acting as treasurer, violated 11 C.F.R. § 102.5(a)(1) by failing to keep separate federal and non-federal accounts and, thereby, impermissibly commingling non-federal funds with federal funds. Moreover, because the contributions that were made by the Reporter to the federal committees contained corporate funds and exceeded $1,000 in some instances, there is reason to believe California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. §§ 441b(a) and 441a(a)(1)(A). In addition, since the Reporter did not report making the in-kind contributions, there is reason to believe California's Republic Reporter and Ronald Yates, acting as the treasurer, violated 2 U.S.C. § 434(b).

Finally, there is reason to believe California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. § 441d in connection with the articles and "communications" in the Reporter which expressly advocated the election of the candidates Brooks, Duke, and Dalichau but did not include the appropriate disclaimers.

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If after further investigation it is determined that the Reporter is not a political committee, California's Republic Reporter and Dani Adler, as owner, would still face contribution and disclaimer violations. Therefore, there is also reason to believe California's Republic Reporter and Dani Adler, as owner, violated 2 U.S.C. § 441a(a)(1)(A) for making excessive contributions, and 2 U.S.C. § 441d for failing to include the appropriate disclaimers on the articles and "communications" at issue in this matter.

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

February 26, 1997

Joe Vilarino
Joe Vilarino's Showcase
1201 S. Pacific Coast Highway
Redondo Beach, CA 90277

RE: MUR 4080

Dear Mr. Vilarino:

On October 14, 1994, the Federal Election Commission notified you of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

On February 19, 1997, the Commission, found, on the basis of the information in the complaint, and information provided by you, that there is no reason to believe Joe Vilarino's Showcase violated 2 U.S.C. § 441b(a). Accordingly, the Commission closed its file in this matter as it pertains to this respondent.

This matter will become part of the public record within 30 days after it has been closed with respect to all other respondents involved. 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.

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If you have any questions, please contact Eugene Bull, the attorney assigned to this matter at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner by MAB

By: Lois G. Lerner
Associate General Counsel

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

February 26, 1997

Anthony H. Trembley, Esq.
Nordman, Cormany, Hair and Compton
1000 Town Center Drive, 6th Floor
Post Office Box 9100
Ventura, California 93031-9100

RE: MUR 4080
Los Angeles Rubber Company

Dear Mr. Trembley:

On October 14, 1994, 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.

On February 19, 1997, the Commission, found, on the basis of the information in the complaint, and information provided by you, that there is no reason to believe Los Angeles Rubber Company violated 2 U.S.C. § 441b(a). Accordingly, the Commission closed its file in this matter as it pertains to this respondent.

This matter will become part of the public record within 30 days after it has been closed with respect to all other respondents involved. 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.

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If you have any questions, please contact Eugene Bull, the attorney assigned to this matter at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner by mab

By: Lois G. Lerner
Associate General Counsel

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COMMISSION
OFFICE OF GENERAL
COUNSEL

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SUSAN M. BROOKS

3419 Corinna Drive
Rancho Palos Verdes, CA 90275

March 27, 1997

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

Re: MUR 4080

Dear Mr. Bull:

I have received the initial Legal Analysis which your office has prepared in connection with the above-identified MUR. According to your cover letter, if I wish to provide further comments to the FEC about the initial Legal Analysis I have thirty days from the date of service to submit those further comments. I received the Legal Analysis on February 28, 1997. My response due date is therefore March 30, 1997.

As I believe my husband, Jim Brooks, explained to you during a telephone call two weeks ago, after winning the 1994 Republican nomination in California's 36th Congressional District, I was not successful in the 1994 General Election. I was again the Republican nominee in 1996, and again I did not win. Over the four years I campaigned for the 36th C.D. seat, I collected a vast amount of materials related to all phases of my campaign. These materials included daily schedules, press releases, press kits and news clippings of the sort you have asked my campaign treasurer, Hilda Deiber, for in your Request for Documents.

Approximately two months after I lost the 1996 General Election, I discarded a great deal of my accumulated campaign material, and placed whatever materials I saved into storage. I have begun the task of locating my saved campaign materials, sorting through them and attempting to gather the documents which you have requested. These same documents will assist me in providing my further comments to the Legal Analysis.

Because the time period the MUR is focused on was so long ago, and because of the state of my campaign materials as I explained above, I will need additional time to complete document gathering and preparation of my comments.

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I therefore request an extension of thirty days for responding to your Request for Documents and submitting any comments.

Very truly yours,

Susan M. Brooks

Susan M. Brooks

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Susan Brooks
3419 Corina Drive
Rancho Palos Verdes, CA 90275

RE: MUR 4080

Dear Ms. Brooks:

This is a response to your letter dated March 27, 1997, requesting a 30 day extension to respond to the Commission's reason to believe findings and Interrogatories and Request for Production of Documents. After considering the circumstances presented in your letter, the Office of General Counsel has dec.ded to grant a 20 day extension. Accordingly, your response is due by the close of business on April 21, 1997.

If you have any questions, I can be reached at (202) 219-3690.

Sincerely,

Eugene H. Bull
Attorney

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IN THE FEDERAL ELECTION COMMISSION

RONALD M. FLORANCE	)	MUR No. 4080
	)	
Complainant,	)	
	)	
v.	)	
	)	
RONALD R. YATES, et al.,	)	
	)	
Respondents.	)	
	)	

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COMMISSION
OFFICE OF GENERAL
COUNSEL

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BROOKS RESPONDENTS' ANSWERS TO INTERROGATORIES AND DOCUMENT REQUESTS

Susan Brooks and Susan Brooks for Congress hereby respond to the Interrogatories and Requests for Production of Documents propounded by the Commission, as follows:

INTERROGATORY NO. 1:

State whether the Reporter interviewed or otherwise received information and/or assistance from Susan Brooks and/or staff of her campaign in connection with any of the following articles which appeared in June and November 1994 issues of the Reporter. See Attachment. If so, identify any such persons and the type of information or assistance they provided. State whether Susan Brooks and/or staff of her campaign reviewed any of the articles prior to publication, and identify any persons who performed such review.

a) "Brooks for Congress' Gains Momentum," June 1994 issue.

b) "Congressional Candidate Ron Florance ... Republican Asset or Potential Republican Embarrassment," June 1994 issue.

c) "Brooks Gears For Victory," November 1994 issue.

RESPONSE TO INTERROGATORY NO. 1:

See Declaration of Susan M. Brooks, ¶¶ 3 and 7-11. See also Declaration of James C. Brooks, ¶¶ 5, 7, 10 and 14-16.

INTERROGATORY NO. 2:

Identify any articles in connection with Susan Brooks' campaign, other than the three listed above, that the Reporter published. If any such articles are identified, state whether the Reporter interviewed or otherwise received information and/or assistance from Susan Brooks and/or staff of her campaign in connection with these articles. If so, identify any such persons and the type of information or assistance they provided. State whether Susan Brooks and/or staff of her campaign reviewed any of the articles prior to publication, and identify any persons who performed such review.

RESPONSE TO INTERROGATORY NO. 2:

Susan Brooks and the Susan Brooks for Congress Committee are not aware of any articles published in ***California's***

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Republic Reporter, apart from those articles identified in Interrogatory No. 1.

INTERROGATORY NO. 3:

State the dates that Ronald Yates worked as a volunteer for Susan Brooks' 1994 campaign and any duties he performed.

RESPONSE TO INTERROGATORY NO. 3:

See Declaration of Susan M. Brooks, ¶¶ 4 and 10.

DOCUMENT REQUEST NO. 4:

Produce copies of any campaign newsletters and/or press releases put out by Susan Brooks' 1994 campaign.

RESPONSE TO DOCUMENT REQUEST NO. 4:

See Declaration of Susan M. Brooks, ¶¶ 2 and 12. See also Declaration of James C. Brooks, ¶¶ 2, 6 and 19, and Exhibits C, D and G thereto.

Respectfully submitted,

Dated: April 22, 1997

By: Susan M. Brooks /JCB
Susan M. Brooks

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CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of April, 1997, I caused **DECLARATION OF JAMES C. BROOKS RE MUR 4080; DECLARATION OF SUSAN M. BROOKS**; and **BROOKS RESPONDENTS' ANSWERS TO INTERROGATORIES AND DOCUMENT REQUESTS** to be hand-delivered to:

Eugene Bull, Esq.
Federal Election Commission
999 E Street, N.W.
Washington, D.C.

Seth Marchese

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IN THE FEDERAL ELECTION COMMISSION

RONALD M. FLORANCE Complainant, v. RONALD R. YATES, et al., Respondents.	)	MUR No. 4080

Apr 22 3 53 PM '97
FEDERAL ELECTION COMMISSION OFFICE OF GENERAL COUNSEL

DECLARATION OF SUSAN M. BROOKS

I, SUSAN M. BROOKS, being duly advised, do hereby depose and state as follows:

1. I am the Susan M. Brooks who was the Republican nominee for California's 36th Congressional District in 1994, and again in 1996. I have previously submitted a Declaration in connection with the above-identified MUR. I make the statements below, based either on facts known personally to me, as to which I could and would testify if called upon to do so, or on information and belief formed after good faith inquiry.

2. Since beginning my campaign for Congress in 1993, I have relied extensively on volunteer support for most campaign-related activities and tasks, including media relations. I never had more than four paid campaign staffers at any one period of time. I was only able to afford the services of a professional campaign consulting firm for a brief period during the 1996

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primary election. My campaign resources were such that I was not able to hire a professional media consultant during either the 1994 primary or 1994 general election campaign. None of my campaigns ever had a formal press secretary or designated media spokesperson, although once or twice I paid a professional media person for a few hours to assist in resolving specific, highly-focused issues with press implications. Thus, virtually all of my primary election press releases and press-related activities were "home grown", handled by volunteers and my campaign manager. My general election press releases and press-related activities were handled by campaign staffers, occasionally in conjunction with the National Republican Congressional Committee.

3. As I explained in my earlier Declaration, I had periodic contact with Ronald Yates throughout the course of my 1994 primary and general election campaigns. I saw him at various political events, where he always had a press pass prominently displayed on his jacket. He also interviewed me on several occasions, by telephone and in person. Mr. Yates' actual involvement in my 1994 campaigns, however, was sporadic and limited.

4. Mr. Yates first contacted me in approximately September of 1993 after reading about my candidacy in a local newspaper. Because he was a native New Yorker from Long Island newly arrived in California, Mr. Yates told me he thought we shared some common experiences. He said he was interested in

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working on my campaign, and further told me that because of his newspaper background, he wanted to be the campaign press secretary. For a short period (perhaps five or six weeks) in mid-autumn of 1993, I accepted Mr. Yates as a volunteer press secretary, but had no money to pay him. He assisted in preparing one newsletter which the campaign mailed to its own internal database (then numbering approximately 5,000 individuals) starting in late 1993 (I have been unable to locate a copy of this newsletter among the campaign materials I still retain). As I also explained in my earlier declaration, Mr. Yates needed a paying job to support him and his wife, and soon left his volunteer press position on the campaign.

5. I did not see Mr. Yates again until January, 1994, when he reappeared at my campaign offices in Torrance, California. Mr. Yates told me he working as an automobile salesman, but wished to remain active in politics and wanted to start a politically-oriented newspaper. At some point during the early spring of 1994, Mr. Yates' newspaper plans appeared to me to have begun solidifying. Mr. Yates explained his desire to create a statewide newspaper chain which would report political news from a conservative viewpoint, and cover elections on the local, state and national levels. Mr. Yates never discussed anything with me about the organization or content of his newspaper, which I later learned was named ***California's Republic Reporter***. He did, however, ask me to purchase advertising space

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in the newspaper, and to pay for the advertising in advance so that he could use the money to get the newspaper off the ground.

6. Although I made suggestions to my campaign staff about campaign advertising in local newspapers, and I usually conducted the final review of any political ad copy, I left the details of preparing and placing newspaper advertisements to others in the campaign (often my husband). At this point I have only vague recollections of the specific circumstances surrounding the advertisement for my campaign which appeared in Mr. Yates' newspaper, and do not remember whether I actually authorized the ad, or whether it was instead authorized by my husband. Inspection of the ad from the copy of the ***California Republic Reporter*** filed in connection with MUR 4080 indicates to me that it was a generic ad which used a combination of photos and text taken from my campaign mailers. At no time did Mr. Yates personally discuss with me his advertising rates, and at no time did Mr. Yates ever talk about the rates he was charging to other advertisers in his newspaper.

7. Because all of my campaigns, and especially my 1994 primary election campaign, were operated in classic "grassroots" style, earned media of any type was always welcome. My approach to the press during the 1994 primary election was to remain as open and accessible as possible to any newspaper reporter who wished to contact me for any reason whatsoever. I developed close working relationships with virtually all of the

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local political reporters covering the 36th CD election for area newspapers. These reporters included Ted Johnson of the ***Los Angeles Times***, Kathleen Dougherty of the ***Daily Breeze***, Ken Huthmaker of the ***Palos Verdes Peninsula News*** and Rob Fulcher of the ***Easy Reader***. When Mr. Yates told me that his newspaper, ***California's Republic Reporter***, was going to be publishing its first editions in time for the 1994 primary election, I placed Mr. Yates on the campaign list of media contacts.

8. My campaign's practice was to schedule media interviews whenever the opportunity arose, consistent with my public speaking and precinct walking schedules (as a "grassroots" candidate, I did a significant amount of precinct walking during the 1994 primary election, and I sought out public appearances at every opportunity, sometimes three or four times a day). I conducted numerous telephone interviews with the press and also talked with reporters, including Mr. Johnson, Ms. Dougherty, Mr. Yates, Mr. Huthmaker and Mr. Fulcher, whenever they stopped by the campaign offices and I was around. I also visited the newspaper offices of the ***Los Angeles Times*** and the ***Daily Breeze***.

9. I recall being formally interviewed by Mr. Yates on the telephone once or twice prior to June of 1994. I further recall being told about an in-person interview Mr. Yates wished to conduct at my office in May of 1994, and I recall Mr. Yates visiting my campaign office on one occasion to take photographs. On this latter occasion, I believe Mr. Yates was asked to come

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during our weekly volunteer coordinating meeting. This ensured that a large number of volunteers would be around the office when Mr. Yates was present, so that any photographs taken by Mr. Yates would show a large number of volunteers, consistent with our message that the Brooks campaign was a true "grassroots" campaign.

10. Mr. Yates appeared for his interview as scheduled, took photographs of our staff and volunteers outside the campaign office and then talked to me for a relatively short period of time, perhaps forty-five minutes, about the status of the campaign as we approached the primary election date. I also gave Mr. Yates a "stock" photograph of myself, as I did with other area newspapers. I do not recall any other formal interviews with Mr. Yates during the 1994 primary election, although as I have mentioned above, I did talk with Mr. Yates at my office or on the telephone several times about political issues and I often saw Mr. Yates at political events such as local Republican Club gatherings. Mr. Yates also volunteered a couple of hours to help my campaign get out another newsletter, as I described in my earlier Declaration.

11. I explained above that I was aware of Mr. Yates' plans to publish his newspaper, and knew about my campaign's advertisement in the paper, but other than performing a quick review of the advertising copy and conducting the aforementioned interview with Mr. Yates, I had no involvement whatsoever with

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his newspaper. In particular, as was the case with every other newspaper covering my race, I had only a general understanding that a story about my campaign was being written for Mr. Yates' newspaper. I had no advance knowledge of any sort regarding the content of this upcoming newspaper story, just as I had no advance knowledge of the contents of any other newspaper stories written about my campaign prior to the time they appeared in print. At no time did I ever review any article in any newspaper, including the ***California's Republic Reporter***, prior to publication. I first learned that Mr. Yates' newspaper had endorsed me when I saw the June, 1994 edition of ***California's Republic Reporter***. I also learned for the first time that a separate article about Mr. Florance had been written by Mr. Yates for the newspaper, but I didn't have time to read any of the articles in ***California's Republic Reporter*** prior to the 1994 primary election date.

12. I have made a thorough search of all my campaign records for the documents requested by the Federal Elections Commission in their Interrogatories And Requests For Production Of Documents And Things addressed to my treasurer, Hilda Daiber. I specifically focused on press releases and materials related to press conferences. Most of my day-to-day campaign materials were discarded shortly after I lost the 1996 general election. Although both my 1994 and 1996 primary and general election

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campaign staffs generated a number of press releases, both internally and (during the general election) in consultation with the National Republican Congressional Committee, I have retained only a handful of these press releases from the 1996 election cycle and almost none from the 1994 election cycle. All of the 1994 press releases I am aware of are attached to the Declaration of my husband, James C. Brooks.

I declare under penalty of perjury according to the laws of California and the United States of America that my foregoing statements are true and correct.

Executed this 20th day of April, 1997, at Rancho Palos Verdes, California.

Susan M. Brooks

Susan M. Brooks

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IN THE FEDERAL ELECTION COMMISSION

RONALD M. FLORANCE	)	MUR No. 4080
	)	
Complainant,	)	
	)	
v.	)	
	)	
RONALD R. YATES, et al.,	)	
	)	
Respondents.	)	
	)	

DECLARATION OF JAMES C. BROOKS RE MUR 4080

I, JAMES C. BROOKS, being duly advised, do hereby declare and state as follows:

1. I am the husband of Susan Brooks, the Republican nominee for California's 36th Congressional District in both 1994 and 1996. I have personal knowledge of the facts set forth below, and if called upon to testify to those facts could and would do so.

2. I am a patent lawyer by practice. However, during Susan's 1994 primary and general election campaigns, I took an informal six month leave-of-absence from my firm, Lyon & Lyon, to assist Susan in running her campaigns. My duties included coordinating day-to-day campaign activities with various volunteers, interfacing with the campaign manager, acting as

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campaign spokesperson from time to time in contact with various members of the press, assisting Susan and her direct mail consultants in the conduct of Susan's direct mail campaign, and writing reports and related press releases on certain matters with legal implications.

3. In this regard, when evidence began to mount that Susan's primary opponent, Ronald M. Florance, had been entangled in numerous legal disputes and bankruptcies while working as a local developer and real estate agency owner, I conducted comprehensive legal research into Mr. Florance's background. As a result of my research, I discovered that Mr. Florance had been a party to dozens of lawsuits, some quite serious, and had several judgments rendered against his companies for, among other things, breach of contract. Indeed, Mr. Florance was a central figure in a then-pending multi-million dollar lawsuit which involved charges that Mr. Florance was guilty of fraudulent misrepresentation. All of my research into Mr. Florance's legal entanglements was compiled into an opposition research report. This opposition research report, attached hereto as Exhibit A, was originally intended to provide a source of factual information as to why Susan's campaign believed that Mr. Florance would not be a suitable nominee for Congress.

4. As word of the results of my research into Mr. Florance's background began to circulate within the local

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political community, Mr. Florance threatened to sue Susan and her campaign for libel. The campaign received a letter from Mr. Florance (see Exhibit B hereto), demanding that Susan retract allegedly "false" statements about Mr. Florance. I was instrumental in advising the campaign not to back down in the face of Mr. Florance's wrongful threats and instead to take the offensive.

5. In keeping with my advice, I arranged for a face-to-face meeting with Mr. Florance at his campaign office, to which I openly invited the press. This face-to-face meeting took place on April 29, 1994. In addition to Mr. Florance and a number of his staffers, attendees at the meeting included myself, a Brooks volunteer campaign worker named Les Martin, and several newspaper reporters who responded to the press invitation. Although I cannot remember all of the reporters at the meeting with certainty, I believe that Ted Johnson of the ***Los Angeles Times*** and Kathleen Dougherty of the ***Daily Breeze*** were present. At least three reporters called me before the meeting and indicated they could not attend. These reporters were Ken Huthmaker of the ***Palos Verdes Peninsula News***, Rob Fulcher of the ***Easy Reader*** and Ron Yates of ***California's Republic Reporter***.

6. The meeting at the Florance campaign office, with the above-identified members of the press present, took place as

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planned on April 29, 1994. I gave copies of my opposition research report to the reporters in attendance. Mr. Florance thereafter attempted to explain away his record of past lawsuits, judgments and bankruptcies, but in my opinion was unable to justify most of his record in terms of being qualified to run for Congress. I consequently made conscious efforts to follow-up with members of the press to ensure that the story of Mr. Florance's record received a full public airing. In particular, I prepared two press releases (Exhibits C and D hereto) and circulated these press releases to the campaign's media contact list.

7. On the Monday following the Florance meeting, I personally visited Ken Huthmaker of the ***Palos Verdes Peninsula News***, and spent approximately two hours with Mr. Huthmaker, describing Mr. Florance's history of lawsuits and the ramifications of my face-to-face meeting with Mr. Florance. I provided Mr. Huthmaker with a copy of my opposition research report (attached as Exhibit A). I had a brief meeting with Mr. Fulcher at the ***Easy Reader*** offices, and left him a copy of my opposition research report. I also met with Ted Johnson of the ***Los Angeles Times*** in his Torrance, California office for further discussions about Mr. Florance (Mr. Johnson already had a copy of my opposition research report). Finally, I talked briefly with

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Mr. Yates on the telephone, and promised to provide him with a copy of my opposition research report.

8. The ***Los Angeles Times***, the ***Daily Breeze*** and the ***Palos Verdes Peninsula News*** all printed initial articles commenting on the April 29th Florance meeting. Copies of the ***Los Angeles Times*** article and the ***Palos Verdes Peninsula News*** article are attached hereto as Exhibits E and F. I have not been able to locate a copy of the ***Daily Breeze*** article on the Florance meeting.

9. Two reporters out of the group I talked to seemed interested in exploring Mr. Florance's background in greater detail than that set out in the initial newspaper articles reporting on the Florance meeting. One of these reporters was Mr. Johnson of the ***Los Angeles Times***, who conducted a further lengthy interview with me at his office, during which I discussed the substantive and procedural history of many of Mr. Florance's prior and current lawsuits and supplied Mr. Johnson with the names of numerous witnesses with whom I had spoken and who could attest to Mr. Florance's business practices and ethics. Mr. Johnson contacted me by telephone on several other occasions following our interview to obtain more information about Mr. Florance and to confirm the names of individuals who had personal and business dealings with Mr. Florance over the years. I

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supplied Mr. Johnson with the information he requested, and also made known to him the results of my continuing research into Mr. Florance's past, including the names of additional individuals who agreed to talk to the press about Mr. Florance.

10. Mr. Yates, meanwhile, also appeared to be pursuing the Florance story. I visited Mr. Yates at his home office, and brought him a copy of my opposition research report. To the best of my recollection, I spent fifty minutes to an hour explaining to Mr. Yates how to read the opposition research report and interpret the analysis of Mr. Florance's prior and present lawsuits contained therein. Mr. Yates additionally called me once or twice on the telephone with a few questions about particular Florance lawsuits and at one point asked me if I had copies of some of the complaints and other legal pleadings naming Mr. Florance as a party. I sent these requested materials to Mr. Yates.

11. I was told by Mr. Johnson in May, 1994, that the ***Los Angeles Times*** would be running his story on Mr. Florance sometime before the date of the 1994 primary election. I had reason to believe Mr. Johnson's story was going to be an in-depth expose of Mr. Florance's background and record, because several of the individuals whose names I had given to Mr. Johnson as sources of information about Mr. Florance told me they had been contacted by Mr. Johnson and had described their negative

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experiences with Mr. Florance to Mr. Johnson. I saw and talked to Mr. Johnson on numerous occasions between early May, 1994, and the June primary election date, and on each of those occasions Mr. Johnson himself told me he was writing a "Florance story". Although Mr. Johnson did not share any details of his story with me, nor did he tell me anything about the content of the story other than the fact that he was working on it, he did say he found Mr. Florance's past "extremely" interesting.

12. A story about the 36th CD primary election did, in fact, appear in the ***Los Angeles Times*** two or three days before the 1994 June primary election date. This story, to my surprise, contained only a short summary of the major cases Mr. Florance had been involved in, and none of the witnesses or other individuals whose names I had supplied to Mr. Johnson, and who Mr. Johnson had interviewed, were quoted in the story.

13. When I saw Mr. Johnson at Susan's campaign headquarters on primary election night, he told me he had written a much more in-depth story about Mr. Florance, but that Mr. Johnson's editors at the ***Los Angeles Times*** had severely cropped his story before it went to print. Another ***Los Angeles Times*** reporter covering the 1994 election visiting Susan's campaign headquarters on election night (I do not recall his name, but remember that he had just come to the ***Los Angeles Times*** from the

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Orange County Register) told me that Mr. Johnson's story about Mr. Florance had been "dumped" by the ***Los Angeles Times*** editorial staff because they "feared" Mr. Johnson's story might "impact" the outcome of the primary election. I remember this conversation with the second ***Los Angeles Times*** reporter quite vividly, because I was angered that the ***Los Angeles Times*** editorial staff refused to print relevant news about Mr. Florance out of purported "fear" of influencing the election. I knew the ***Los Angeles Times*** editorial board strongly supported Susan's Democrat opponent, incumbent Jane Harman (the ***Los Angeles Times*** later publicly endorsed Jane Harman during the general election), and I fully believed the real motive behind not running a story critical of Mr. Florance was to increase his chances of winning the primary, leaving Jane Harman with a flawed opponent in the 1994 general election.

14. As previously noted (see ¶ 10), I had some knowledge that Mr. Yates was working on a Florance article for his newspaper. Mr. Yates told me so during the course of the telephone conversations identified above, when Mr. Yates, like Mr. Johnson of the ***Los Angeles Times***, questioned me about details of some of Mr. Florance's lawsuits.

15. However, at no time throughout the course of my dealings with Mr. Yates did I ever discuss with him the content

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of the article he was writing about Mr. Florance (nor, for that matter, did I discuss with Mr. Yates any other article he was planning for his newspaper). I did not review Mr. Yates' article about Mr. Florance before it was published, and I had no idea what Mr. Yates was going to say about Mr. Florance, apart from my belief that ***California's Republic Reporter*** would at least discuss some of Mr. Florance's lawsuits -- a belief formed on the basis of the fact that Mr. Yates had asked me several specific questions about the meaning of certain allegations and subsequent court rulings in some of the Florance lawsuits. I likewise had no idea of the viewpoint regarding Mr. Florance that Mr. Yates was taking in his article, although I knew that Mr. Yates had at least one unpleasant experience with Mr. Florance when, as described to me by Mr. Yates during one of the aforementioned telephone conversations, Mr. Florance refused to advertise in ***California's Republic Reporter*** and called Mr. Yates names.

16. Apart from my interview with Mr. Yates described above in connection with the April 29, 1994 Florance meeting and the several telephone conversations which followed that interview, I had limited contact with Mr. Yates throughout the 1994 primary election cycle. I did talk to Mr. Yates in early 1994 (somewhere in February, 1994, I believe) about his desire to start a newspaper, and Mr. Yates solicited me for an advertisement from Susan's campaign. I told Mr. Yates that we would be advertising in newspapers later in the primary election

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cycle, and would be willing to place an ad in any newspaper that Mr. Yates put together. In order to reserve space for such an advertisement, and as a gesture to Mr. Yates to help him get his newspaper started, I authorized a $1,000 down-payment. Mr Yates and I did not agree on a final price for the advertisement at this point. It was my intention to bargain with him for the lowest advertising price possible (the campaign was underfunded throughout the 1994 primary election, and Susan invested most of her own personal savings in the campaign to keep it going).

17. Mr. Yates approached me three months later, told me he had obtained additional funding to start his newspaper project, had others interested in advertising, was continuing to sell advertising space, and had a plan for subscribers. Believing the newspaper to be a reality, I told Mr. Yates that Susan's campaign would definitely place a political ad in the newspaper and, after bargaining with Mr. Yates for a short while, arrived at an agreed-upon price of $3,900 for the political advertising. Ad copy was subsequently sent to Mr. Yates, and Susan's campaign was billed for the advertisement in due course. At no time did Mr. Yates ever tell me what he was charging others who advertised in his newspaper.

18. Throughout the latter stages of the 1994 primary election campaign, I accepted Mr. Yates' representations concerning ***California's Republic Reporter***'s status as a

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newspaper. As an inducement to get Susan to advertise in the paper, Mr. Yates told me he would be publishing articles from various syndicated conservative newspaper columnists including Walter Winchell, Robert Novak and Tony Snow. He also told me the newspaper would run syndicated political cartoons of a conservative nature, and would have other reporters besides Mr. Yates working on stories of interest to those with a conservative political philosophy. I never inquired about whether Mr. Yates considered his publication to be one subject to registration under the Federal Election Commission laws, because I believed (and still believe) his publication to constitute a newspaper, albeit one with a conservative editorial bent.

19. I have made a diligent search of my records for all press releases in my possession related to Susan's 1994 primary and general election campaigns. I have located three: the two press releases generated in connection with the April 29, 1994 meeting with Mr. Florance, attached as Exhibits C and D (I saved these press releases because they constituted evidence relevant to issues raised by a libel suit which Mr. Florance unsuccessfully filed against Susan and her campaign), and a single press release generated in connection with an FEC complaint filed by Susan's campaign against Jane Harman, attached as Exhibit G (this press release was saved as part of my files on

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the Harman FEC complaint). I could locate no other press releases.

I declare under penalty of perjury according to the laws of the State of California and the United States of America that my foregoing statements are true and correct.

Executed this 22nd day of April, 1997, at Washington, D.C.

James C. Brooks

James C. Brooks

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EXHIBIT A

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MEMORANDUM

Ron Florance Business Record

Many questions and comments have surfaced about the business background of Ron Florance. In the wake of these questions and comments, an on-line search of the **LEXIS®** and **NEXIS®** data bases for legal and UCC records pertaining to Ron Florance has been conducted.

Summarizing the search results, over the past nine years Florance and/or his partnerships or companies owned by him have been sued at least forty five times. During the same interval Florance and/or his companies have been plaintiffs in another half-dozen lawsuits. In the last thirty-six months, Florance has taken at least two of his companies bankrupt. The first bankruptcy was instigated after Florance sold the assets of one of his companies to a third party. At the time, a number of sizable legal claims were pending against the company, and there is no record that any of the claims were satisfied. As a result of the second bankruptcy, Florance ended up paying only a small portion of a large state tax assessment.

A pattern of conduct has begun to emerge from all of this activity. Florance is often accused of reneging on his contracts and debts, forcing those whom he owes money (e.g., his former business partners or employees) to sue him in order to collect. Just since 1992, Florance has paid out approximately $1 million in legal settlements. At least two of the lawsuits filed against Florance are currently pending. Trial in one of these lawsuits, involving allegations that Florance made false promises and/or committed acts of fraud and/or misrepresentation, is scheduled to commence in late October, 1994 - <u>less than one month before the date of the general election</u>.

The preliminary nature of the present analysis is emphasized. The lawsuits and bankruptcies noted to date were all identified as a result of approximately <u>one hour</u> of data base searching. Moreover, the **LEXIS®** data base only goes back nine years. No search has yet been made for lawsuits, liens and bankruptcies against Florance prior to 1983. Many of the files on the various Florance lawsuits have not yet been obtained from court archives. Thus, the present picture of Florance's legal and business entanglements remains incomplete.

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LAWSUITS

Wallace Ranch Litigation

Florance is currently mired in a series of lawsuits which arose out of the development of residential property known as the Wallace Ranch on Palos Verdes Peninsula.

Florance, two individuals named Marshallah Esfahani and Gordon Utt, and their partnership, Wallace Ranch Associates (collectively the "Wallace defendants"), entered into a contract with Coast Construction Company ("Coast") to build houses on the Wallace Ranch property. According to Coast, Florance fraudulently misrepresented his true intentions with respect to the contract when he failed to tell Coast that he and Esfahani were embroiled in a dispute over whether a second contractor named Margus Construction would build the Wallace Ranch houses instead of Coast. Coast began committing resources to the project and performing as contractor. Meanwhile, Florance and Esfahani were trying to buy each other out. Ultimately, Florance sold his interest in Wallace Ranch to a second group of partnerships (the "Peninsula defendants"), whereupon the contract with Coast was breached and a third builder was brought in. When Florance's attempt to negotiate a settlement with Coast failed, Coast alleges that Florance abruptly and in bad faith denied the existence of the contract with Coast.

Coast sued Florance, the other Wallace defendants and the Peninsula defendants for fraudulent misrepresentation, bad faith denial of contract, breach of contract and a variety of other negligent and intentional interference with contact causes of action. Coast Construction Company v. Wallace Ranch Associates, et al., Los Angeles County Superior Court Case No. SWC 112594 (filed 3/14/90)(the "Coast lawsuit").[1] The Wallace defendants and Peninsula defendants cross-complained against each other for indemnity. The Peninsula defendants also sought a declaration that any obligations they might have owed to Florance were voided because Florance committed fraud and/or misrepresented his intentions.[2]

In August, 1993, Coast presented the Court with what it characterized as substantial evidence that Florance had acted in bad faith toward Coast and that exemplary damages should therefore be imposed against him.[3] In September, 1993, around the time he began testing the waters for the Republican nomination in the 36th Congressional District, Florance settled his fraud, bad faith and breach of contract claims with Coast in exchange for paying Coast $900,000.[4] Coast purportedly assigned its claims against the Peninsula defendants to Florance, an assignment which the Peninsula defendants vigorously contest. Coast's claims against the Wallace defendants were dismissed from the Coast lawsuit, leaving the dispute between Florance and the Peninsula defendants to be resolved at trial. This dispute, it will be recalled, involves

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among other things charges that Florance committed acts of fraud and/or misrepresentation with respect to the Coast contract. Trial in the Coast lawsuit is currently set for October 17, 1994.[5]

The Wallace defendants and the Peninsula defendants are also engaged in a second lawsuit entitled Wallace Ranch Associates v. Peninsula Wallace Partners, L.P.II, et al., Los Angeles County Superior Court Case No. YC 007195 (filed 7/19/91)(the "Wallace Ranch Associates lawsuit").[6] This second suit arises out of the Peninsula defendants' purchase of the Wallace Ranch property from Florance and his partners. The Peninsula defendants have alleged that they had to use escrow funds from the purchase to pay $173,000 in developer fees after Florance misrepresented the status of the fees. The Peninsula defendants further accuse Florance of misrepresentation and failure to perform because Florance refused his obligation to pay $123,000 in real estate brokerage commissions on the Wallace Ranch properties. The Wallace Ranch Associates lawsuit is currently stayed (i.e., on hold) pending the outcome of a bankruptcy proceeding involving one of the Peninsula defendants.

Yet a third lawsuit has arisen out of the Wallace Ranch development. Florance's Wallace Ranch partners Esfahani and Utt have sued Florance to compel arbitration of a dispute which involves the alleged refusal of Florance to honor his contractual obligations for payment of expenses incurred by the Wallace Ranch partners and allocation of the $900,000 Florance paid to settle Coast's claims in the Coast lawsuit. See Esfahani v. Florance, et al., Los Angeles County Superior Court Case No. YC 014684 (filed 1/15/93)(the "Esfahani lawsuit".[7] The total amount at stake in the Esfahani lawsuit is approximately $2.5 million. According to sources, this arbitration may be completed prior to the June, 1994 primary.

Carriage Realty Lawsuits

Florance owned Carriage Realty, a real estate company on the Palos Verdes peninsula, for approximately nine years before selling Carriage Realty's business assets to Coldwell Banker and taking the Carriage Realty corporate entity bankrupt to avoid Carriage Realty's legal liabilities (see "BANKRUPTCIES" section below). A large number of lawsuits were filed against Florance and/or Carriage Realty during the period of Florance's ownership. Only 30% of these lawsuits have been reviewed to date, and a final explanation of why Florance and Carriage Realty were sued so often cannot be provided yet. More than one of these lawsuits involved allegations that Florance refused to pay commissions owed to his brokers at Carriage Realty.

In Batherson v. Carriage Realty, Inc. and Ronald Florance, et al., Los Angeles County Superior Court Case No. C 663714 (filed 10/7/87), Robert Batherson, a Carriage Realty agent, sued Florance for breach of fiduciary duty, constructive

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fraud and other causes of action after Florance refused to pay $56,000 in commissions which Batherson had earned while working for Florance.[8] Sources indicate that Florance paid the commissions to Batherson after the lawsuit was filed, and the lawsuit was dismissed.

Janelle Williams was a real estate agent who worked at Carriage Realty for several years. When she left Carriage in 1984, several of her sales were still in escrow. Florance refused to pay her commissions on her escrowed sales. Williams took Florance and Carriage Realty to court, Williams v. Carriage Realty and Ron Florance, Los Angeles County Superior Court Case No. SWC 77668 (filed 3/19/85),[9] and won a judgement of $52,000 against Carriage Realty.[10] Even after the judgment, Williams was not paid immediately. Carriage Realty's bank account had to be garnished to complete the payment.[11]

Florance was again accused of refusing to pay two of his agents $20,000 in commissions after they resigned from Carriage Realty. The agents, Mr. and Mrs. Morrell, sued Florance and Carriage Realty for, among other things, breach of fiduciary duty, constructive fraud and breach of the implied covenant of good faith and fair dealing. See Morrell, et al. v. Carriage Realty, Inc. and Ron Florance, et al., Los Angeles County Superior Court Case No. C 620194 (filed 10/9/86).[12] A temporary restraining order ("TRO") was obtained against Florance and Carriage Realty, preventing Florance from disposing of the commission funds.[13] According to statements submitted by Mrs. Morrell at the time the TRO was sought, Florance claimed he was entitled to an offset against the commissions for reimbursement of legal expenses associated with another lawsuit. Florance then told the Morrells they would never see their commission funds, and he threatened to "prevent [the Morrells] from operating successfully as real estate brokers" and to "interfere in any way he could with [them] operating as real estate salespersons in the Palos Verdes area". After the TRO issued, Florance seemed to have reached some sort of settlement with the Morrells, the TRO was dissolved, and the Morrells were paid at least some of their commission.

In Rhind v. Carriage Realty and Ron Florance, Los Angeles Superior Court Case No. SWC 83323 (filed 2/11/86), Florance was accused of failing to pay rent of $1440 on property Carriage Realty leased from plaintiffs Ralph and Katherine Rhind in Manhattan Beach.[14] The Rhinds filed a lawsuit to obtain the rent. The action was dismissed at the request of the Rhinds several weeks later, indicating that settlement was reached with Florance.

Florance's original purchase of Carriage Realty was not free from allegations that Florance's failed to make promised payments. Carriage Realty was an outgrowth of a company called Carriage Real Estate, Inc. ("CRE"). An individual named Gary Maxson owned CRE. In 1982, Maxson agreed to sell CRE's assets to Florance in exchange for stock in Carriage Real Estate, Inc. and

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payment of CRE's pre-sale liabilities. After the sale was completed, Maxson sued Florance for fraud and breach of contract, accusing Florance of failure to issue stock to Maxson and failure to pay CRE's pre-sale liabilities as agreed. See Maxson v. Florance, et al., Los Angeles County Superior Court Case No. C 553081 (filed 6/21/85).[15] An undisclosed settlement was apparently reached, ending the lawsuit.

Florance and/or Carriage Realty have been named as defendants in a variety of lawsuits alleging fraud, suppression of fact and breach of fiduciary duty.

Chang v. Carriage Realty and Ronald Florance, et al., Los Angeles County Superior Court Case No. C 725058 (filed 5/23/89), involved allegations that Florance and others committed fraud and intentional tort by selling a residential property to buyers without telling the buyers the property was under foreclosure.[16] The lawsuit was later dismissed at the buyers' request, apparently because of a settlement with Florance and Carriage Realty.

The case of Buskirk v. Carriage Real Estate, et al., Los Angeles County Superior Court Case No. SOC 62261 (verdict returned 12/5/86), involved a disputed real estate transaction in which Carriage Realty structured a three-party exchange of two pieces of property.[17] When one of the buyers defaulted, the other buyer sued and cross-complaints followed. One of the sellers alleged breach of fiduciary duty and tort against Carriage Realty. A jury returned a verdict in favor of the seller and against Carriage and its agent. $7500 in attorneys' fees and costs was assessed against Carriage and its agent.

In Veerkamp v. Tagmann and Carriage Realty, et al., Los Angeles County Superior Court Case No. SWC 83096 (filed 1/27/86), Carriage Realty was sued for intentional suppression of fact, negligent suppression of fact, breach of fiduciary duty and breach of contract after the buyers of residential property discovered that the property was geologically unstable and that the house on the property had previously been moved from a landslide area and placed on the property.[18] According to the pleadings, Carriage Realty, as the listing agent and company responsible for completing the sale, failed to tell the buyers, who were not familiar with the area, that the house had been moved from another location. The pleadings further stated that Carriage failed to warn the buyers of the desirability of obtaining a geological survey. In this regard, it is noteworthy that the buyers accused Carriage Realty of having been the listing agency for "a number of years" and having actually rented the property for some time. The buyers eventually settled with the company which conducted the pre-sale building inspection,[19] and were headed for trial in 1991 when an undisclosed settlement was apparently reached with Carriage Realty.

Eaun v. Detjen, et al., Los Angeles County Superior Court Case No. SWC 104241 (filed 12/16/88), was another suit involving

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accusations that Carriage Realty as selling agent for a residential property negligently and/or intentionally failed to notify the seller of known geological problems associated with the property. [20] Following the initiation of this lawsuit, Florance sold the business of Carriage Realty to Coldwell Banker. Carriage Realty then declared bankruptcy and asked to be dismissed from the lawsuit. [21]

Carriage Realty also avoided a question of liability by declaring bankruptcy after an award of over $15,000 was made against Carriage in Equitable Relocation Management Corp. v. Carriage Realty, Los Angeles County Superior Court Case No. C 684995 (filed 5/3/88). [22] Equitable had obtained the award following an arbitration in which Carriage was found to be two-thirds at fault for a broken real estate transaction.

A partial listing of additional lawsuits in which Carriage Realty was a defendant can be found at [23].

Hahn Lawsuit

Florance entered a partnership with Ernest W. Hahn for development of a commercial property known as the Courtyard Mall on the Palos Verdes Peninsula. In 1983, Mr. Hahn's company, known as EWH 1979 Development Company, L.P., sued Florance in a case entitled EWH 1979 Development Company, L.P. v. Culver et al., Los Angeles County Superior Court Case No. SWC 068426 (filed 7/14/83). Files have been ordered from the court archives.

BANKRUPTCIES

Carriage Realty Bankruptcy

Carriage Realty, Inc., the real estate company owned by Florance, filed for Chapter 7 bankruptcy in August of 1991. See In Re Carriage Realty, Inc., Petition No. LA 91-86518-RR, U.S. Bankruptcy Court for the Central District of California (filed 8/8/91). [24] The business of Carriage Realty had been sold to Coldwell Banker in 1989. At the time of its Chapter 7 filing, Carriage listed no assets, and had liabilities of over $840,000. The principal creditors were individuals with unliquidated legal claims against Florance and Carriage, insurance companies and Equitable Relocation Management Corporation. The estate of Carriage was closed on January 17, 1992. The bankruptcy records do not indicate that the creditors received any compensation.

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Palos Verdes Investment Corporation Bankruptcy

Florance's personal investment vehicle, called Palos Verdes Investment Corporation, also recently filed for bankruptcy under Chapter 7. See In Re Palos Verdes Investment Corporation, Petition No. LA 92-58812-KM, U.S. Bankruptcy Court for the Central District of California (filed 12/23/92). **[25]** Assets were listed as approximately $7,000, and liabilities totalled over $1.6 million. According to Bankruptcy Court records, the major creditor of Palos Verdes Investment Corporation was Ron Florance's own family trust, which was owed $1.5 million. The State Franchise Tax Board submitted a claim for $114,000. On February 4, 1994, shortly before Florance held his kick-off party for his congressional campaign, a settlement was reached with the Franchise Tax Board, whereby the Franchise Tax Board accepted $25,000 as a compromise against their claim. Florance tendered $25,000 to the estate of Palos Verdes Investment Corporation for payment of the Franchise Tax Board compromise.

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EXHIBIT A1

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FILED
JAMES H. DEMPSEY, CLERK

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

COAST CONSTRUCTION COMPANY, INC., a California corporation, Plaintiff, vs. WALLACE RANCH ASSOCIATES, a partnership; C. GORDON UTT, an individual; RONALD M. FLORANCE, an individual; MARSHALLAH ESFAHANI, an individual; PENINSULA WALLACE PARTNERS, L.P., II, a California Limited Partnership (originally named as Doe 1 in initial Complaint); PENINSULA HIGH ASSOCIATES, II, a California Limited Partnership (originally named as Doe 2 in initial Complaint); PENINSULA HIGH ASSOCIATES, a California corporation originally named as Doe 3 in initial Complaint); and DOES 4 through 200, inclusive, Defendants.	CASE NO. SWC 112594 SECOND AMENDED COMPLAINT FOR: 1. Breach of Contract; 2. Conspiracy to Intentionally Induce Breach of Contractual Relations; 3. Conspiracy to Negligently Interfere With Contractual Relations; 4. Intentional Interference With Prospective Economic Advantage; 5. Bad Faith Denial of Existence of Contract; 6. Promissory Estoppel; 7. Negligent Misrespresentation; 8. Fraudulent Misrepresentation; 9. Accounting and Imposition Of Constructive Trust; 10. Express & Implied Assumption of Liability; and 11. Declaratory Relief Discovery Cut-Off: NONE Motion Cut-Off: NONE Trial Date: NONE

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Plaintiff COAST CONSTRUCTION COMPANY, INC. alleges:

1. Plaintiff COAST CONSTRUCTION COMPANY, INC. ("CCC" or "Coast") at all times relevant was and is a California corporation, duly organized under the laws of the State of California, with its principal place of business in Orange County, California.

2. Defendant WALLACE RANCH ASSOCIATES ("Wallace") purports to be a California general partnership, and at all times relevant was and is doing business in Los Angeles County, California.

3. Defendant C. GORDON UTT ("Utt") is an individual and, on information and belief, at all times relevant was a general partner of Wallace residing in Los Angeles County, California.

4. Defendant RONALD M. FLORANCE ("Florance") is an individual and, on information and belief, at all times relevant was a general partner in Wallace residing in Los Angeles County, California.

5. Defendant MARSHALLAH E. ESFAHANI ("Esfahani") is an individual and, on information and belief, at all times relevant was a general partner in Wallace residing in Los Angeles County, California. Wallace, Utt, Florance, and Esfahani are sometimes collectively referred to herein as "the Wallace Defendants."

6. Defendant PENINSULA WALLACE PARTNERS, L.P., II ("Peninsula") purports to be a California general partnership, and at all times relevant was and is doing business in Los Angeles County, California. Upon filing of the original complaint herein, plaintiff was ignorant of the true name of Peninsula and, as such, previously designated said defendant in the original complaint by a fictitious name, to wit: Doe 1. Having discovered the true name of said defendant to be Peninsula Wallace Partners, L.P. II,

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plaintiff hereby substitutes such true name in the place and stead of the previously used fictitious name.

7. Defendant PENINSULA HIGH ASSOCIATES II ("PHAII") purports to be a California general partnership, and at all times relevant was and is the general partner of Peninsula, doing business in Los Angeles County, California. Upon filing of the original complaint herein, plaintiff was ignorant of the true name of PHAII and, as such, previously designated said defendant in the original complaint by a fictitious name, to wit: Doe 2. Having discovered the true name of said defendant to be Peninsula High Associates II, plaintiff hereby substitutes such true name in the place and stead of the previously used fictitious name.

8. Defendant PENINSULA HIGH ASSOCIATES ("PHA") purports to be a California corporation, and at all times relevant was and is the general partner of PHAII, doing business in Los Angeles County, California. Upon filing of the original complaint herein, plaintiff was ignorant of the true name of PHA and, as such, previously designated said defendant in the original complaint by a fictitious name, to wit: Doe 3. Having discovered the true name of said defendant to be Peninsula High Associates, plaintiff hereby substitutes such true name in the place and stead of the previously used fictitious name.

9. The true names and capacities of the Defendants named as DOES 1 through 200, inclusive, are presently unknown to Coast, who sues those Defendants by fictitious names. Coast will amend this Complaint to set forth their true names and capacities when same has been ascertained. On information and belief, each DOE Defendant claims an interest adverse to Coast with respect to the

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matters alleged in this Complaint or is in some manner responsible, liable, obligated or indebted to Coast in connection with the acts, occurrences and transactions alleged in this Complaint.

10. At all times relevant, each defendant was the agent, employee or servant of each of the other Defendants and was acting within the course and scope of that agency and employment and with the full knowledge, consent, authorization or ratification of each other defendant.

11. In 1988, the Wallace Defendants, Does 4 through 100, and each of them, owned unimproved real property commonly known as Lots 1 through 85 of Tract 44514 as per map recorded in book 1102, pages 74 through 76, inclusive, of maps recorded in the County of Los Angeles, State of California, which they were proposing to develop and improve with single family detached residences to be marketed as "Wallace Estates". Wallace Estates is in Palos Verdes Peninsula, Los Angeles County, California, which is in the South Bay District.

12. In or about May of 1988, the Wallace Defendants, the Doe Defendants, and each of them, approached CCC and asked it to act as the general contractor for the Wallace Estates project and further asked it to assist in designing the project and in obtaining construction financing for it. Thereafter, CCC allocated skilled personnel and hired additional skilled personnel who participated in the design of the Wallace Estates project, coordinating with Robert Earl and Associates, the architect designated by the Wallace Defendants, and participated in obtaining construction financing, including the preparation of detailed cost breakdowns which were submitted to the proposed

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construction lender. These cost breakdowns correctly designated Wallace Ranch Associates as the owner/developer and CCC as the contractor.

13. After negotiations concerning the terms pursuant to which CCC would be paid for its services as general contractor, on or about July 1, 1988, the Wallace Defendants, the Doe Defendants, and each of them, as the owner/developers, and CCC, as the general contractor, signed a written contract (the "Agreement"). A true and correct copy of the Agreement, which includes general conditions, is attached as Exhibit "A" and is incorporated by reference. On behalf of Wallace Ranch Associates, the Agreement was signed by Ron Florance, managing partner, and S. Gordon Utt, general partner. On behalf of CCC the Agreement was signed by Nat S. Harty, president and secretary of CCC. The agreement was signed and was to be performed in Palos Verdes Peninsula, Los Angeles County, California, which is in the South Bay District.

14. The Agreement provides, among other things, that:

(a) The owner is Wallace Ranch Associates, a partnership.

(b) The contractor is CCC.

(c) The project is Wallace Estates, Lots 1 through 85, inclusive.

(d) The contractor was to construct, in phases, the four models, plus the production units, representing a total of 85 single family residences.

(e) In consideration, the contractor was to receive, <u>inter alia</u>, a base fee of $20,235 per unit, a cost savings fee equal to 25% by which the direct construction costs were

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less than a specified cost per square foot, and an adjustment fee equal to 50% of the amount by which 2-1/2% of the sales price of all units within a phase exceeded the base fee less the amount by which the actual direct construction costs for units within the phase exceeded the estimated direct costs.

(f) Contractor was to be reimbursed certain actual costs, at a rate of 106% of the labor costs incurred when performing the work and, pursuant to the discussions between Defendants and CCC, CCC was either to perform the rough and finish carpentry directly or, alternatively, was to subcontract it to a related entity, Coast Wood Specialties, Inc. ("CWS"), who would charge the budgeted sum for these items of work.

(g) The contractor had the exclusive right to contract with the buyers of all residences within the project for the construction and installation of any modifications or upgrades selected by buyers (the "BCR program") and contractor and owner were to each receive 50% of the profit realized by contractor under the BCR contracts performed by contractor.

(h) The time for payments of the above sums were set forth in the written Agreement and if said payments were not timely made the Agreement provided that the unpaid amounts were to bear interest at the construction loan rate plus 2%, but in no event more than the maximum rate permitted by law.

15. On or about July 1, 1988, the Wallace Defendants, the other Defendants, and each of them, instructed CCC to commence work pursuant to Agreement.

16. As more fully alleged below, on or after January 20,

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1989, on a date presently unknown to plaintiff, Defendants Peninsula, PHAII, PHA and Does 101 through 200, and each of them, expressly assumed the obligations of the Wallace Defendants, and Does 4 through 100, under the Agreement.

FIRST CAUSE OF ACTION

(Breach of Contract -- Against All Defendants)

17. Coast realleges and incorporates herein by reference paragraphs 1 through 16 of this Complaint.

18. Defendants, and each of them, materially breached the Agreement by acts and omissions including but not limited to the following:

(a) After July 1, 1988, Wallace, Utt, Florance, and Esfahani, and each of them, sold their interest in Wallace Ranch Estates to the other defendants and thereafter all defendants denied the existence of a binding Agreement between Coast and Defendants, and further denied that Coast had the right to act as the general contractor for the Wallace Estates project or that Coast had the exclusive right to construct the modifications, improvements or upgrades for buyers of the Wallace Estates residences pursuant to the BCR program;

(b) Defendants denied Coast access to the Wallace Ranch Estates construction site and prevented Coast from completing the work required to be performed by it pursuant to the Agreement and/or the BCR work; and,

(c) Defendants failed to pay Coast all or a portion of the sums due Coast under the contract, including without limitation the base fee, the cost savings fee, the adjustment

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fee, the BCR amounts, or reimbursable expenses.

19. Coast has performed all of its obligations under the Agreement except to the extent that they were excused or hindered by the Defendants.

20. As a direct and proximate result of the material breaches by said Defendants, and each of them, Coast sustained damages including but not limited to the loss of the amounts to be paid to Coast under the Agreement, including the base fee, cost savings fee, the adjustment fee, and lost proceeds from the BCR program; nonpayment of reimbursable expenses; loss of profits by CWS because it was prevented from performing the rough and finish carpentry; damages and losses incurred by Coast in connection with preparing for performance of the Agreement, including hiring personnel to perform the work, the solicitation and entering into subcontracts, indirect and administrative expenses, costs and expenses associated with the disruption of Coast's business caused by the loss of the work, loss of personnel and loss of reputation and good will. These damages are in an amount which is presently unascertained but which is believed to be in excess of $3,000,000 and Coast will amend this complaint to insert the precise sum when ascertained if deemed necessary by the court.

SECOND CAUSE OF ACTION

(Conspiracy to Intentionally Interfere With Contractual Relations -- Against All Defendants)

21. Coast realleges and incorporates herein by reference paragraphs 1 through 16 of this Complaint.

22. Defendants, and each of them, formed a conspiracy and combination among themselves to wrongfully and intentionally

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interfere with and induce the breach of Coast's Agreement, to intentionally and wrongfully interfere with Coast's prospective profits from the BCR program, and to intentionally and wrongfully interfere with the profits that would be earned from performance of the rough and finish carpentry by either CCC or CWS. By reason of this conspiracy, each defendant is liable for each wrongful act performed in connection therewith and each defendant is jointly and severally liable for all damages caused thereby.

23. Within two years last past, in furtherance of the conspiracy previously alleged, Defendants Wallace, Esfahani, Florence, and Utt, and each of them, entered into negotiations for the sale by the Wallace Defendants of the unimproved Wallace Ranch Estates property to Peninsula, PHA and PHAII and their joint venture partners, Does 101 through 200, and each of them ("the Joint Venture Defendants"), one member of which Coast is informed and believes was a general contractor. Despite the fact that both buyers and sellers were advised of and had full knowledge of the Coast Agreement, and with the intent to interfere therewith, the parties entered into a conspiracy pursuant to which the Wallace Defendants would sell the Wallace Ranch Estates project to Peninsula, PHA, PHAII and the Joint Venture Defendants and, collectively, all would attempt to deprive Coast of the benefits of the Agreement by having the Wallace Ranch partners deny the existence of the Coast Agreement or, alternatively, by purportedly terminating Coast and subsequently involving Coast in lengthy and expensive litigation designed to cause it to settle for substantially less than what was lawfully due it, all for the purpose of enabling said Defendants, and each of them, to

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misappropriate and retain for themselves monies and benefits that lawfully belonged to Coast pursuant to said Agreement and otherwise.

24. Subsequently, in furtherance of the conspiracy previously alleged, the Wallace Defendants, and each of them, in fact sold the Wallace Ranch Estates project to Peninsula, PHA, PHAII and the Joint Venture Defendants, and thereafter refused to acknowledge the Agreement with Coast and refused to permit Coast to proceed to perform pursuant to its terms. Instead, the contractor partner of the Joint Venture that purchased the Wallace Ranch Estates property constructed the models and is in the process of constructing the single family residences which were to be constructed by Coast. By said actions, Defendants, and each of them, have interfered with and destroyed the Coast Agreement. Absent interference by the conspiring Defendants, and each of them, Coast would have performed said Agreement.

25. As a direct and proximate result of the acts and omissions of Defendants, and each of them, Coast has sustained damages including but not limited to the loss of the amounts to be paid to Coast under the Agreement, including the base fee, cost savings fee, the adjustment fee, and lost proceeds from the BCR program; nonpayment of reimbursable expenses; loss of profits by CWS because it was prevented from performing the rough and finish carpentry; damages and losses incurred by Coast in connection with preparing for performance of the Agreement, including hiring personnel to perform the work, the solicitation and entering into subcontracts, indirect and administrative expenses, costs and expenses associated with the disruption of Coast's business caused

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by the loss of the work, loss of personnel, and loss of reputation and good will. These damages are in an amount which is presently unascertained but which is believed to be in excess of $3,000,000 and Coast will amend this complaint to insert the precise sum when ascertained, if deemed necessary by the court.

26. The wrongful conduct of the conspiring Defendants, and each of them, was done intentionally, deliberately, willfully, maliciously and without probable cause and, in so acting, Defendants, and each of them, were guilty of fraud, oppression and malice and were acting in bad faith with the intent to vex, injure or annoy, and with conscious disregard for Coast's rights. Said wrongful conduct was done pursuant to the conspiratorial agreement, was known to, authorized or ratified by each of the remaining Defendants, and therefore Coast is entitled to recover punitive or exemplary damages against Defendants, and each of them, based on all factors appropriate under law, including Defendants' net worth.

THIRD CAUSE OF ACTION

(Conspiracy to Negligently Interfere With Contractual Relations -- Against Each Defendant)

27. Coast realleges and incorporates herein by reference paragraphs 1 through 25 of this Complaint.

28. The wrongful interference by the conspiring parties, and each of them, was done negligently and without the exercise of due care.

29. As a direct and proximate result, Coast has sustained damages including but not limited to the loss of the amounts to be paid to Coast under the Agreement, including the base fee, cost

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savings fee, the adjustment fee, and lost proceeds from the BCR program; nonpayment of reimbursable expenses; loss of profits by CWS because it was prevented from performing the rough and finish carpentry; damages and losses incurred by Coast in connection with preparing for performance of the Agreement, including hiring personnel to perform the work, the solicitation and entering into subcontracts, indirect and administrative expenses, costs and expenses associated with the disruption of Coast's business caused by the loss of the work, loss of personnel, and loss of reputation and good will. These damages are in an amount which is presently unascertained but which is believed to be in excess of $3,000,000 and Coast will amend this complaint to insert the precise sum when ascertained, if deemed necessary by the court.

FOURTH CAUSE OF ACTION

(Intentional Interference With Prospective Economic Advantage -- Against Each Defendant)

30. Coast realleges and incorporates by reference paragraphs 1 through 26 of this Complaint.

31. The Agreement provides Coast had the exclusive right to provide the improvements and upgrades purchased by the buyers of homes within the Wallace Estates project (the BCR program). It is typical in construction projects such as Wallace Ranch Estates that change orders and modifications for improvements and upgrades are purchased by the buyers of homes within the project. Coast is informed and believes that purchasers of the residential units, whose identities at this time are unknown to Coast, did in fact order improvements and upgrades pursuant to the BCR program. Consequently, as a result the terms of the Agreement, absent

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Defendants' wrongful interference therewith, the prospective contracts and economic relationships with these buyers would have produced substantial profits to Coast.

32. Defendants, and each of them, at all times herein knew of the existence of the Coast Agreement and knew that Coast had been granted the exclusive right to provide the BCR program improvements and upgrades to the purchasers of homes in Wallace Ranch Estates.

33. Within two years last past, the Defendants, and each of them, with full knowledge of the economic relationships in general and the prospective proceeds from the BCR program in particular, and with the intent to interfere therewith, and consistent with a conspiracy among themselves, intended to and did intentionally, maliciously and wilfully interfere with this relationship by granting the right to construct the BCR program to another, for valuable consideration paid to the Wallace Defendants, and each of them, who then, consistent with said conspiracy, wrongfully and unlawfully advised Coast that it could not perform the Coast Agreement, could not perform the BCR program, and would be denied access to the construction site.

34. As a direct and proximate result, Coast sustained damages including but not limited to the loss of the amounts to be paid to Coast under the Agreement, including lost proceeds from the BCR program, damages and losses incurred by Coast in connection with preparing for performance of the Agreement, including hiring personnel to perform the work, indirect and administrative expenses, costs and expenses associated with the disruption of Coast's business caused by the loss of the work, loss of personnel

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and loss of reputation and good will. These damages are in an amount which is presently unascertained but which is believed to be in excess of $425,000.

FIFTH CAUSE OF ACTION

(Bad Faith Denial Of Existence Of Contract -- Against All Defendants)

35. Coast realleges and incorporates herein by reference paragraphs 1 through 26 of this Complaint.

36. From and after July 1, 1988, Defendants, and each of them, in bad faith and without probable cause, denied to Coast the existence of the Coast Agreement on the wrongful grounds, among others, that the signatures of all three general partners of Wallace are necessary for the Agreement to be binding and said Defendants, and each of them, unlawfully and wrongfully contended that they were never obligated to pay Coast pursuant to the terms of the Agreement or otherwise.

37. As a direct and proximate result, Coast has sustained damages including but not limited to the loss of the amounts to be paid to Coast under the Agreement, including the base fee, cost savings fee, the adjustment fee, and lost proceeds from the BCR program; nonpayment of reimbursable expenses; loss of profits by CWS because it was prevented from performing the rough and finish carpentry; damages and losses incurred by Coast in connection with preparing for performance of the Agreement, including hiring personnel to perform the work, the solicitation and entering into subcontracts, indirect and administrative expenses, costs and expenses associated with the disruption of Coast's business caused by the loss of the work, loss of personnel, and loss of reputation

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and good will. These damages are in an amount which is presently unascertained but which is believed to be in excess of $3,000,000 and Coast will amend this complaint to insert the precise sum when ascertained, if deemed necessary by the court.

38. The wrongful conduct of the conspiring Defendants, and each of them, was done intentionally, deliberately, willfully, maliciously and without probable cause and, in so acting, Defendants, and each of them, were guilty of fraud, oppression and malice and were acting in bad faith with the intent to vex, injure or annoy, and with conscious disregard for Coast's rights. Said wrongful conduct was done pursuant to the conspiratorial agreement, was known to, authorized or ratified by each of the remaining Defendants, and therefore Coast is entitled to recover punitive or exemplary damages against Defendants, and each of them, based on all factors appropriate under law, including Defendants' net worth.

SIXTH CAUSE OF ACTION

(Promissory Estoppel

-- Against the Wallace Defendants and Does 4-100)

39. Coast realleges and incorporates herein by reference paragraphs 1 through 38 of this Complaint.

40. In the early part of 1988, and thereafter, the Wallace Defendants, and Does 4 through 100, and each of them, including defendants Utt and Florance, orally represented to and promised Nat Harty of Coast that Coast would be awarded the contract as general contractor to construct the Wallace Ranch Estates models and single family residences and would be given the exclusive right to construct the BCR program upgrades and improvements. In

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reliance thereon, Coast assisted the Wallace partners in designing the subject project, in preparing and processing the loan package with Defendants' construction lender, Glendale Federal Savings & Loan Association, and with the project architects and engineers. In further reliance, Coast hired employees for the purpose of performing the above-described services and for the purpose of performing the anticipated construction services pursuant to the proposed Agreement. Had Coast known of the falsity of the misrepresentations and promises, it would not have so acted.

41. On or about July 1, 1988, defendant Florance represented he was the managing general partner of Wallace and that in said capacity he had the ability to bind Wallace to an agreement with Coast. Said representation was made orally to Nat Harty, president of CCC. In reliance on said oral representations, and in reliance on the signature of Florance and Utt, partners of Wallace, CCC signed the Agreement and continued to perform services thereunder.

42. As a direct and proximate result of Coast's reasonable reliance on said representations and acts of said Defendants, and each of them, Coast changed its position, as previously alleged, including but not limited to the hiring and dedication of personnel and resources to the Wallace Estates project and the assistance of the design, processing, and budgeting therefor. As a result thereof, Defendants, and each of them, are estopped from denying their liability thereunder.

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SEVENTH CAUSE OF ACTION

(Negligent Misrepresentation -- Against The Wallace Defendants and Does 4 through 100)

43. Coast realleges and incorporates herein by reference paragraphs 1 through 42 of this Complaint.

44. On or about July 1, 1988, defendant Florance, the other Wallace Defendants, and Does 4 through 100, and each of them, orally represented to Nat Harty, president of CCC, that Florance was the managing partner of Wallace and that as managing partner his signature was sufficient to bind Wallace to the Coast Agreement.

45. While Coast alleges that the signatures of Florance, as managing partner, and Utt, as general partner, are sufficient to bind defendants to an enforceable agreement, as previously alleged, defendants now deny the existence of the Agreement and/or that they are bound thereto. Coast alternatively alleges that if the court finds there is not an enforceable Agreement, that at the time the above representations and promises were made by Florance, they were in fact false and that Florance did not reasonably believe the representations to be true. Said representations were made with the intent to induce Coast to continue its efforts to process the loan package for the development of the project, including the cost breakdowns, to participate in the design of the Wallace Ranch Estates project, and to expend other efforts creating value in the project that would benefit Defendants, and each of them. Had Coast known of the falsity of these representations and promises, it would not have signed the Agreement nor would it have acted in reliance thereon as previously alleged.

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46. As a direct and proximate result, Coast has sustained damages including but not limited to the loss of the amounts to be paid to Coast under the Agreement, including the base fee, cost savings fee, the adjustment fee, and lost proceeds from the BCR program; nonpayment of reimbursable expenses; loss of profits by CWS because it was prevented from performing the rough and finish carpentry; damages and losses incurred by Coast in connection with preparing for performance of the Agreement, including hiring personnel to perform the work, the solicitation and entering into subcontracts, indirect and administrative expenses, costs and expenses associated with the disruption of Coast's business caused by the loss of the work, loss of personnel, and loss of reputation and good will. These damages are in an amount which is presently unascertained but which is believed to be in excess of $3,000,000 and Coast will amend this complaint to insert the precise sum when ascertained, if deemed necessary by the court.

EIGHTH CAUSE OF ACTION

(Fraudulent Misrepresentation -- Against The Wallace Defendants and Does 4 through 100)

47. Coast realleges and incorporates herein by reference paragraphs 1 through 42 of this Complaint.

48. On or about July 1, 1988, defendant Florance, the other Wallace Defendants, and Does 4 through 100, and each of them, orally represented to Nat Harty, president of CCC, that Florance was the managing partner of Wallace and that as managing partner his signature was sufficient to bind Wallace to the Coast Agreement.

49. While Coast alleges that the signatures of Florance, as

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managing partner, and Utt, as general partner, are sufficient to bind Wallace to an enforceable agreement, as previously alleged, defendants now deny the existence of the Agreement or that it is bound thereto. Coast alternatively alleges that if the court finds there is not an enforceable Agreement, that at the time the above representations and promises were made by Florance, they were in fact false and were known by him to be false. Said representations were made with the intent to induce Coast to continue its efforts to process the loan package for the development of the project, including the cost breakdowns, to participate in the design of the Wallace Ranch Estates project, and to expend other efforts creating value in the project that would benefit Defendants, and each of them. Had Coast known of the falsity of these representations and promises, it would not have signed the Agreement nor would it have acted in reliance thereon as previously alleged.

50. The wrongful conduct of the conspiring Defendants, and each of them, was done intentionally, deliberately, willfully, maliciously and without probable cause and, in so acting, Defendants, and each of them, were guilty of fraud, oppression and malice and were acting in bad faith with the intent to vex, injure or annoy, and with conscious disregard for Coast's rights. Said wrongful conduct was done pursuant to the conspiratorial agreement, was known to, authorized or ratified by each of the remaining Defendants, and therefore Coast is entitled to recover punitive or exemplary damages against Defendants, and each of them, based on all factors appropriate under law, including Defendants' net worth.

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NINTH CAUSE OF ACTION

(For An Accounting and the Imposition of a Constructive Trust -- Against All Defendants)

51. Coast realleges and incorporates herein by reference paragraphs 1 through 50 of this Complaint.

52. By reason of the wrongful acts and omissions of Defendants, and each of them, Defendants, and each of them, have received assets and benefits that equitably and lawfully belong to Coast rather than to Defendants or any of them.

53. Pursuant to the terms of the Agreement, Coast was to be paid a base fee per home, a cost savings fee, which was in part calculated based on the actual construction costs incurred, an adjustment fee which was determined in part by the sales prices for each home within a specific phase of the project, and proceeds from the BCR program based upon the improvements and upgrades actually ordered by the buyers and installed by the contractor.

54. Because of Defendants' wrongful acts and omissions, Coast does not have access to information needed to determine the amounts due it under the Agreement and, as a result thereof, Coast requests an accounting so that it may determine the amounts due, including but not limited to information which will enable it to compute the direct construction costs, both total and on a square foot basis, the sales prices of the units in each phase, the date of commencement and completion of each unit, and all changes in modifications in the plans and specifications, including all information concerning the BCR modifications and costs. Coast further requests the imposition of a constructive trust on the proceeds or other consideration paid or received by the Wallace

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Defendants, and Does 4 through 100, and each of them, for their interest in Wallace Estates or, alternatively, for the imposition of an equitable lien on all assets purchased or acquired with the proceeds therefrom.

TENTH CAUSE OF ACTION

For Express & Implied Assumption of Liability -- Against Peninsula, PHAII, PHA and Does 101 through 200)

55. Coast realleges and incorporates herein by reference paragraphs 1 through 54 of this Complaint.

56. On or about January 20, 1989, Defendants, and each of them, entered into a certain agreement entitled "Settlement Agreement" (the "Settlement Agreement"), which agreement included, among other things, express covenants on the part of Defendants Peninsula, and Does 101 through 150, and each of them, to:

(a) Assume the obligations of the Wallace Defendants, and Does 4 through 100, under the Agreement; and

(b) Indemnify the Wallace Defendants, and Does 4 through 100, and to hold them "harmless from and against any and all losses, damages and liabilities arising out of or resulting from (1) any breach by Buyer [Peninsula] of its obligations to perform that certain contract entered into by Seller [Wallace] and Coast Construction Company (the 'Coast Contract'), (2) any alleged breach by Wallace or any of its partners acting within the scope of the Wallace Partnership Agreement of its obligations to perform the Coast Contract and (3) any claim or allegation that the conveyance of the property to Buyer constitutes a breach or tortious act of Seller or any of its partners acting within the scope of the Wallace Partnership Agreement and/or Buyer with

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respect to such contract."

Coast is a third party beneficiary of the Settlement Agreement.

57. By virtue of the facts alleged hereinabove, Defendants Peninsula, PHAII, PHA, and Does 101 through 200, and each of them, expressly and impliedly agreed to perform the obligations under the Agreement for the benefit of Coast, and to compensate Coast for any and all damage and injury sustained by the failure of Defendants to perform the terms of the Agreement. Coast is, therefore, entitled to recover from said Defendants, and each of them, all damages caused by breach of the Agreement, as hereinabove set forth.

58. All conditions precedent to the obligations set forth above, of Defendants Peninsula, PHA, PHAII and Does 101 through 200, and each of them, under the Settlement Agreement, have occurred except to the extent that they were excused or waived by the Defendants, and each of them.

59. Despite demand, Defendants Peninsula, PHAII, PHA, and Does 101 through 200, and each of them, have failed and refused to perform the obligations due to Coast under the Agreement (and thus due, as well, under the Settlement Agreement).

60. As a direct and proximate result of the material breaches by said Defendants, and each of them, Coast has sustained damages including but not limited to the loss of the amounts to be paid to Coast under the Agreement, including the base fee, cost savings fee, the adjustment fee, and lost proceeds from the BCR program; nonpayment of reimbursable expenses; loss of profits because plaintiff or its subcontractors were prevented from performing the rough and finish carpentry; damages and losses

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incurred by Coast in connection with preparing for performance of the Agreement, including hiring personnel to perform the work, the solicitation and entering into subcontracts, indirect and administrative expenses, costs and expenses associated with the disruption of Coast's business caused by the loss of the work, loss of personnel and loss of reputation and good will. These damages are in an amount which is presently unascertained but which is believed to be in excess of $3,000,000 and Coast will amend this complaint to insert the precise sum when ascertained if deemed necessary by the court.

ELEVENTH CAUSE OF ACTION

(For Declaratory Relief --

Against All Defendants)

61. Coast realleges and incorporates herein by reference paragraphs 1 through 60 of this Complaint.

62. A controversy has arisen and now exists between Coast on the one hand and the Defendants, and each of them, on the other hand, with respect to the Agreement, the Wallace Ranch Estates project, the Settlement Agreement and the BCR program, among others.

63. Coast contends and requests that the court adjudicate by declaratory relief that there is a binding and enforceable Agreement between the parties for which each of the Defendants is jointly and severally liable, that Defendants, and each of them, have wrongfully denied the existence of the binding Agreement, that Defendants, and each of them, have materially breached the Agreement, that the Wallace Defendants, and each of them, wrongfully sold the project to Peninsula, PHA, PHAII, the Joint Venture

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Defendants, and conspired with each of the other Defendants herein to deprive Coast of the benefits of the Agreement, including the prospective advantages to be derived from performance of the BCR program, that Defendants, and each of them, should render an accounting to Coast in accordance with the Agreement, that they hold all proceeds from the sale of Wallace Ranch Estates in constructive trust for Coast or, alternatively, that an equitable lien is imposed on the assets acquired by said Defendants from the proceeds, that Defendants Peninsula, PHAII, PHA, and Does 101 through 100, and each of them, are obligated to perform the obligations under the Agreement for the benefit of Coast, and to compensate Coast for any and all damage and injury sustained by the failure of Defendants to perform the terms of the Agreement, and that Coast is entitled to in excess of $3,000,000 in compensatory damages and for substantial punitive damages, according to proof, including consideration of Defendants', and each of their, net worth.

64. On information and belief Coast alleges that the Wallace Defendants, and each of them, dispute each of the matters contended by Coast.

65. Coast requests a judicial determination of the respective rights and duties of Coast and the Defendants, and each of them. Such a resolution is necessary and appropriate in order to avoid a multiplicity of actions.

WHEREFORE, Coast prays for judgment against the Defendants, and each of them, as follows:

ON THE FIRST CAUSE OF ACTION

1. For damages according to proof at trial.

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2. For special damages according to proof at trial.

ON THE SECOND CAUSE OF ACTION

3. For general damages according to proof at trial.

4. For special damages according to proof at trial.

5. For punitive damages according to proof at trial.

ON THE THIRD CAUSE OF ACTION

6. For general damages according to proof at trial.

7. For special damages according to proof at trial.

ON THE FOURTH CAUSE OF ACTION

8. For general damages according to proof at trial.

9. For special damages according to proof at trial.

ON THE FIFTH CAUSE OF ACTION

10. For general damages according to proof at trial.

11. For special damages according to proof at trial.

12. For punitive damages according to proof at trial.

ON THE SIXTH CAUSE OF ACTION

13. For a declaration by this court that Defendants are estopped from denying the existence of the Coast Agreement.

ON THE SEVENTH CAUSE OF ACTION

14. For general damages according to proof at trial.

15. For special damages according to proof at trial.

ON THE EIGHTH CAUSE OF ACTION

16. For general damages according to proof at trial.

17. For special damages according to proof at trial.

18. For punitive damages according to proof at trial.

ON THE NINTH CAUSE OF ACTION

19. For general damages according to proof at trial.

20. For special damages according to proof at trial.

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21. For an order requiring an accounting.

22. For an order requiring the imposition of a constructive trust or equitable lien.

ON THE TENTH CAUSE OF ACTION

23. For general damages according to proof at trial.

24. For special damages according to proof at trial.

ON THE ELEVENTH CAUSE OF ACTION

25. For a declaration of the rights and duties of the parties.

ON ALL CAUSES OF ACTION

26. For costs of suit incurred herein.

27. For such other and further relief as the court deems just and proper.

DATED: August 16, 1991

RUTAN & TUCKER
ROBERT C. BRAUN
JAYNE TAYLOR KACER

By: Jayne Taylor Kacer
Jayne Taylor Kacer
Attorneys for Plaintiff, COAST CONSTRUCTION COMPANY, INC.

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Attorneys for Defendants Peninsula Wallace Partners, L.P., II, Peninsula High Associates, II, and Peninsula High Associates

FILED
JAN 17 1992
JAMES H. DEMPSEY, CLERK
BY E. SURYADI-TEGOH, DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES, SOUTHWEST DISTRICT

COAST CONSTRUCTION COMPANY, INC., a California Corporation, Plaintiff, v. WALLACE RANCH ASSOCIATES, a partnership; C. GORDON UTT, an individual; RONALD M. FLORANCE, an individual; MARSHALLAH ESFAHANI, an individual; PENINSULA WALLACE PARTNERS, L.P., II, a California Limited Partnership; PENINSULA HIGH ASSOCIATES, II, a California Limited Parnership; PENINSULA HIGH ASSOCIATES, II, a California corporation; and DOES 1 through 200, inclusive, Defendants. AND RELATED CROSS-ACTIONS	Case No. SWC 112594 NOTICE OF RULING RE MOTION TO STRIKE AND DEMURRER TO SECOND AMENDED COMPLAINT BY DEFENDANTS PENINSULA WALLACE PARTNERS, L.P., II, PENINSULA HIGH ASSOCIATES, II AND PENINSULA HIGH ASSOCIATES Date: December 4, 1991 Time: 1:30 p.m. Dept: J

TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that the motion to strike and demurrer of defendants Peninsula Wallace Partners, L.P., II, Peninsula High

Associates, II and Peninsula High Associates (collectively them' "Peninsula Entities") to the Second Amended Complaint of plaintiff Coast Construction Company ("Coast") came on for hearing in Department J of the above-entitled Court at 1:30 p.m. on December 4, 1991. Robert C. Braun of Rutan & Tucker appeared on behalf of Coast; Howard J. Rubinroit of Sidley & Austin appeared on behalf of the Peninsula Entities. Following oral argument, the Court ordered as follows:

1. The Motion by the Peninsula Entities to Strike the caption, paragraphs 6, 7, and 8, and the Second through Fifth Causes of Action of Coast's Second Amended Complaint, and Coast's amendments designating Does 1, 2 and 3, was denied; and

2. The Demurrer by the Peninsula Entities to the Second, Third, Fourth and Fifth Causes of Action of Coast's Second Amended Complaint (the Demurrer to the Ninth and Eleventh Causes of Action having previously been granted with thirty days leave to amend and without leave to amend, respectively, on October 19, 1991), was sustained in part and overruled in part. The Court sustained without leave to amend the Peninsula Entities' demurrer to the Third Cause of Action for Negligent Conspiracy to Interfere with

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Contractual Relations. The Court denied the Peninsula Entities' demurrer to the Second, Fourth and Fifth Causes of Action.

Date: January 16, 1992

SIDLEY & AUSTIN
Howard J. Rubinroit
Dan P. Sedor

By: _____
Dan P. Sedor
Attorneys for Defendants Peninsula Wallace Partners, L.P., II, Peninsula High Associates, II, and Peninsula High Associates

DPS92A14.SEL (1/16/92 12:46pm)

EXHIBIT A2

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FEB 13 1992
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Attorneys for Defendants and Cross-Complainants Peninsula Wallace Partners, L.P., II, Peninsula High Associates, II, and Peninsula High Associates

Ans

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES, SOUTHWEST DISTRICT

COAST CONSTRUCTION COMPANY, INC., a California Corporation, Plaintiff, v. WALLACE RANCH ASSOCIATES, a partnership; C. GORDON UTT, an individual; RONALD M. FLORANCE, an individual; MARSHALLAH ESFAHANI, an individual; PENINSULA WALLACE PARTNERS, L.P., II, a California Limited Partnership; PENINSULA HIGH ASSOCIATES, II, a California Limited Partnership; PENINSULA HIGH ASSOCIATES, II, a California corporation; and DOES 1 through 200, inclusive, Defendants.	Case No. SWC 112594 CROSS-COMPLAINT OF DEFENDANTS PENINSULA WALLACE PARTNERS, L.P., II, PENINSULA HIGH ASSOCIATES, II, AND PENINSULA HIGH ASSOCIATES FOR DECLARATORY RELIEF FOR EQUITABLE INDEMNITY [No Hearing Requested] Discovery Cutoff: None Set Motion Cutoff: None Set Trial Date: None Set

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WALLACE RANCH ASSOCIATES, a partnership; RONALD M. FLORANCE, an individual, and C. GORDON UTT, an individual,

Cross-Complainants,

v.

PENINSULA WALLACE PARTNERS, L.P., II, a California limited partnership; PENINSULA HIGH ASSOCIATES, L.P., II, a California limited partnership; PENINSULA HIGH ASSOCIATES, a California corporation; and DOES 1 through 50, inclusive,

Cross-Defendants.

PENINSULA WALLACE PARTNERS, L.P., II, a California limited partnership; PENINSULA HIGH ASSOCIATES, II, a California limited partnership; and PENINSULA HIGH ASSOCIATES, a California corporation,

Cross-Complainants,

v.

WALLACE RANCH ASSOCIATES, a partnership; RONALD M. FLORANCE, an individual; C. GORDON UTT, an individual; and ROES 1 through 50, inclusive,

Cross-Defendants.

Defendants and Cross-Complainants Peninsula Wallace Partners, L.P., II, Peninsula High Associates, II, and Peninsula High Associates (collectively, the "Peninsula Parties") for their Cross-Complaint against Defendants and Cross-Defendants Wallace Ranch Associates, Ronald M. Florance, C. Gordon Utt and Roes 1 through 50, allege as follows:

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1. Peninsula Wallace Partners, L.P., II ("PWP"), is, and at all times relevant has been, a California limited partnership, with its principal place of business in San Pedro, California.

2. Peninsula High Associates, II ("PHAII"), is, and at all times relevant has been, a California limited partnership with its principal place of business in San Pedro, California, and the general partner of PWP.

3. Peninsula High Associates is, and at all times relevant has been, a California corporation, with its principal place of business in San Pedro, California, and the general partner of PHAII.

4. Plaintiff Wallace Ranch Associates ("Wallace") purports to be a California general partnership, and is, and at all times relevant has been, doing business in Los Angeles County, California.

5. The Peninsula Parties are informed and believe, and on that basis allege that Ronald M. Florance ("Florance") is an individual residing in Los Angeles County, California, and is, and at all times relevant has been, the managing general partner of Wallace.

6. The Peninsula Parties are informed and believe, and on that basis allege that C. Gordon Utt ("Utt") is an individual residing in Los Angeles County, California and is, and at all times relevant has been, a general partner of Wallace.

7. The true names and capacities of Cross-Defendants Roes 1 through 50, inclusive, are unknown to the Peninsula Parties, who therefore sue said Cross-Defendants under such fictitious

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names. The Peninsula Parties will amend this Cross-Complaint to reflect the true names and capacities of said fictitiously-named Cross-Defendants when the same are ascertained.

8. On or about August 15, 1991, Coast filed the Second Amended Complaint herein against the Peninsula Parties, Wallace, Florance, Utt and others, seeking damages for losses that Coast allegedly sustained as a result of the defendants' alleged failure to allow Coast to perform the terms of a purported agreement between it and Wallace (the "Coast Agreement") for the construction of single family residences on certain property in Palos Verdes, California, to be marketed as "Wallace Estates." In said Second Amended Complaint, Coast alleges, among other things: that it detrimentally relied on the false representations and promises of Wallace, Florance, Utt and others, but not the Peninsula Parties, that Coast would be awarded the contract to construct Wallace Estates and related improvements; and that it was induced to enter into the Coast Agreement by the fraudulent or negligent misrepresentations of Wallace, Florance, Utt and others, but not the Peninsula Parties, that Florance's signature as the managing partner of Wallace was sufficient to bind Wallace to the Coast Agreement.

9. If Coast sustained damages as alleged in its Second Amended Complaint, the Peninsula Parties are informed and believe, and on that basis allege, that those damages were caused, entirely or in part, by the false promises, fraud and/or negligent misrepresentations of each of the Cross-Defendants named herein, and/or by the acts and omissions of each of the Cross-Defendants named herein which were outside the scope of the powers, rights

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and/or duties of said Cross-Defendants under Wallace's agreement of partnership.

10. An actual controversy has arisen and now exists between the Peninsula Parties, on the one hand, and the Cross-Defendants named herein, on the other, in that the Peninsula Parties assert, and are informed and believe, and on that basis allege, that said Cross-Defendants deny the following:

a. That, as alleged in Paragraph 9 hereinabove, if Coast sustained damages as alleged in its Second Amended Complaint, those damages were caused, entirely or in part, by the false promises, fraud and/or negligent misrepresentations of each of the Cross-Defendants named herein, and/or by the acts and omissions of each of the Cross-Defendants named herein which were outside the scope of the powers, rights and/or duties of said Cross-Defendants under Wallace's agreement of partnership;

b. That, as a result, as between the Peninsula Parties and the Cross-Defendants named herein, responsibility, if any, for damages claimed by Coast herein rests entirely or partially on said Cross-Defendants; and

c. That, as a further result, the Cross-Defendants named herein are obligated to partially or fully indemnify the Peninsula Parties for any sums that the Peninsula Parties may be compelled to pay as the result of any damages, judgment, or other awards recovered by Coast against the Peninsula Parties by its Second Amended Complaint herein.

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11. The Peninsula Parties desire a judicial determination of the matters in dispute between them and the Cross-Defendants named herein as alleged in Paragraph 10, hereinabove.

12. Such a declaration is necessary and appropriate at this time in order that the Peninsula Parties may ascertain their rights and duties with respect to Coast's claims for damages. Furthermore, the claims of Coast and the claims of the Peninsula Parties arise out of the same transactions or occurrences, and determination of both in one proceeding is necessary and appropriate in order to avoid the multiplicity of actions that would result if the Peninsula Parties are required now to defend against the claims of Coast and then bring a separate action or actions against the Cross-Defendants named herein for indemnification.

WHEREFORE, the Peninsula Parties pray for judgment against the Cross-Defendants named herein as follows:

1. For a judicial declaration of the following:

a. That if Coast sustained damages as alleged in its Second Amended Complaint, those damages were caused, entirely or in part, by the false promises, fraud and/or negligent misrepresentations of each of the Cross-Defendants named herein, and/or by the acts and omissions of each of the Cross-Defendants named herein which were outside the scope of the powers, rights and/or duties of said Cross-Defendants under Wallace's agreement of partnership;

b. That as between the Peninsula Parties and the Cross-Defendants named herein, responsibility, if any, for

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damages claimed by Coast herein therefore rests entirely or partially on said Cross-Defendants; and

c. That the Cross-Defendants named herein are thus obligated to partially or fully indemnify the Peninsula Parties for any sums that the Peninsula Parties may be compelled to pay as the result of any damages, judgment, or other awards recovered by Coast against the Peninsula Parties by its Second Amended Complaint herein.

2. For a judicial declaration of the amount that each of the Cross-Defendants named herein is obligated to indemnify the Peninsula Parties if the Peninsula Parties are compelled to pay any sum as the result of any damages, judgment, or other awards recovered by Coast against the Peninsula Parties under its Second Amended Complaint herein;

3. For costs of suit incurred herein; and

4. For such other and further relief as the Court may deem proper.

Date: February 12, 1992

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By: Dan Sedor
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EXHIBIT A3

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES, SOUTHWEST DISTRICT

COAST CONSTRUCTION COMPANY, INC., a California corporation, Plaintiff, vs. WALLACE RANCH ASSOCIATES, et al., Defendants. AND RELATED CROSS-ACTIONS.	CASE NO.: SWC 112594 MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION TO PERMIT DISCOVERY RE EXEMPLARY DAMAGES; DECLARATION OF NAT S. HARTY IN SUPPORT THEREOF [DECLARATIONS OF DAVID P. HOHMANN AND STEVEN A. NICHOLS SUBMITTED SEPARATELY IN SUPPORT] DATE: October 8, 1993 TIME: 8:30 a.m. DEPT: J DATE ACTION FILED: 03/14/90 TRIAL DATE: 11/22/93

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1. INTRODUCTION.

Coast Construction ("Coast") entered into a contract with the Wallace Ranch Associates partnership to serve as the general contractor for the construction of approximately 85 single family residences. In the months following the retention of Coast, a dispute between two partners within Wallace Ranch Associates resulted in these partners exchanging various offers to buy out each other's interest. Ultimately, an investor group headed by one of the minority interest partners, Marshall Esfahani, bought out the majority partner, Ronald Florance. Inasmuch as one of the new principal investors in the purchasing group was a general contractor, the new purchasers elected to terminate the Coast contract. Thereafter, the new purchasers and Mr. Florance attempted to negotiate a buy out of Coast's contract. However, following the failure of these negotiations, the new purchasers and Mr. Florance for the first time denied the existence of the Coast contract. The defendants continue to deny the contract despite the fact that Coast was paid by the partnership thousands of dollars for its invoices submitted pursuant to its contract performance.

The evidence to be presented herein demonstrates that there exists a "substantial probability" that Mr. Florance denies the existence of the Coast contract in bad faith and without probable cause, and, therefore, discovery of exemplary damages liability is appropriate. (Civil Code § 3295(c).)

2. STATEMENT OF FACTS.

In or about late April of 1988, Nat Harty, the president of Coast, first met with Mr. Florance regarding Wallace Ranch Estates. (Harty decl., ¶ 2.) During their first meeting, Mr. Florance

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stated that Wallace Ranch Associates was far behind in its development schedule and that the partnership needed a builder to start on the project as quickly as possible; that Coast should submit a formal proposal within the next ten days as it was "urgent" for the partnership to retain a builder. (Id. at ¶ 3.)

On or about May 4, 1988, Coast delivered to Wallace Ranch Associates a detailed written proposal. (Id. at ¶ 4.) On or about May 6, Mr. Harty was summoned to Mr. Florance's office to further discuss the possibility of Coast serving as the general contractor. (Id. at ¶ 5.) During the meeting, Mr. Florance stated that he was impressed with the proposal and was very interested in negotiating a contract with Coast. (Id.) Mr. Florance represented that as the managing partner and majority interest holder, he was authorized to negotiate and enter into a contract with Coast. (Id.) During this meeting, Mr. Florance also stated that one of his partners, Marshall Esfahani -- through Margus Construction -- was going to be the builder, but that Mr. Florance and the proposed construction lender, Glendale Federal, were dissatisfied with Margus and the partnership was looking to hire a different builder. (Id.) Mr. Florance stated that Margus' inability to perform was the reason that the project was far behind schedule. (Id.)

In the days following May 6, 1988, Mr. Florance and Mr. Harty further negotiated the terms that would apply in the event that Coast was retained. (Id. at ¶ 6.) As a result, Coast and the partnership reached an agreement on the key terms of Coast's engagement as of May 12, 1988. (Id. at ¶ 7.)

On May 12, 1988, a meeting was held at the project architect's office that involved various members of the "project team."

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(Id. at ¶ 8.) All of the Wallace Ranch Associates partners were present (Mr. Florance, Mr. Esfahani and Gordon Utt), as well as Robert Earl (the architect), his associate, David Hohmann, Mr. Harty and Coast's vice-president of engineering, Cliff Hood. (Id.; Hohmann decl., ¶ 3.) Mr. Florance introduced Coast as the new general contractor. (Id.) It was made clear that because of his background as a builder, Mr. Esfahani would be the partner in charge of overseeing Coast's work. (Id.) Following the meeting, those present adjourned to a local restaurant for a "celebratory lunch." (Harty decl., ¶ 9; Hohmann decl., ¶ 4.)

On May 16 and May 17, 1988, Wallace Ranch Associates staged public presentations at the Norris Theater in Palos Verdes. (Harty decl., ¶ 11.) A promotional program was circulated during the presentations. (Id.) The program lists all the persons and entities that had been retained as members of the project team, including "Nat S. Harty, Coast Construction Co." as the "Builder." (Id.) During the presentation he attended, Mr. Harty was introduced by Mr. Florance to several persons as the owner and president of Coast, the project's contractor. (Harty decl., ¶ 12.)

Early in the process, Mr. Florance advised Mr. Harty that legal counsel would be preparing a formal document that would incorporate the key terms of the Agreement. (Id. at ¶ 13.) Mr. Florance represented that the documentation of the Agreement was a formality to be handled by the attorneys. (Id.) Following May 17, Mr. Florance represented that Coast had been retained and it needed to get started -- before the contract was finalized -- because the project was already too far behind schedule. (Id.)

In accordance with Mr. Florance's directives, Coast commenced

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performance in late May of 1988. (Id. at ¶ 14.) Specifically, Coast began allocating skilled personnel for the project, commenced coordination with the various design professionals, and prepared detailed cost breakdowns which were submitted by the partnership to the proposed construction lender. (Id.) These submitted cost breakdowns designate Wallace Ranch Associates as the owner developer, and identify Coast as the general contractor. Id. During the period between May 12 and July 1, Coast invested approximately 400 hours beyond any time that Coast would have invested had it not already been retained. (Id. at ¶ 15.)

During May and June, counsel for Coast and counsel for the partnership, prepared, revised and ultimately approved the formal agreement. (Id. at ¶ 17.) As of July 1, the lawyers had completed the final version. (Id.) At Mr. Florance's request, Mr. Harty was to go to the partnership's office on July 1 to execute the contract. (Id.) The final agreement approved by counsel did not contain signature lines for Mr. Utt or Mr. Esfahani, nor did any of the prior drafts. (Id. at ¶ 18.) Rather, only Mr. Florance was to sign for the partnership. (Id.) On or about June 30, Mr. Florance informed Mr. Harty that Messrs. Utt and Esfahani would also be present at the meeting. (Id.)

When Mr. Harty arrived at the partnership's office on July 1, Mr. Florance revised the final version approved by counsel to include additional signature blocks for Messrs. Utt and Esfahani. (Id. at ¶ 19.) The revised Agreement was not sent back to counsel; rather, Mr. Florance had someone in his office "squeeze in" additional signature blocks on the form prepared by counsel. (Id.) Because Mr. Florance informed Mr. Harty that Messrs. Esfahani and

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Utt were going to sign, Mr. Harty did not object to the addition. (Id.) At no time did anyone state that the Agreement would only be valid if Mr. Esfahani executed the document. (Id.) To the contrary, Coast had already been operating as the contractor for numerous weeks, and Mr. Florance had repeatedly stated that as the majority interest holder and the managing partner, he was responsible for hiring all members of the project team. (Id.)

After the addition of the signature blocks, Mr. Florance learned that Mr. Esfahani was not going to attend. (Id. at ¶ 20.) Mr. Florance then became very angry and stated in blunt language that Mr. Esfahani's participation in the project was unnecessary. (Id.) The Agreement with executed signatures by Mr. Florance and Mr. Utt was then presented to Mr. Harty, and he executed the contract on Coast's behalf. (Id.) Mr. Harty subsequently learned that Mr. Florance and Mr. Esfahani were in a dispute over profit distribution and the timing of the phases of the project. (Id. at ¶ 21.) While Mr. Florance expressed great confidence in his ability to work things out, he made it very clear that with or without a resolution of the dispute, the partnership would proceed with the development of the project under Coast's contract. (Id.)

In connection with the execution of the Agreement, Coast was presented with a $5,000 check, dated July 1, 1988, from Wallace Ranch Associates, signed by Mr. Florance, as the "Initial Deposit" for the "Building Contract dated 7/1/88." (Id. at ¶ 22.) Coast deposited the check and continued its work. (Id.) In conjunction with its activities, Coast was required by Wallace Ranch Associates to provide proof of insurance satisfactory to the partnership's underwriter and its construction lender. (Id. at ¶ 23.) Coast did

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so, and the partnership utilized Coast's certificate of insurance to satisfy its underwriter. (Id.; Nichols decl., ¶¶ 32-35.) The insurance certificate also lists "Wallace Estates" as an "additional insured." (Nichols decl., ¶ 35.) In connection with these requirements, the partnership also submitted a copy of the executed contract to its insurance agency. (Nichols decl., ¶ 34.)

In a July 12 "news release" approved by Mr. Florance, the partnership announced the execution of the Coast contract. (Id. at ¶ 24; Nichols decl., ¶ 9.) The July 12 publication is just one of many articles and releases caused to be published by the partnership during July and August which identify Coast as the builder. (Nichols decl., ¶¶ 8-13.) The July 12 newspaper article states, in part:

> COAST CONSTRUCTION SELECTED TO BUILD WALLACE ESTATES
>
> Palos Verdes Peninsula, CA -- Wallace Estates, the $75 million residential development of customized single-family homes on the Palos Verdes Peninsula, will be built by Brea-based Coast Construction Company, announced Ron Florance, developer of Wallace Estates.
>
> Florance also announced that Wallace Estates partner Marshall Esfahani will oversee construction of the development.

In July through October of 1988, Coast submitted invoices to the partnership for the work it had performed under the contract. (Harty decl., ¶ 26.) In addition to the "Initial Deposit," on or about September 7, Coast received an additional $10,154.32 for a portion of the builder's fee and cost reimbursements due under the contract. (Id.) On September 14, Mr. Harty called Mr. Florance inquiring why some of Coast's other invoices had not been paid.

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(Id.) Mr. Florance explained that the payments were delayed because the loan had not funded, but that all of the invoices would be paid. (Id.) On September 16, Mr. Harty sent Mr. Florance and Mr. Esfahani a confirming letter:

> . . . I am enclosing copies of invoices for which we still have not received a voucher. Pursuant to the provisions of Article 12 of our contractual agreement, progress payments are due within ten working days from the submittal date of the invoice. Therefore, it would be appreciated if you would have your accounting department process these vouchers as soon as possible.
>
> As you know, we have been involved with the project for nearly 90 days and are incurring substantial overhead costs . . .

(Id.)

At no point did Ronald Florance or Marshall Esfahani object in any way to Coast's letter of September 16. (Id. at ¶ 27.) To the contrary, Coast was directed to continue its work. (Id.)

Unbeknownst to Coast, during the entire period in which Coast was involved with the project, there was much going on behind the scenes. (Id. at ¶ 28.) During this period, Mr. Esfahani and his lawyer were asserting in numerous letters exchanged with Mr. Florance and Mr. Florance's counsel that Margus had a contractual right -- based on the terms of the Wallace Ranch Associates partnership agreement -- to serve as the builder. (Id.; Nichols decl., ¶¶ 31-60.) Coast, however, was not informed of the terms of the partnership agreement or of any alleged limitation on Mr. Florance's authority, and not one of these numerous letters were provided to Coast. (Id.) In these undisclosed writings, Mr. Florance asserted that Mr. Esfahani had breached the partnership agreement by failing to have Margus submit any sort of construction

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plan, by failing to submit a proposed construction contract, and by failing to provide information requested by the proposed lender, including proof of Margus' general liability insurance. (Id.) Accordingly Mr. Florance asserted that the partnership was justified in entering into and performing under the Coast contract. (Id. at ¶ 2[illegible]) Mr. Florance, for example, summed up his position in a August [illegible] letter to Mr. Esfahani:

> As I understand your position, the reason that you believe that the Partnership does not have a right to engage Nat Harty without your consent is your claim that Margus has both the right and the ability to construct the Partnership houses. I do not agree with that.

(Nichols decl. ¶ 46.)

In or about August 1988, Coast learned from Mr. Florance that he might try to buy out Mr. Esfahani's interest. (Harty decl., ¶ 30.) Thereafter, it was disclosed that Mr. Florance had tendered a formal offer to purchase Mr. Esfahani's interest. (Id.) On September [illegible] Mr. Florance wrote to Mr. Esfahani regarding the buy out offer made by Mr. Florance, Coast's status, and the possibility of Mr. Esfahani presenting a counter-offer:

> I understand that you are considering a counter-offer for the partnership property. If the property is acquired under the present proposal, the buyers will want to continue with Coast Construction Company as the builder. If you are successful in obtaining a better offer, and the property is acquired by some other buyer, that buyer may wish to use Margus or a third party. It is still my conviction that it is essential that construction proceed promptly, and it is my intention to proceed with Coast Construction Company as the builder. This will acknowledge, however, that if the property is acquired under a future offer which you obtain, and if you so desire, I will terminate the Coast Construction contract. My willingness to do so, however, is not an

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> admission that I was not completely justified in retaining Coast Construction Company in the first instance.

(Nichols decl., ¶ 49.)

In October, Mr. Florance notified Coast that Mr. Esfahani and others had tendered a successful counter-offer and were going to purchase the project from the partnership and Mr. Florance. (Harty decl., ¶ 32.) Mr. Florance instructed Coast to stop all work because the new purchasers were not going to be using Coast. (Id.) Nor were the new purchasers going to use Margus or Mr. Esfahani as the builder. (Id.) Instead, another builder had acquired an interest in the project and would serve as the builder. (Id.) Mr. Florance informed Coast that its contract would be bought out, and that they would be "fair" in resolving Coast's contract claims. (Id.) However, once these negotiations broke down, Mr. Florance adopted a new strategy: to deny the existence of the Coast contract. (Nichols decl., ¶¶ 61-63; Harty decl., ¶ 32.)

3. COAST ENTERED INTO A BINDING CONSTRUCTION CONTRACT.

There can be no genuine dispute that Ronald Florance, alone, had the authority to bind Wallace Ranch Associates to the Coast contract. Corporations Code section 15009 provides:

> Every partner is an agent of the partnership for the purpose of its business, and the act of every partner, including the execution in the partnership name of any instrument, for apparently carrying on in the usual way the business of the partnership of which he is a member binds the partnership, unless the partner so acting has in fact no authority to act for the partnership in the particular matter, and the person with whom he is dealing has knowledge of the fact that he has no such authority.

While section 15009 provides that an individual partner may bind the partnership for contracts entered in the usual course of

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business, section 15009 also limits the ability of a partner to act unilaterally. Where a partner's authority is limited by the terms of a partnership agreement and the person with whom he is dealing has knowledge of this limitation, the individual partner cannot bind the partnership. However, in situations where a partnership seeks to deny contractual liability on the basis of an express limitation on an individual partner's authority, the partnership bears the burden of proving by "direct positive evidence" that such notice was given. (See Epley v. Hiller (1954) 128 Cal.App.2d 100, 103.) As stated in Blackmon v. Hale (1970) 1 Cal.3d 548, 558:

> A person dealing with a partnership usually is in no position to know of special agreements between the partners and thus cannot be charged with knowledge of such agreements absent specific notice.

The principles set forth above were applied in Medak v. Cox (1970) 12 Cal.App.3d 70, under circumstances that are similar to the case at bar. In Medak, the plaintiff-architect filed suit against Messrs. Carman, Cox and Poulin, doing business as Claremont Crest Company, a joint venture created to construct houses. The joint venture was comprised of I.R.C. Corporation and Copox Company, a partnership comprised of Messrs. Cox and Poulin. Mr. Carman was the president of I.R.C. and was authorized to act on its behalf. Plaintiff's suit was predicated on services rendered under a contract signed by him and by Mr. Carman on behalf of Claremont. The contract contained signature blocks for Messrs. Carman, Poulin and Cox, but only Mr. Carman signed the document.

In the joint venture agreement, it was stated that "I.R.C. shall do all things and perform all services necessary to create a subdivision on the land including . . . the construction of houses

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therein, together with the procuring of subcontractors . . ." (Id. at 74.) The joint venture agreement, however, expressly limited the ability of an individual partner to enter contracts: "[N]o management decision shall be made, no agreements entered into . . . without the consent of both parties." (Id.)

Following a trial, the court entered a verdict for plaintiff for services rendered under the contract against all of the defendants. The decision was based on plaintiff's testimony that Mr. Carman represented that "the other two signatures were not necessary. (Id. at 75.) Defendants Cox and Poulin then appealed on the basis "that the contract . . . is not binding upon them." (Id.)

In upholding the trial court's decision that Carman -- notwithstanding the unexecuted signature blocks and the express limitation on his authority -- had the authority to bind all of the other defendants, the court stated:

> This case is therefore clearly governed by Corporations Code section 15009, subdivision (1) which states: 'Every partner is an agent of the partnership for the purpose of its business, and the act of every partner . . . binds the partnership. . .
>
> Therefore, the contract signed only by Carman was sufficient to bind the partnership. . . . Judgment against Cox and Poulin as co-partners of Copox as well as against Carman was proper.

(Id. at 76-77.)

As in Medak, Mr. Florance entered into a binding contract on behalf of Wallace Ranch Associates with Coast. The contract was entered "for apparently carrying on in the usual way the business of the partnership," namely, the development of Wallace Ranch. Mr. Florance made it abundantly clear that he controlled the develop-

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ment, and as the managing partner and majority interest holder, he had the authority to enter the contract; that irrespective of whether Mr. Florance resolved his dispute with Mr. Esfahani, the partnership was proceeding with Coast as the builder.

In conjunction with Mr. Florance's representations regarding his authority and the execution of the contract, Mr. Florance caused the partnership to pay to Coast $5,000 as an "Initial Deposit" on the "Building Contract dated 7/1/88." Thereafter, Mr. Florance approved and caused to be released numerous news and other publications announcing that Coast had been retained. Mr. Florance later caused additional partnership monies to be paid to Coast in response to Coast's invoices. In short, in the months following the execution of the contract, Mr. Florance at all times encouraged, accepted and caused payments to be made for Coast's on-going performance. Coast was never provided any notice -- let alone "specific notice" corroborated by "direct positive evidence" -- of any alleged limitation on Mr. Florance's authority.[1] Given these

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[1] Even assuming the disputed conclusion that Mr. Esfahani advised Mr. Harty that the contract was not valid against the partnership, Mr. Florance remains liable. As stated in 68 Corpus Juris Secundum, Partnership, § 143, pp. 578-579:

> [A] partner may limit the authority of his copartner to bind him either generally or as to particular transactions, and therefore may exempt himself from liability with respect to new obligations . . . The partners who enter into the transaction, however, are liable thereon.
>
> Where the firm consists of two members, if one of the partners notifies a third person that he will not be bound by the future acts of his copartner the implied agency is thereby terminated, and if, after such notice, a transaction is entered into with the other partner, the person dealing with him can rely on the individual credit of

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circumstances, Coast entered into a binding contract.

4. THERE EXISTS A SUBSTANTIAL PROBABILITY THAT EXEMPLARY DAMAGES WILL BE IMPOSED IN THIS ACTION.

The California Supreme Court has established that punitive damages are properly awarded when a defendant denies the existence of a contact in bad faith. As set forth in Seaman's Direct Buying Service, Inc. v. Standard Oil (1984) 36 Cal.3d 752, 769:

> It is sufficient to recognize that a party to a contract may incur tort remedies when, in addition to breaching the contract, it seeks to shield itself from liability by denying, in bad faith and without probable cause, that the contract exists.

In the present case, Ronald Florance denies the existence of the Coast contract in bad faith and without probable cause. Indeed, Mr. Florance personally negotiated, executed and performed under the very contract he now denies. During all periods in which Mr. Florance believed that he would remain a principal, he represented to everyone connected with the project that Coast was the builder. Further, once it became apparent to Mr. Florance that he was going to be bought out and earn a profit of approximately $13 million, he initially asserted in writings and elsewhere that the purchasing partners would have to "continue with" or "terminate" -- at a significant cost -- the existing Coast contract. (Nichols decl., ¶ 49.) At no point in the first six months following the execution of the contract did Mr. Florance indicate that Coast did

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> such partner, and no liability will exist against either the dissenting partner or the firm, but only against the partner entering into the transaction.

(See also, e.g., Cowan v. Tremble (1931) 111 Cal.App. 458, 463.)

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not have a contract. He did not respond to Coast's letters and billings referencing work performed under the contract by asserting that no such contract existed. To the contrary, he caused many of these billings to be paid.

Mr. Florance also acknowledged the existence of the Coast contract in writings in which he asserted that his offer to buy out Mr. Esfahani was higher than Mr. Esfahani's counter-offer because Florance's offer included the assumption of the binding Coast contract. (Nichols decl., ¶¶ 57-58.) Mr. Florance contended that the counter-offer would only be higher if the new purchasers agreed to assume the Coast contract; that the purchasers were required to acknowledge a binding contract with Coast. (Id.) This dispute was eventually resolved when the purchasers agreed to assume the Coast contract and to indemnify the partnership and Mr. Florance for liability under the Coast contract. (Id. at ¶ 59.)

It was only after buy out negotiations failed that Mr. Florance -- in what amounts to nothing more than a litigation afterthought -- performed a complete about face and began denying the existence of Coast's contract. He has done so by asserting that he repeatedly informed Mr. Harty that the contract would only be effective with the signed consent of all the partners. (Harty decl., ¶ 32.) Not surprisingly, all of these alleged communications were oral; Mr. Florance has yet to produce any documented evidence provided to Coast indicating that the contract would only be effective once signed by all the partners. In other words, notwithstanding all of the written correspondence, newspaper articles, public relations releases, and other project documents wherein Mr. Florance represented that there existed a binding contract, he now

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contends that these writings were all false; that he orally communicated to Mr. Harty from the outset that Coast would not have a contract unless all the partners signed. (Harty decl., ¶ 32.)

Mr. Florance's apparent contention that he kept Coast fully informed is particularly difficult to believe in light of the written communications between Messrs. Florance and Esfahani, and their respective legal representatives. Indeed, at various times in May, June, July, and August, these persons exchanged contentious letters in which the controversy surrounding the Coast contract was discussed at length. (Nichols decl., ¶¶ 31-60.) Not once did Coast receive a letter disclosing this issue or even a carbon copy of the letters going back and forth. The explanation for this omission is obvious: While the issue of Coast's contract provided Mr. Esfahani leverage in his bargaining, all of the partners wanted Coast to continue its work in order to further advance the project. Accordingly, the decision was made not to fully inform Coast of the underlying dispute. Indeed, if the dispute was truly over Margus' so-called right to and insistence that it serve as the builder, then why did Mr. Esfahani present and perform under a counter-offer which called for a contractor completely unrelated to Mr. Esfahani to serve as the general contractor?

5. CONCLUSION.

Given the circumstances motivating Ronald Florance's revised version of events, there exists a "substantial probability" that exemplary damages will be imposed against Mr. Florance.

DATED: August 25, 1993

RUTAN & TUCKER

By: [signature]
Richard K. Howell
Attorneys for Plaintiff
COAST CONSTRUCTION COMPANY, INC.

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DECLARATION OF NAT S. HARTY

I, Nat S. Harty, declare and state as follows:

1. I am the president of Coast Construction Company, Inc. ("Coast"), and I have served in that capacity for more than seventeen years. I have been a licensed general contractor for approximately 22 years. I have personal knowledge of the facts set forth in this declaration and, if called upon to do so, I could and would testify to these facts. I make this declaration in support of Coast's motion re discovery of exemplary damages claims against defendant Ronald Florance.

2. In about late April of 1988, I first met with Ronald Florance. Mr. Florance identified himself to me as the Managing Partner of Wallace Ranch Associates, the owner of Wallace Ranch Estates. Mr. Florance explained that Wallace Ranch Estates (the "project") was to be an eighty-five unit upscale residential development located in Palos Verdes, California. Mr. Florance and I discussed the possibility of Coast serving as the general contractor for construction of the project.

3. During my first meeting with Mr. Florance, he advised me that the partnership was far behind its development schedule and that the partnership needed a builder to get started on the project as quickly as possible. Mr. Florance stated that it was necessary that he receive a qualified proposal within ten days of our meeting. I informed Mr. Florance that it would be impossible to gather the necessary data for a fixed "lump sum" bid, but that a detailed proposal with estimated costs could be completed within ten days. Mr. Florance and I agreed that Coast would immediately prepare and submit a proposal based on cost estimates, and that if

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Coast was retained to build the project, it would do so on a "cost plus" basis; i.e., Coast would be reimbursed its actual construction costs incurred, plus a profit. The reason that it was agreed that the Coast proposal would be for a cost plus profit contract as opposed to a fixed lump sum contract was because Mr. Florance stated that the project schedule would not allow Coast the time necessary to prepare a fixed bid; it was "urgent" for the partnership to retain a builder.

4. On or about May 4, 1988, Coast delivered to Wallace Ranch Associates and Ronald Florance a detailed written proposal for Coast to serve as the general contractor for the project. The proposal contained a cost breakdown for the construction of all the various planned units in the development, and outlined the basic compensation to be paid to Coast for serving as the contractor. (A true and correct copy of Coast's proposal is attached as Exhibit "2" to the accompanying declaration of Steven A. Nichols.)

5. Two days after Coast delivered the proposal to Wallace Ranch Associates and Mr. Florance, on or about May 6, 1988, I was summoned to Mr. Florance's office to further discuss the possibility of Coast serving as the contractor for the Wallace Ranch Estates project. During the meeting, Mr. Florance repeatedly stated that he was extremely impressed with the proposal prepared by Coast and that he was very interested in and anxious to negotiate a construction contract with Coast. At all times, Mr. Florance represented that as the Managing Partner of Wallace Ranch Associates, he was authorized to negotiate and enter into a contract with Coast. During the meeting on May 6, 1988, we

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discussed the cost breakdown supplied by Coast and the specifics of Coast's compensation in the event it was retained as the contractor for the project. Mr. Florance also indicated in this meeting that originally one of his partners, Marshall Esfahani -- through Margus Construction -- was going to be the builder, but that Mr. Florance and the proposed construction lender, Glendale Federal, were disappointed with Margus and that the partnership was looking to hire a different builder for the project. Mr. Florance stated that Margus' inability to perform was responsible for the project being far behind schedule.

6. In the days following May 6, 1988, Mr. Florance and I further discussed and negotiated the terms that would apply in the event Coast was retained as the contractor. In each of our communications, Mr. Florance emphasized that it was necessary that these negotiations be concluded as soon as possible because it was imperative that whoever was selected as contractor on the project begin preparatory work immediately.

7. As a result of the above discussions, Mr. Florance and I reached agreement on the key terms of our engagement as of May 12, 1988. Those terms included the following:

(a) Coast would serve as the contractor for construction of the entire project, i.e., Lots 1 through 85, including the model and production units;

(b) Coast would begin work on construction of the houses as soon as building permits were issued, and would build the houses in phases. In the meantime, Coast would continue with preparatory work necessary for construction of the houses;

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(c) Coast would be reimbursed for its actual costs incurred in constructing the houses, plus the following contract amounts:

(i) A "base fee" of 6% per unit of the budgeted project unit cost.

(ii) A "cost savings fee" equal to 25% of the amount by which budgeted construction costs exceeded actual construction costs.

(iii) An "adjustment fee" equal to 50% of the amount by which 2-3/4% of the total of sales prices of all units within a phase exceeded the total base fee for all units within that phase.

(iv) A "BCR Program" payment equal to 50% of the profit realized from operation of the Buyers Change Request Program ("BCR" Program). Under the BCR Program, buyers of homes within the project would have the right to make modifications and upgrades to their houses. Coast was to have the exclusive right to contract with the buyers for the construction and installation of such changes.

(v) Reimbursement of actual labor costs at the rate of 108% for work performed by Coast and/or its related entity, Coast Wood Specialties, Inc. ("CWS"), i.e., Coast was entitled to an 8% mark-up for its labor forces.

8. On May 12, 1988, a meeting was held involving various members of the "project team." The meeting took place in the offices of Robert Earl & Associates, the architects for the

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project. All of the Wallace Ranch Associates partners were present (Mr. Florance, Gordon Utt and Marshall Esfahani), as was Robert Earl (the project architect), his associate, David Hohmann, and my vice president of engineering, Cliff Hood. Mr. Florance introduced Coast as the new contractor for the project, and based on Coast's input numerous construction-related decisions were made during the course of the meeting. It was made clear during the meeting that because of his background as a builder Mr. Esfahani would be the partner in charge of overseeing and supervising Coast's work. During the meeting Mr. Esfahani was cooperative and provided the names of some subcontractors to contact for the purpose of soliciting proposals for the project.

9. Following the meeting on May 12, 1988, those present adjourned to a local restaurant for a celebratory lunch. At no point during the meeting or the celebratory lunch that followed did anyone inform me of any objection to Coast's serving as the builder for the project. To the contrary, the lunch was a celebration of the fact that the project could now proceed because a contractor had been retained.

10. Immediately following the lunch, I spoke with Mr. Esfahani in the restaurant parking lot. Mr. Esfahani stated in broken English that he "was going to be builder for the project." At the time, I was uncertain of the purpose of Mr. Esfahani's remarks. The following day, May 13, 1988, I telephoned Mr. Florance to further discuss the status of the project. During our telephone conversation, I informed Mr. Florance of Mr. Esfahani's statement and specifically inquired if he knew what brought about the comment. Mr. Florance responded that it was not a problem,

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and that Mr. Esfahani simply wanted to make it clear to me that prior to the retention of Coast, a company headed by Mr. Esfahani was going to be the builder, and that Mr. Esfahani was speaking in the past tense. I then came to the conclusion that Mr. Esfahani wanted me to know that his status as the former builder of the project would somehow impact the role he would take on as the partner specifically assigned to oversee Coast's work.

11. On May 16 and May 17, 1988, Wallace Ranch Associates staged two public presentations at the Norris Theater in Palos Verdes. Mr. Florance asked me to attend both presentations, but my schedule permitted me to attend only one of the two meetings. Wallace Ranch Associates circulated a written promotional program at the public presentations. The program lists all the persons and entities that had been retained as members of the project team, including the architect, landscape architect, engineer, geologist, interior designer, etc. The program also identifies "Nat S. Harty, Coast Construction Co." as the "Builder" for the project. (A true and correct copy of the May 16 and 17, 1988 program is attached as Exhibit "6" to the accompanying declaration of Steven A. Nichols.) I personally observed these materials being distributed to those in attendance at the presentation that I attended.

12. During the public presentation that I attended, I was introduced by Mr. Florance to several persons as the owner and president of Coast, the company that had been retained to serve as the general contractor for the project. Mr. Esfahani and Mr. Utt were also present at the meeting, and at no point did they indicate to me in any way that they objected to Coast being

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identified or retained as the general contractor for the project. Consistent with the May 12 meeting and celebratory lunch, Mr. Esfahani was introduced as the person who would be "overseeing" construction of the development.

13. Early in our discussions, Mr. Florance advised me that legal counsel would be preparing a formal document which would incorporate the key terms of our agreement. Mr. Florance stated, however, that the preparation of the written contract between Coast and the Wallace Ranch Associates partnership was a formality to be handled by the attorneys. In the days following May 17, Mr. Florance continued to make it very clear that Coast needed to get started -- before the formal contract was finalized -- because the project was already too far behind schedule.

14. Based on Mr. Florance's statements and directives, Coast commenced performance as the general contractor for the project in or about late May of 1988. Specifically, Coast immediately began allocating skilled personnel for the project, commenced coordinating with the architect and other design professionals hired for the project, and prepared detailed cost breakdowns which were submitted by Wallace Ranch Associates to the proposed construction lender. These submitted cost breakdowns designate Wallace Ranch Associates as the owner/developer, and identify Coast as the general contractor for the project. (A true and correct copy of a submitted cost breakdown is attached as Exhibit "28" to the accompanying declaration of Steven A. Nichols.)

15. Based on my review of Coast's records and my involvement with the project, I estimate that Coast invested more

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than 400 hours of time in performing as general contractor for the project between May 12, 1988 and July 1, 1988. These hours included numerous inspections and survey work performed by me and several other members of Coast's staff. All of these hours were above and beyond any time that Coast or any contractor would have invested in the project had it not already been hired as the contractor.

16. The final version of the written agreement was the product of further refinement of the basic agreement that Mr. Florance and I reached in May of 1988. As expected, the cost estimates for each unit were changed slightly, resulting in an adjustment of the base fee which was set at 6% of the budgeted cost. Based on the revised figures, it was estimated that each unit would cost Coast $337,250 to build. Applying the agreed upon 6% factor, the base fee was calculated at $20,235.00 per unit. In or about May or June of 1988, Ronald Florance requested that Coast lower the labor cost reimbursement component from 108% to 106%, and requested that Coast agree to reduce the adjustment fee from 2-3/4% to 2-1/2%. These modifications were not of great significance to Coast, and I agreed to the modifications as requested by the partnership.

17. During May and June of 1988, my counsel and counsel for the Wallace Ranch Associates partnership prepared, reviewed, revised, and ultimately approved the formal written agreement between the parties. As of July 1, the lawyers had completed the final version of the agreement. At Mr. Florance's request, I went to the offices of Wallace Ranch Associates on July 1, 1988 to execute the written contract.

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18. The final agreement as approved by counsel for execution by the parties, as well as all of the prior drafts prepared and exchanged between counsel and the parties, did not contain signature lines for Mr. Utt or Mr. Esfahani to sign on behalf of the partnership. Rather, only Mr. Florance was to sign the agreement on behalf of the partnership and I was to sign on behalf of Coast. On or about June 30, Mr. Florance informed me that Mr. Utt and Mr. Esfahani would also be attending the meeting.

19. When I arrived at the partnership offices to sign the agreement on July 1, 1988, Mr. Florance revised the final version of the agreement prepared and approved by counsel to include signature blocks for Messrs. Utt and Esfahani. The revised agreement had not been sent back to counsel for a new printing; rather, Mr. Florance had someone in his office "squeeze in" the additional signature blocks on the form already prepared and approved by counsel. (A true and correct copy of the executed contract is attached as Exhibit "1" to the accompanying declaration of Steven A. Nichols.) Inasmuch as Mr. Florance informed me that Mr. Esfahani and Mr. Utt were signing the Agreement, I had no objection to the addition of these signature blocks. At no time did Mr. Florance or anyone else inform me that the Agreement would only be valid once Mr. Esfahani executed the document. To the contrary, Mr. Florance had previously advised me that as the majority interest holder and the managing general partner, he was responsible for hiring all members of the project team and had the authority to retain Coast on behalf of the partnership. He repeatedly represented in no uncertain terms that he did not require Mr. Esfahani's approval to enter into the

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contract.

20. Shortly after my arrival at the partnership offices on July 1, 1988, and after the addition of the signature blocks to the contract, Mr. Florance learned that Mr. Esfahani was not going to attend the meeting. Mr. Florance then became angry and stated in very blunt language that Mr. Esfahani's participation in any aspect of the project was unnecessary. The agreement with executed signatures by Mr. Florance and Mr. Utt was then presented to me, and I executed the contract on Coast's behalf.

21. Following the execution of the contract on July 1, 1988, Mr. Florance and I went to a local restaurant to meet Mr. Esfahani for lunch. During the lunch, Mr. Esfahani stated that he would sign the Agreement as soon as he and Mr. Florance resolved certain problems between them concerning matters unrelated to Coast's work as contractor for the project. I did not ask and was not told of the specific nature of the problems, and no one ever advised me nor did I have any understanding that the execution of the agreement by Mr. Esfahani was a prerequisite to our agreement. Mr. Esfahani did not assert that he did not want Coast to build the project. Rather, I was informed that Mr. Florance and Mr. Esfahani were in a dispute over profit distribution and the timing of the individual phases of the project. It was my belief that Mr. Esfahani was not signing the agreement because without his cooperation the construction loan would not fund, and that he was employing this leverage in his partnership dispute with Mr. Florance. Messrs. Florance and Esfahani stated that these problems should be of no concern for Coast; they would soon be resolved. While Mr. Florance expressed great confidence in his

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ability to work things out with Mr. Esfahani, he at all times made it very clear that with or without a resolution of the dispute, the partnership would proceed with the development of the project under Coast's contract.

22. Soon after the execution of the Agreement, I was presented with a $5,000 check, dated July 1, 1988, from Wallace Ranch Associates, signed by Ronald Florance, as the "Initial Deposit" for the "Building contract dated 7/1/88." (A true and correct copy of the "Initial Deposit" check is attached as Exhibit "22" to the accompanying declaration of Steven A. Nichols.) Thereafter, I deposited the check in Coast's operating account and Coast continued with work on the project.

23. In connection with Coast having been retained as the contractor for the project, Wallace Ranch Associates also requested that Coast provide proof of insurance. I was informed by Mr. Florance that the proposed construction lender would only issue the construction loan if the contractor retained for the project could certify that it maintained an appropriate level of insurance. Accordingly, I provided Mr. Florance the details on Coast's general liability, excess liability and automobile liability insurance policies. On or about August 18, 1988, Wallace Ranch Associates submitted a certificate of insurance which provided all of the particulars on Coast's insurance coverage and which, further, listed "Wallace Estates" as an "additional insured." (A true and correct copy of the certificate of insurance is attached as Exhibit "33" to the accompanying declaration of Steven A. Nichols.)

24. Shortly after the signing of the Agreement, on or about

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July 12, 1988, in a "news release" expressly approved by Ronald Florance, Wallace Ranch Associates announced the execution of the contract with Coast. The "news release" was prepared by Bryan Hardwick Associates, the public relations firm hired by Wallace Ranch Associates to promote the project. The "news release" was published in a local paper and simply reiterates what Mr. Florance and Mr. Esfahani had told me -- that Coast had a binding agreement and that Mr. Esfahani would be the partner supervising Coast's work. The July 12, 1988 "news release" states, in part:

> COAST CONSTRUCTION SELECTED TO BUILD WALLACE ESTATES
>
> PALOS VERDES PENINSULA, CA -- Wallace Estates, the $75 million residential development of customized single-family homes on the Palos Verdes Peninsula, will be built by Brea-based Coast Construction Company, announced Ron Florance, developer of Wallace Estates.
>
> Florance also announced that Wallace Estates partner Marshall Esfahani will oversee construction of the development.
>
> "For the last eight years, Coast Construction Company has been responsible for the entire $180 million, 515 home Manhattan Village in Manhattan Beach," said Florance. "We're fortunate to be starting Wallace Estates just as Coast is putting the finishing touches on Manhattan Village and is again available for a major development project.
>
> "This company's reputation in the homebuilding industry is without parallel, and we're gratified to have them on our development team," continued Florance.
>
> Coast Construction Company president Nat Harty added, "We are extremely pleased to be working on such an outstanding property as Wallace Estates. It is important to us to be involved in projects of this scope and quality."
>
> Coast is involved in real estate

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construction from San Diego to Bakersfield, with a concentration in Los Angeles and Orange Counties. The firm has been doing business since 1941.

(A true and correct copy of the press release bearing Ron Florance's approval is attached as Exhibit "7" to the accompanying declaration of Steven A. Nichols.)

25. Through July and August of 1988, Coast continued its work as the general contractor on the project. On-site construction of the homes could not proceed because of a significant grading problem with the building pads that Coast had discovered. Coast spent numerous hours developing a remedy to the grading problem. During this period of time, Coast continued to be invited to and attended all of the project team meetings.

26. In July through October of 1988, Coast submitted invoices to Wallace Ranch Associates for the work it had performed under the contract. As set forth above, Coast had received in early July the "Initial Deposit" in the amount of $5,000 paid to Coast in connection with execution of the agreement. Further, attached as Exhibit "25" to the accompanying declaration of Steven A. Nichols is a true and correct copy a statement from the construction lender indicating an additional payment on or about September 7, 1988, of $10,154.32 to Coast for a portion of the builder's fee and reimbursement for costs. Thereafter, on or about September 14, 1988, I telephoned Ronald Florance seeking an explanation as to why some of Coast's other invoices had not been paid. Mr. Florance explained to me that the payments were delayed

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because the construction loan had not funded, but that all of Coast's invoices would be paid. Following this conversation, on or about September 16, 1988, I wrote a confirming letter to Mr. Florance with a copy sent to Mr. Esfahani. My letter confirmed our telephone conversation, and further verified that Coast had been operating for nearly 90 days under a binding, written contract. My letter states, in part:

> Also, I'm enclosing copies of invoices for which we still have not received a voucher. Pursuant to the provisions of Article 12 of our contractual agreement, progress payments are due within 10 working days from the submittal date of the invoice. Therefore, it would be appreciated if you would have your accounting department process these vouchers as soon as possible.
>
> As you know, we have been involved with the project for nearly 90 days and are incurring substantial overhead costs in anticipation of construction commencement. Consequently, it would be appreciated if you could see to it that our progress payments are processed in accordance with the terms of the contract.
>
> Please keep me informed as to the status of the construction loan, and as requested above, give your decision on how to handle the lot grading.

(A true and correct copy of my September 16, 1988 letter is attached as Exhibit "24" to the accompanying declaration of Steven A. Nichols.)

27. At no point did Ronald Florance or Marshall Esfahani indicate to me in any way that my letter of September 16, 1988 misstated the relationship between Coast and Wallace Ranch Associates. To the contrary, Coast was directed to continue its work under the contract.

28. Unbeknownst to either me or Coast, during the entire

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period in which Coast was involved with the Wallace Ranch Estates project, there was much going on behind the scenes between Mr. Florance and Mr. Esfahani. While, as stated, I knew that prior to Coast's association with the project it was anticipated that a construction company (Margus Construction) affiliated with Mr. Esfahani would be building the project, the terms of the partnership agreement were not disclosed to me. The letters on this subject between Mr. Esfahani and Mr. Florance and their respective lawyers were not sent or otherwise disclosed to me. At no point did anyone indicate to me that Mr. Florance did not have the authority to enter the Coast contract of behalf of the partnership.

29. Contrary to being informed of the on-going dispute regarding Margus, I believed that Wallace Ranch Associates only involved Coast once it became apparent that Margus was not and could not serve as the project's contractor; that the delays and uncertainties surrounding Margus' possible involvement were responsible for the project being well-behind schedule when Coast first became aware of the project. It was my understanding that the partnership had made the decision that it could wait no longer for Margus to proceed as the contractor, and that it was now imperative that a builder, Coast, be retained and get started as quickly as possible.

30. In or about August 1988, I learned from Mr. Florance that he might try to buy-out Mr. Esfahani's interest in the partnership. Shortly thereafter, I learned from Mr. Florance that he had tendered a formal offer to purchase Mr. Esfahani's interest in the partnership. On or about September 9, 1988, Mr. Florance

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wrote to Mr. Esfahani regarding the offer made by Mr. Florance, Coast Construction's status on the project, and the possibility of Mr. Esfahani issuing a counteroffer to Mr. Florance's proposal; the letter states in pertinent part:

> I understand that you are considering a counteroffer for the partnership property. If the property is acquired under the present proposal, the buyers will want to <u>continue with Coast Construction Company as the builder</u>. If you are successful in obtaining a better offer, and the property is acquired by some other buyer, that buyer may wish to use Margus or a third party. It is still my conviction that it is essential that construction proceed promptly, and it is my intention to proceed with Coast Construction Company as the builder. This will acknowledge, however, that if the Property is acquired under a future offer which you obtain, and if you so desire, I will <u>terminate the Coast Construction Company contract</u>. My willingness to do so, however, is not an admission that I was not completely justified in <u>retaining Coast Construction Company in the first instance</u>, and is without any prejudice of my rights or contentions, nor, of course, to any of your rights and contentions. If there is a cost associated with <u>terminating the Coast Construction Company contract</u>, we both reserve our rights on how that may be resolved and allocated.

(A true and correct copy of the September 9, 1988 letter is attached as Exhibit "47" to the accompanying declaration of Steven A. Nichols; emphasis added.)

31. In or about late September, 1988, Mr. Florance asked me to meet with representatives of Marubeni Bank to discuss Mr. Florance's planned buy-out of the project. In connection with this meeting, Mr. Florance informed me that Marubeni Bank was to provide the financing to buy-out Mr. Esfahani's interest in the partnership. Mr. Florance stated that he wanted me to attend the

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meeting with the representatives of Marubeni Bank in order to introduce me as the general contractor and to answer any questions they might have about the construction of the project. The meeting took place on September 29, 1988, at which time Mr. Florance and I toured the project site with various representatives from Marubeni Bank. In further discussing the possibility of a buy-out, Mr. Florance stated that Coast was the builder for the project and that any proposed buy-out would not impact Coast's status on the project.

32. In October of 1988, Mr. Florance notified me by telephone that Mr. Esfahani and others were going to purchase the project from the partnership, and we should stop all work immediately because the purchasers would not be using Coast to build the project. He further stated that the project would not be built by Margus Construction or Mr. Esfahani; that another builder that had acquired a significant interest in the project would serve as the general contractor. Mr. Florance stated that our contract would be bought out, and that he would be "fair" in resolving our contract claim. He asked me to put together a calculation of our contract claim and present it to him. On October 12, 1988, I sent correspondence to Mr. Florance confirming same. (A true and correct copy of my October 12, 1988 letter is attached as Exhibit "59" to the accompanying declaration of Steven A. Nichols.) It was only after these negotiations failed that Mr. Florance and the new purchasers first indicated to me that they intended to deny the validity and existence of the Coast contract.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and

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this declaration is executed this 26 day of August, 1993 at Costa Mesa, California.

NAT S. HARTY

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EXHIBIT A4

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Attorneys for Defendants, Cross-Defendants and Cross-Complainants Peninsula Wallace Partners, L.P., II, Peninsula High Associates, II, and Peninsula High Associates

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES, SOUTHWEST DISTRICT

COAST CONSTRUCTION COMPANY INC., a California Corporation, Plaintiff, v. WALLACE RANCH ASSOCIATES, a partnership; C. GORDON UTT, an individual; RONALD M. FLORANCE, an individual; MARSHALLAH ESFAHANI, an individual; PENINSULA WALLACE PARTNERS, L.P., II, a California Limited Partnership; PENINSULA HIGH ASSOCIATES, II, a California Limited Partnership; PENINSULA HIGH ASSOCIATES, II, a California corporation; and DOES 1 through 200, inclusive, Defendants. AND RELATED CROSS-ACTIONS.	Case No. SWC 112594 PENINSULA PARTIES' MANDATORY SETTLEMENT CONFERENCE STATEMENT DATE: March 15, 1994 TIME: 8:30 a.m. PLACE: Department A

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Defendants and cross-complainants Peninsula Wallace Partners, L.P., II,[1] Peninsula High Associates, II, and Peninsula High Associates (the "Peninsula Parties") hereby submit the following statement in connection with the mandatory settlement conference in the above-captioned action:

I. Statement of Material Facts of Case

On March 14, 1991, plaintiff Coast Construction Company, Inc. ("Coast") filed a complaint against Wallace Ranch Associates, Ronald M. Florance, C. Gordon Utt and Marshallah Esfahani (hereinafter sometimes referred to collectively as the "Wallace Ranch Defendants") alleging numerous contract and tort causes of action relating to the Wallace Ranch Defendants' alleged breach and bad faith denial of a construction contract which purportedly gave Coast the right to construct houses on a development known as Wallace Ranch. On April 24, 1991, Coast filed a First Amended Complaint which added Peninsula Wallace Partners, L.P., II, Peninsula High Associates II and Peninsula High Associates as defendants (hereinafter referred to collectively as the "Peninsula Parties"). On August 16, 1991, Coast filed a Second Amended Complaint setting forth additional claims for interference with contractual relations against the named defendants. Mitsui Fudosan (U.S.A.), Inc. and Mitsui Fudosan Co., Ltd., which were previously Doe Defendants 1 and 2, were added to this action on August 31, 1993. The Peninsula Parties have denied each of the allegations

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[1] On June 16, 1993, Peninsula Wallace Partners, L.P., II filed a Voluntary Petition Under Chapter 11 of the Bankruptcy Code, which only recently was conditionally dismissed. It is the Peninsula Parties' position that as a result of the bankruptcy, and pursuant to 11 U.S.C. § 362(a), this action is automatically stayed as to the Peninsula Parties pending full dismissal of the bankruptcy.

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asserted against them in the Coast action and have asserted numerous affirmative defenses.

On June 17, 1991, defendants Wallace Ranch Associates, Florance and Utt filed a cross-complaint against the Peninsula Parties seeking, among other things, a declaration that the Peninsula Parties are required to hold harmless and indemnify Wallace Ranch Associates, Florance and Utt from and against any loss, liability, damage or adverse judgment entered in or arising out of the Coast action.

On or about February 13, 1992, the Peninsula Parties filed a cross-complaint against Wallace Ranch Associates and Messrs. Florance and Utt (hereinafter sometimes referred to collectively as the "Cross-Defendants") seeking, among other things, a declaration that the Peninsula Parties are not obligated to indemnify the cross-defendants and that the cross-defendants are obligated to indemnify the Peninsula Parties for any losses sustained by virtue of Coast's action.

Counsel for Wallace Ranch Associates recently indicated that it is considering filing a motion to consolidate this action with the related action entitled Wallace Ranch Associates v. Peninsula Wallace Partners, L.P., II, et al., Los Angeles Superior Court Case No. YC007195. In that action, which relates to the purchase of certain real property which is the subject of the Coast action, Wallace Ranch Associates alleges that the Peninsula Parties breached a certain purchase agreement by making improper disbursements from an escrow fund. The Peninsula Parties, in turn, have asserted that Wallace Ranch Associates' and Ronald Florance's misrepresentations and failure to perform pursuant to the purchase

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agreement resulted in the Peninsula Parties having to pay certain previously exempted fees assessed on the property and certain real estate brokerage commissions which were the Wallace Ranch Associates' obligation. The Peninsula Parties have not yet seen a copy of Wallace Ranch Associates' motion to consolidate.

II. Settlement of the Coast Claims

On September 7, 1993, Coast entered into a settlement with Wallace Ranch Associates and Messrs. Florance, Utt and Esfahani which provided for the dismissal of the Coast action in its entirety with prejudice. This settlement was memorialized by a writing which expressed the fact that it was a binding agreement which writing was signed by all the settling parties. A copy of the settlement agreement is attached hereto as Exhibit A.

Despite the foregoing, the settling parties entered into a subsequent Settlement Agreement which purported to assign Coast's claims against the Peninsula Parties to Wallace Ranch Associates and Messrs. Florance, Utt and Esfahani. The Peninsula Parties did not participate in the settlement discussions because of the bankruptcy of Peninsula Wallace Partners, L.P., II.

III. Factual and Legal Issues in Dispute

The only remaining issues are (1) whether the assignment of Coast's claims against the Peninsula Parties to Wallace Ranch Associates and its' partners is valid; (2) whether the Peninsula Parties are obligated to indemnify the Wallace Ranch Associates and/or Messrs. Florance and Utt; and (3) whether the Peninsula

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Parties are themselves entitled to indemnification and/or contribution from the cross-defendants.

IV. Parties and their Capacities in this Action

It is the Peninsula Parties' understanding that Coast has dismissed its action and that the Wallace Ranch Associates, Utt and Florance will attempt to assume the role of party plaintiff, as a result of Coast's purported assignment of claims and causes of action pursuant to the Settlement Agreement.

Wallace Ranch Associates, Florance and Utt are also cross-complainants against the Peninsula Parties. Wallace Ranch Associates, Florance and Utt are also cross-defendants in the cross-complaint filed by the Peninsula Parties.

The Peninsula Parties have filed a cross-complainant against Wallace Ranch Associates, Florance and Utt. The Peninsula Parties are also defendants in the underlying action and cross-defendants in the cross-complaint filed by Wallace Ranch Associates and Messrs. Florance and Utt.

V. Legal Support for Peninsula Parties Right to Indemnification and Contribution

Coast's claims arose out of the fact the Wallace partners, with whom it had a contract to construct homes on the Property, sold the Property to Peninsula Wallace Partners, L.P., II. That sale came after litigation, which was settled by a written Settlement Agreement.

Paragraph II.E.1. of the written Settlement Agreement between the Peninsula Parties, on the one hand, and Wallace Ranch

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Associates, Messrs. Florance, Utt and Esfahani, on the other hand, states that Messrs. Florance, Esfahani and Utt have no right to settle, compromise or negotiate a settlement or compromise of any action or claim brought by Coast without the prior written consent of the Peninsula Parties. The Settlement Agreement further provides that the Peninsula Parties shall have the right, in their absolute direction, to litigate, settle or compromise any such action or claim. Messrs. Florance, Esfahani and Utt breached the Purchase Agreement when they entered into the Settlement Agreement with Coast without first obtaining the written consent of the Peninsula Parties. As a result of that breach, the Peninsula Parties obligation to indemnify Wallace Ranch Associates and its partners, if any, was discharged.

Even if the Peninsula Parties' duty to indemnify Wallace Ranch Associates and its partners was not discharged as a result of those parties' entering into an unauthorized settlement with Coast, neither Wallace Ranch Associates or its partners are entitled to indemnification from the Peninsula Parties for several reasons. Paragraph II.E.2. of the Settlement Agreement expressly provides that the Peninsula Parties' duty to indemnify Wallace Ranch Associates and/or its partners, Messrs. Florance, Utt and Esfahani for losses or damages arising from any alleged breach of the Coast contract, if one existed, does not extend to any loss or damage arising from the commission of any act of fraud or misrepresentation with respect to the entering into of the Coast contract or the performance thereof. In addition, the indemnity does not include or extend to the cost and expenses of Wallace Ranch Associates or any of its partners with respect to the defense

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of any claim made by Coast. In light of these limitations on the Peninsula Parties' duty to indemnify Wallace Ranch Associates and its partners, and the fact that any loss or damage suffered by those parties resulted directly and exclusively from the actions of Wallace Ranch or its partners, the Peninsula Parties are not obligated to indemnify Wallace Ranch Associates, or Messrs. Florance and Utt. See Cal. Code of Civ. Proc. § 875(d) (there shall be not right of contribution in favor of any tortfeasor who has intentionally injured the injured person).

The Peninsula Parties are entitled to partial or full indemnification from Wallace Ranch Associates and its partners for any sums that the Peninsula Parties may be compelled to pay as a result of any damages, judgment or other awards recovered by Coast, or its assignees, against the Peninsula Parties. See Herrero v. Atkinson, 227 Cal.App.2d 69 (1964) (the right to indemnity depends upon the principle that everyone is responsible for the consequences of his own wrong, and if others have been compelled to pay damages which ought to have been paid by the wrongdoer, they may recover from him).

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VI. Peninsula Parties Damages

The damages to the Peninsula Defendants are its legal fees and costs incurred in defending itself in this action, including related cross-actions. As of February 28, 1994, the Peninsula Parties incurred legal fees in the amount of $310,056.75 and costs in the amount of $15,692.32.

Dated: March 8, 1994

SIDLEY & AUSTIN
Howard J. Rubinroit
Ronie M. Schmelz

By: _____
Ronie M. Schmelz
Attorneys for Defendants and Cross-Complainants Peninsula Wallace Partners, L.P., II, Peninsula High Associates, II, and Peninsula High Associates

R2594A79.SEL

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SETTLEMENT AGREEMENT 9/7/

(1) MORE FORMAL SETTLEMENTS DOCUM
INCLUDING DISMISSALS W/ PREJUDICE OF CLA
AMONG THE PARTIES IN LASC # 1125
WILL BE EXECUTED, BUT THE FOLLOWING
SETTLEMENT TERMS ARE BINDING:

M.E

(1) BY OCTOBER 7, 1993, WALLACE RANCH ASSOCIATES AND ITS PARTNE FLORANCE, ESFAHANI AND UTT WILL T TO COAST CONSTRUCTION THE SUM OF $900,000, UNCONDITIONALLY.

(2) WALLACE RANCH ASSOCIATES WILL W/1 10 DAYS GIVE NOTICE OF THIS SETTLEMENT TO PENINSULA WALLACE PARTNERS, L.P. II AND ITS GENERAL PARTNERS.

(3) COAST CONSTRUCTION AND HARTY RELEASE WALLAC RANCH ASSOC'S AND FLORANCE, ESFAHANI, UTT, THEIR AGENTS, ATTORNEYS AND EMPLOYEES, SPOUSES AND PENINSULA WALLACE, L.P. II. WALLACE ASSOC'S, FLORANCE, ESFAHANI, AND UTT REL COAST CONSTRUCTION, HARTY, THEIR AGENTS EMPLOYEES AND, SPOUSES. SAID UNCONDITIONAL RELEASES IN ALL KNOWN - UNKNOWN CLAIMS, AND THE PARTIES SHALL SPECIFICALLY WAIVE THE PROVISIONS OF CIVIL CODE § 1542.

(4) EACH PARTY SHALL BEAR ITS OWN ATT FEES AND COSTS.

(5) THE PARTIES WARRANT THAT THERE AR NO ASSIGNMENT OF THE ~~RELEASED~~ CLA

/ / /

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9/7/

(2) RELEASED BY THIS AGREEMENT.

RONALD FLORANCE INDIVIDUALLY
AND ON BEHALF OF WALLACE RANCH ASSOCIAT.

C. GORDON UTT INDIVIDUALLY
AND ON BEHALF OF WALLACE RANCH ASSO

MARSHALL ESFAHANI INDIVIDUALLY AND
ON BEHALF OF WALLACE RANCH ASSOCIAT

PRESIDENT
NAT HARTY AS PRESIDENT OF COAST
CONSTRUCTION AND INDIVIDUALLY

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EXHIBIT A5

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ERNEST BROWN & COMPANY

CONSTRUCTION & ENVIRONMENTAL LAWYERS

Irvine

Phoenix

San Diego

San Francisco

Deliver to Dept. "E" ASAP

DATE 3-14-94 TOTAL NUMBER OF PAGES 4

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Clerk of DEPARTMENT "E"

TO Deliver ASAP!!

310 782-7326

FROM Kenneth L. Francis Esq

FILE# 1345-01

RE Continuance of MSC

COAST v. WALLACE

Sup. 112594

5001 Irvine Center Drive Suite 900 Irvine, California 92718-2921

Telephone (714) 727-0559 Facsimile (714) 727-0656

Irvine
Phoenix
San Diego
San Francisco

March 14, 1994

VIA FACSIMILE

DEPARTMENT "E"
Clerk of the Court, Southwest District
LOS ANGELES COUNTY SUPERIOR COURT
825 Maple Avenue
Torrance, CA 90503
Fax No.: (310) 782-7326

Re: COAST CONSTRUCTION COMPANY v. WALLACE RANCH ASSOCIATES, ET. AL.
Los Angeles County Superior Court Case No. SWC 112594
SUBJECT: Continuance Mandatory Settlement Conference Set for Tuesday, March 15, 1994, at 8:30 a.m. in Department "E"
Our File No.: 1345-01

Dear Clerk of Department "E",

Pursuant to our telephone conversation of this afternoon, enclosed is a Stipulation regarding continuation of the MSC set for tomorrow, March 15, 1994, at 8:30 a.m. in Department "E".

Thomas A. Pistone of this office has telephonically confirmed with all counsel to this action that all parties stipulate to a continuance of the trial, Mandatory Settlement Conference, and discovery cut-off dates, pursuant to the attached Stipulation. Specifically, Thomas Pistone has confirmed this continuance with the following counsel: Ronie Schmelz, representing defendants, cross-defendants and cross-complainants Peninsula High Associates, II and Peninsula High Associates, and Karen Heilman at Pillsbury, Madison, representing Mitsui Fudosan (USA), a party which has been served but has not yet appeared in this action.

Very truly yours,

KEDRIC L. FRANCIS

KLF/lw
Attachment (1)
cc: Ronie Schmelz, Esq. (via fax) (310) 556-6502
Karen Heilman, Esq. (via fax) (213) 629-1033
134501\Corresp\Clerk.01

8001 Irvine Center Drive Suite 900 Irvine, California 92718-2921
Telephone (714) 727-0550 Facsimile (714) 727-0666

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ERNEST BROWN AND COMPANY
Attorneys At Law
ERNEST C. BROWN, ESQ., Bar #83349
THOMAS A. PISTONE, ESQ., Bar #77774
8001 Irvine Center Drive, Suite 900
Irvine, California 92718
Telephone: (714) 727-0559

Attorneys for Defendant/Cross-complainant, WALLACE RANCH ASSOCIATES and RONALD M. FLORANCE

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES, SOUTHWEST DISTRICT

COAST CONSTRUCTION COMPANY, a California Corporation, Plaintiff, v. WALLACE RANCH ASSOCIATES, a partnership, et. al., Defendants. AND RELATED CROSS-ACTIONS	CASE NO. SWC 112594 **STIPULATION AND [proposed] ORDER TO CONTINUE PRETRIAL AND TRIAL DATES.**

The parties to this action hereby stipulate as follows:

1. The April 18, 1994 trial date of this action shall be continued to October 17, 1994; the percipient discovery cut-off date is September 19, 1994; and the parties shall exchange expert designations and reports on ~~October 17, 1994~~ September 19, 1994. The Mandatory

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Settlement Conference is continued to September 19, 1994.

Dated: Feb 14, 1994

ERNST BROWN & COMPANY

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Thomas A. Pistone,
Attorneys for Defendant/Cross-complainants, WALLACE RANCH ASSOCIATES and RONALD M. FLORANCE

Dated: Feb 14, 1994

SIDLEY & AUSTIN

KEDRIC L. FRANCIS, on behalf of and as authorized by RONIE SCHMELZ, Attorney for Defendants, Cross-Defendants and Cross-Complainants Peninsula High Associates, II and Peninsula High Associates

IT IS SO ORDERED:

Dated

JUDGE OF THE SUPERIOR COURT

[illegible] STIP

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EXHIBIT A6

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SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

Wallace Ranch Associates,

Plaintiff(s)

Peninsula Wallace Partners, L.P., II, et al.

Defendant(s)

CASE NUMBER: YC 007195

TRIAL SETTING AND STATUS CONFERENCE QUESTIONNAIRE

DATE OF CONFERENCE: July 13, 1992

RECEIVED JUL 13 1992 SOUTHWEST DISTRICT

FILED JUL 1 4 1992 JAMES H. DEMPSEY, CLERK

TICE TO ALL COUNSEL OF RECORD AND PARTIES IN PROPRIA PERSONA: All parties of record must complete, in full, this estionnaire prior to the trial setting conference and must bring this questionnaire with them to the conference.

PARTY ANSWERING THIS QUESTIONNAIRE: Defendants Peninsula Wallace Partners, C.P. II, Peninsula High Associates, II and Peninsula High Associates

ATTORNEY appearing for the party: Dan P. Sedor of Sidley & Austin

DATE COMPLAINT FILED: July 19, 1991

3b. DATE FIVE-YEARS RUN: July 19, 1996

DATE AT-ISSUE MEMORANDUM FILED: April 22, 1992

4b. CASE TYPE: Accounting & Breach of Contract; Cross-Complaint for Fraud

JURY: _____ NON JURY: X

TIME ESTIMATE FOR TRIAL: 7-10 Days (including pre-trial motions, jury selection, presentation of evidence by both sides, and argument)

DESCRIPTION OF THE CASE

(Describe the facts of this case): Peninsula Wallace Partners purchased certain real property from plaintiff pursuant to a purchase agreement which also called for the retention in escrow of part of the purchase price, to pay for performance of certain contracts for site improvement. Plaintiff alleges that the defendants breached the purchase agreement by making improper disbursements from the escrow fund. The Peninsula defendants allege that plaintiff's and Ronald Florance's misrepresentations and failure to perform pursuant to the purchase agreement resulted in the Peninsula defendants having to pay certain previously exempted fees assessed on the property and certain real estate brokerage commission which were plaintiff's obligation.

INJURIES (Describe the nature of injuries suffered): Plaintiff seeks as damages the amounts purportedly improperly disbursed by the defendants, and seeks an accounting of those amounts. The Peninsula defendants seek as damages certain brokerage commissions and previously exempted fees they have been and will be forced to pay in connection with the property, as well as lost sales of homes on the property which the Peninsula defendants would have enjoyed but for the conduct of plaintiff and Florance.

ECONOMIC LOSS (Set out dollar amount of economic losses to date [i.e. actual economic losses, medical expenses, lost earning, etc.]): Plaintiff alleges on information and belief improper disbursements of at least $100,000. The Peninsula defendants have incurred losses of $123,115 in brokerage commissions, $173,480 in previously exempted fees, will incur an additional $105,600 in previously exempted fees, and have incurred losses due to lost sales in an as yet undetermined amount.

ARBITRATION

0. ELECTION - Does plaintiff elect arbitration pursuant to Rule 1601(b) of the California Rules of Court (award limited $50,000.00 or less)?

YES _____ NO X

1. COURT ORDER - Does plaintiff object if the case is ordered to Arbitration by the Court pursuant to Rule 1601(c) of the California Rules of Court? (Court finds the value of case is $50,000.00 or less, but Arbitration award is not limited $50,000.00)

YES X NO _____

2. STIPULATION TO BINDING ARBITRATION: Do you stipulate to binding arbitration?

YES _____ NO X

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TRANSFER TO MUNICIPAL COURT

1. Is the amount in controversy within the jurisdiction of the Municipal Court, and should the case, therefore, be transferred pursuant to Campbell v. Superior Court, 213 CA3d 147?

YES_____ NO X

2. If so, to which Municipal Court district? n/a

TRANSFER TO ANOTHER SUPERIOR COURT DISTRICT

A. Is this case required to be transferred to another district of this court pursuant to Local Rule 300(2)?

YES_____ NO X

B. If so, which district? n/a

STIPULATION TO PRIVATE JUDGE

4. Will you stipulate to a judge pro tem (a retired judge or commissioner) to try this case pursuant to the court program where the court pays the costs?

YES_____ NO X

5. Will you stipulate to a judge pro tem (a retired judge or commissioner) to try this case where the parties share the costs?

YES_____ NO X

STATUS OF CASE

7. ALL PARTIES (including cross-defendants) have been served and have answered, except as follows:

The parties answering this questionnaire are unaware of whether defendant Chicago Title Insurance Company has been served and has answered.

18. ALL DISCOVERY has been completed by the party answering this questionnaire, except as follows:

No discovery has been completed by any of the parties.

19. ALL LAW AND MOTION MATTERS have been completed by the party answering this questionnaire, except as follows:

1. Discovery motions will be made as necessary;
2. The parties answering this questionnaire may, upon completing sufficient discovery, mov for summary judgment or for summary adjudication of issues; and
3. The parties answering this questionnaire may move for the consolidation of this action with a related matter pending in this court, Coast Constr. Co. v. Wallace Ranch Assoc. et a Case No. SWC 112594.

20. PREFERENCE: Is this case entitled to trial preference?

YES_____ (Cite Code Section: _____) NO X

The information contained in this questionnaire is complete and accurate, and has been prepared by an attorney/party in propria persona familiar with this case.

DATE: July 8, 1992 SIGNATURE: [signature]

Attorney for Defendants Peninsula Wallace partners, L.P., II Peninsula High Associates, II and Peninsula High Associa

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EXHIBIT A7

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(...E BELOW FOR FILING STAMP ONLY)

SIDNEY F. CROFT
ATTORNEY AT LAW
210 AVENUE I, SUITE D
REDONDO BEACH, CALIFORNIA 90277-5622
TELEPHONE (310) 378-5240
FAX (310) 540-4364
BAR NO. 37856

FILED

JAN 15 1993

JAMES H. DEMPSEY, CLERK
BY D. BERGIN, DEPUTY

Attorney for Petitioners

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

In the Matter of the Arbitration Between MARSHALLAH E. ESFAHANI and GORDON UTT, Petitioners, vs. RONALD FLORANCE and CARRIAGE REALTY, Respondents.	No. YC014684 PETITION TO COMPEL ARBITRATION [CCP §§ 1281.2, 1290]

Petitioners allege:

1. The agreement herein alleged was made and is to be performed in Los Angeles County, California.

2. On or about January 20, 1989, petitioners and respondents entered into a written agreement wherein at Paragraph 11 the parties agreed to arbitrate: "Any dispute arising out of or relating to the subject matter of this Agreement, including, without limitation, any claim by Wallace or any partner on behalf of Wallace with respect to the Reserved Claims, shall be submitted to arbitration before a retired judge, member of the panel of the Judicial Arbitration and Mediation Service in Los Angeles or

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Orange County, California, pursuant to provisions of the California Code of Civil Procedure then in effect. If the parties are unable to agree upon a judge, the judge shall be appointed by the Judicial Arbitration and Mediation Service. If the Judicial Arbitration and Mediation Service, or its successor in interest no longer provides a panel of retired judges as arbitrators, the matter shall be arbitrated before a retired judge of the Los Angeles or Orange County Superior Court. If the parties are unable to agree upon such arbitrator, the arbitrator shall be selected by the presiding judge, or the designee off the presiding judge, of the Los Angeles County Superior Court."
A copy of the agreement is attached hereto as Exhibit A and made a part hereof.

3. On or about December 8, 1992, a controversy arose between petitioners and respondents over the issues hereinafter set forth as (a) through (d) below. The arbitration agreement herein alleged requires that petitioners and respondents arbitrate such controversy as to the following issues:

(a) For the entitlement of Carriage Realty to the funds paid to Carriage Realty pursuant to the demand of Carriage Realty in the attached escrow closing statement;

(b) Reimbursement for Marshallah E. Esfahani for actual payment of $6,000 made by Marshallah E. Esfahani to Tom Naylor, a valid creditor of the partnership, that Ronald Florance refused to pay;

(c) Reimbursement to Marshallah E. Esfahani for actual payment of $5,000 by Marshallah E. Esfahani to settle a personal injury claim based on premises liability of property owned by the

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partnership in the case of Joe Martin v. Margus Construction Company, et al., Case No. SB89C02599; and

(d) The payment to the partners of their respective shares of the Retention Account of $1,516,075, the $75,000 bond account with the City of Rancho Palos Verdes and the $750,000 account as set out in Paragraph 2 of said Settlement Agreement and Mutual Release;

4. On or about December 8, 1992, petitioners demanded that respondents submit such controversy to arbitration as agreed. A copy of the Demand for Arbitration is attached hereto marked Exhibit B. Respondents have at all times refused, and still refuse, to arbitrate.

WHEREFORE, petitioners pray:

1. That the court order respondents to arbitrate the controversy as herein alleged.

2. That petitioners be awarded costs of suit herein incurred.

3. For such other and further relief as the court may deem proper.

SIDNEY F. CROFT
Attorney for Petitioners

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SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (hereinafter "Agreement") is made and entered into effective this 20th day of ~~December~~ January 1988, by and among the following: Wallace Ranch Associates, a California general partnership ("Wallace"), Marshalla E. Esfahani ("Esfahani"), C. Gordon Utt ("Utt"), Ronald M. Florance ("Florance"), Palos Verdes Investment Corporation, a California corporation ("PVIC"), Carriage Realty, Inc. ("Carriage"), a California corporation, and Margus Construction Company ("Margus"). Florance, Esfahani and Utt are sometimes hereinafter referred to collectively as the "Partners." This Agreement is made and with respect to the following matters:

RECITALS

A. The Partners are all of the general partners of Wallace. Florance is the president and majority shareholder of PVIC, and the president and majority shareholder of Carriage. Esfahani is the majority shareholder and president of Margus.

B. Disputes have heretofore arisen among the Partners with respect to various matters involving Wallace (the

EXHIBIT A

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"Disputes"). The Disputes include, but are not limited to the following:

1. Whether Florance has performed properly in his capacity as managing general partner. Among said Disputes is whether amounts previously received by Florance or Carriage as and for office overhead were properly taken, whether bills have been timely paid, whether Florance breached any express or implied obligation to Wallace or to the Partners in entering into an agreement with Coast Construction Company dated July 1, 1988 (the "Coast Contract"), and whether the demand for payment of $307,122.92 of January 11, 1989 by Carriage (the "Carriage Demand"), as more particularly described at paragraph 5, below, was in fact due and owing from Wallace, or whether it should be returned to Wallace;

2. Whether Esfahani has performed properly his duties as the general partner of Wallace. Included among said Disputes is the question of whether Esfahani properly performed his duties to oversee and manage the construction to be performed on the partnership property;

3. Whether Utt has properly performed his duties as a general partner of Wallace, and whether Utt is obligated to repay to Wallace any salaries or draws heretofore paid by Carriage or Wallace to Utt;

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4. Whether Margus has properly performed duties undertaken for Wallace, including those pursuant to a building construction contract dated July 23, 1987 (the "Margus Contract"), and whether the demand of Margus dated December 6, 1988 (the "Margus Demand"), more particularly described at paragraph 4, below, was in fact due and owing to Margus, or whether it should be returned to Wallace.

C. Because of the Disputes, the Partners have heretofore considered various methods of separating their interests in Wallace. On August 31, 1988, PVIC tendered to Wallace an offer to purchase the property of the partnership (the "PVIC Offer") for consideration of the Partners pursuant to paragraph 6.3 of the Agreement of Partnership of Wallace (the "Partnership Agreement"). On November 23, 1988, Peninsula High Associates ("PHA"), an entity in which Esfahani and Utt have an interest, tendered to Wallace an offer to purchase the property of the partnership (the "PHA Offer"), pursuant to said paragraph 6.3.

D. Esfahani and Utt have contended that the PHA Offer was a "better offer" as defined by the Partnership Agreement. Florance has contended that whether the PHA Offer was a "better offer" was dependent upon the construction placed upon said offer by PHA, in that the offer was ambiguous concerning whether, and to what extent, various liabilities of Wallace

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were assumed. Accordingly, among the Disputes was the further Dispute concerning whether the PVIC Offer, the PHA Offer, or either, should be accepted by the Partners and by Wallace. Incident to that Dispute, PHA has filed an action for specific performance, Los Angeles Superior Court Case No. C 704271, against Wallace (the "Action").

E. An agreement has been reached among the Partners, and between the Partners and Wallace on one hand, and PHA on the other, pursuant to which certain ambiguities of the PHA Offer have been resolved, and pursuant to which Florance, subject to execution of this Agreement and each of the other Partners, and Wallace, have agreed to accept the PHA Offer and to sell the property of Wallace to PHA.

F. The parties hereto desire that concurrently with acceptance of the PHA Offer and delivery by Florance to PHA of the Confirmation Letter, to resolve the Disputes, including those enumerated above, and to resolve all other claims of the Partners and partnership, and their respective agents, attorneys and employees, whether or not related to the Disputes, except as expressly hereinafter set forth at paragraph 4, below, with respect to the Reserved Claims as therein defined.

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NOW, THEREFORE, the parties hereto agree as follows:

1. **Confirmation Letter**

The PHA Offer, as clarified by letter dated November 23, 1988, from Peninsula High Associates to counsel for Wallace, and as further clarified and modified by letter dated December 20, 1988, ("Confirmation Letter"), is concurrently herewith approved and accepted by the Partners and by the partnership.

2. **Settlement Agreement**

Concurrently herewith, parties are negotiating the final form of Settlement Agreement among the parties, Peninsula Wallace Partners, L.P. II, Peninsula High Associates II, and certain other partners or affiliates concerning execution of a final clarification and modification of the PHA Offer, and resolution of Disputes among the parties to that agreement (the "Settlement Agreement"). A condition of the effectiveness of this release is the execution by the parties hereto (other than Carriage) of a settlement agreement in form satisfactory to said parties. Each of the parties shall exercise good faith and due diligence to promptly arrive at an acceptable form of settlement agreement.

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Pursuant to the Settlement Agreement, the real property assets of Wallace ("Real Property") are to be conveyed by the Partners to Peninsula Wallace Partners, L.P. II, a California limited partnership ("Peninsula") in the partner's individual capacity through escrow (the "Escrow"). The Partners will cooperate forthwith in causing the Real Property to be distributed to the Partners according to their percentage interests in the partnership as tenants in common. Each of the Partners shall indemnify, and hold harmless the others, from all claims, demands and liabilities which the others may incur through any failure by the indemnifying partner to perform said partner's obligations pursuant to the Settlement Agreement. The parties acknowledge that the interests of each of the Partners will be conveyed through the Escrow to be opened to effect the terms of the settlement; but that the sale of said interests may occur through a 1031 or similar exchange, or through a delayed closing of approximately thirty (30) days to permit the conveyance to be made by a corporate nominee.

Pursuant to the settlement, a retention amount shall be reserved in Escrow. Each of the parties shall irrevocably designate from the proceeds otherwise payable to said party that amount of the retention which bears the same proportion to the total retention as said party's partnership interest.

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The parties further agree that there shall be maintained for a period of three (3) years in an interest bearing account held in the name of one party designated by Esfahani, and one party designated by Florance, the sum of $750,000 for future expenses of the partnership ("Partnership Account"). Funds may be drawn from the Partnership Account only upon the signature of both of said designees. Said funds shall be retained for a period of three (3) years from the date of close of Escrow as to Florance, unless sooner terminated by stipulation of the parties. Upon termination, the funds remaining shall be returned to the parties in the same proportion as their contribution.

3. **Mutual Release**

Except for the "Reserved Claims," as defined at paragraph 4, below, and the rights and obligations created hereunder, which are reserved and which shall survive this Agreement, and in consideration of the mutual agreements herein set forth, each of the parties hereto mutually releases, acquits, and forever discharges the other parties, their agents, attorneys, representatives, successors, and assigns, from any and all claims, demands, causes of action, rights, obligations and liabilities, whether or not now known, suspected or claimed, which they or any of them have, have ever

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had, or claimed to have had against the other arising out of or relating to Wallace, the Partnership Agreement, the property of the partnership, the Action, and the Disputes (collectively, the "Released Claims").

The parties hereby acknowledge that there is a risk that subsequent to the execution of this Agreement, one or the other party will discover, incur or suffer claims which are unknown or unanticipated at the time this Agreement is executed, including without limitation, unknown or unanticipated claims which arose from, or based upon, or are related to the Released Claims, which if known by one or the other of the parties on the date this Agreement was executed, may have materially affected one of such party's decision to execute this Agreement. With respect to the Released Claims, to the extent permitted by law, each of the parties expressly waives the benefits of the California Civil Code §1542, which section reads as follows:

> "A general release does not extent to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him, must have materially affected the settlement of the debtor."

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4. **Reserved Claims**

Anything in this Agreement to the contrary notwithstanding, each of the parties reserves the following claims, and only the following claims:

(a) Their rights under the Partnership Agreement, with respect to future matters.

(b) No party hereto reserves any claim, demand, cause of action, or right in his or its name, and upon his or its behalf, against any remaining party; provided, however, that Wallace, and the Partners on behalf of Wallace, reserve the rights hereinafter set forth in paragraphs 3(c) and 3(d).

(c) The Partners other than Florance have not had the opportunity to audit the trust accounts maintained by the Partnership under the direction and control of Florance with respect to options to purchase lots and homes from Wallace heretofore sold to third parties (the "Option Accounts"). Accordingly, Esfahani and Utt reserve the right to assert on behalf of the Partnership a claim or demand upon Florance if, and to the extent, that Florance may not hereafter account fully for the Option Account monies.

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(d) If any Partner (the "Indemnitee") shall suffer any actual loss or incur actual liability as a result of any claim or cause of action which is brought by a third party against Wallace or Indemnitee arising from an act by any other Partner (the "Indemnitor") which has not been disclosed to Indemnitee (the "Indemnified Loss"), then in such event the Indemnitee reserves the right to pursue all available rights and remedies against Indemnitor to be indemnified against, and held harmless from, the Indemnified Loss; provided, however, that such right is not reserved with respect to an Indemnified Loss which arises from any act or omission of which Indemnitee is currently aware or with respect to which Indemnitee is currently on inquiry notice.

(e) Each of the Partners reserves the right to assert on behalf of the partnership, a claim or demand upon the remaining Partners and the entities with which they are affiliated, based, based upon any matter whatsoever, except as hereinafter expressly limited; provided, however, that all of the claims, demands, causes of action, or rights asserted on behalf of the partnership against said parties, shall be limited to an aggregate liability to Wallace, not to exceed the following amounts:

(i) Florance, PVIC, and Carriage jointly, in the aggregate, $650,000;

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(ii) Esfahani and Margus, jointly, in the aggregate, $250,000;

(iii) Utt, $100,000.

The claims which may be asserted by Wallace in its own behalf, or by any Partners on behalf of Wallace shall be for compensatory damages only, and may not include exemplary or consequential damages. By way of illustration, Utt may contend that because of a variety of alleged matters, Florance is indebted to return to the partnership $400,000, and Carriage, $400,000. Assuming, without admitting, that an arbitrator were to so conclude, no awards or judgments against Florance and/or Carriage may exceed $650,000 in total. Similarly, assuming, without admitting, that were Florance to contend and to prove, and an arbitrator to determine, that Esfahani is required to return to the partnership $400,000, and Margus, $400,000, no awards might be entered against Esfahani and/or Margus, nor any judgments entered upon said awards, exceeding the total sum of $250,000.

Anything in this provision or agreement to the contrary notwithstanding, it is expressly agreed that under the Settlement Agreement, Carriage is entitled to the last $200,000 in commissions which may be earned, and any claim against

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Carriage, Florance, their agents or employees on behalf of Wallace or any remaining partner to said $200,000 is waived and released. All claims by Wallace or by any partner acting on behalf of Wallace with respect to the first $167,000 of commissions claimed by Carriage from the partnership is reserved, subject to the above dollar limitations; provided, however, that if said sum is determined not to be a Partnership obligation at the election of Florance, it shall be paid by Wallace and charged solely to the account of, and paid from money which would otherwise be distributed to, Florance.

The Carriage Demand and the Margus Demand shall be paid from Escrow, without prejudice; however, to the right of Wallace or the parties to hereafter assent, as a reserved claim, that all, or part of said demands were not owed by Wallace, and should be repaid to Wallace.

5. **Consultation With Counsel**

The parties hereto acknowledge and represent that they have consulted and have had the advice and counsel of, attorneys connected with the preparation, review and execution of this Agreement, that they have specifically discussed with their attorneys the meaning and effect of this Agreement, and they have carefully read and understand the scope and effect of

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each provision contained herein. The parties hereto further represent that they do not rely and have not relied upon any representation or statement made by each other or any of their representatives with regard to the subject matter, basis, or effect of this Agreement.

6. Assignment or Transfer of Interest

The parties hereto represent to and warrant to each other that they have not heretofor assigned or transferred or purported to assign or transfer, to any person or entity, any claim against the other, or any portion thereof or interest therein, and agree to indemnify, defend and hold each other harmless from and against any and all claims, based on or arising out of any such assignment or transfer, or purported assignment or transfer, of any such claim or any portion thereof or interest therein.

7. Agreement To Be Binding

This Agreement shall be binding upon and inure to the benefit of the administrators, executors, and assigns of the parties hereto.

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8. **Full Force and Effect**

Each of the parties hereto, without further consideration, agrees to execute and deliver such other documents and to take such other action as may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

9. **Attorneys' Fees**

The parties acknowledge that the following attorneys' fees incurred by the Partners in connection with partnership matters shall be paid by the partnership from the Escrow proceeds of the PHA acquisition:

(a) To Sidney F. Croft, for fees incurred on behalf of the Partnership and in connection with the Disputes, at the request of Esfahani, for his services on behalf of the Partnership and in connection with the Disputes, in the sum of $50,000; and

(b) To the firm of Burkley, Moore, Greenberg & Lyman and Richard B. Collins, at the request of Florance, for their services on behalf of the Partnership and in connection with the Disputes, the sum of $75,000.

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10. **Interpretation**

(a) This Agreement shall be construed in accordance with, and all Disputes hereunder shall be governed by, the laws of the State of California.

(b) In the event of any controversy or dispute arising out of this Agreement, the prevailing party or parties shall be entitled to recover from the nonprevailing party or parties, its reasonable expenses and costs, including without limitation, attorneys' fees.

(c) Should any provision of this Agreement be declared or determined by any court to be illegal, invalid or unenforceable, the validity of the remaining parts, terms and provisions shall not be effected thereby and said illegal, unenforceable, invalid part, term or provision shall be deemed not to be a part of this provision.

(d) This Agreement sets forth the entire Agreement between the parties hereto, and fully supercedes any and all prior Agreements, negotiations or understandings between the parties hereto pertaining to the subject matter hereof. Each of the parties hereto acknowledges that no other party, nor any agent nor attorney of any party, has made any promise,

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representation or warranty whatsoever, expressed or implied, not contained herein, concerning the subject matter herein, to induce the other party to execute this document and acknowledges that it has not executed this document based upon any such promise, representation or warranty not contained herein.

(e) This Agreement may be executed in counterpart with the same force and effect as though executed in one complete document.

11. **Arbitration**

Any dispute arising out of or relating to the subject matter of this Agreement, including, without limitation, any claim by Wallace or any partner on behalf of Wallace with respect to the Reserved Claims, shall be submitted to arbitration before a retired judge, member of the panel of the Judicial Arbitration and Mediation Service in Los Angeles or Orange County, California, pursuant to provisions of the California Code of Civil Procedure then in effect. If the parties are unable to agree upon a judge, the judge shall be appointed by the Judicial Arbitration and Mediation Service. If the Judicial Arbitration and Mediation Service, or its successor in interest no longer provides a panel of retired

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judges as arbitrators, the matter shall be arbitrated before a retired judge of the Los Angeles or Orange County Superior Court. If the parties are unable to agree upon such arbitrator, the arbitrator shall be selected by the presiding judge, or the designee of the presiding judge, of the Los Angeles County Superior Court.

12. **Disputed Claim**

This Agreement is entered into for purposes of resolving a disputed claim and shall not be construed as an admission of liability or wrongdoing by any party hereto except for purposes of enforcing and interpreting this Agreement and the obligations created thereby.

Dated: January 2, 1989 — Ronald M. Florance

Dated: 1-26-89 — Marshalla Esfahani

Dated: 1-26-89 — C. Gordon Utt

Dated: January 26 1989 — Wallace Estates

By Ronald M. Florance

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Dated: 1-20-89 Wallace Estates

By Marshalla Esfahani
Marshalla Esfahani

Dated: 1-20-89 Wallace Estates

By C. Gordon Utt
C. Gordon Utt

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Dated: January 20, 1989

Palos Verdes Investment Corporation

By _____
Ronald M. Florance,
Its President

Dated: January 20, 1989

Carriage Realty, Inc.

By _____
Ronald M. Florance
Its President

Dated: 1-20-89

Margus Construction Company

By _____
Marshalla Esfahani,
Its President

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Dated: January 20, 1989

Palos Verdes Investment Corporation

By _____
Ronald M. Florance,
Its President

Dated: January 20, 1989

Carriage Realty, Inc.

By _____
Ronald M. Florance
Its President

Dated: 1-20-89

Margus Construction Company

By _____
Marshalla Esfahani,
Its President

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SIDNEY F. CROFT
ATTORNEY AT LAW
210 AVENUE I, SUITE D
REDONDO BEACH, CALIFORNIA 90277-5622
TELEPHONE (310) 378-8240
FAX (310) 540-4384

Ronald M. Florance
Carriage Realty
c/o Richard C. Greenberg, Esq.
Burkley, Greenberg & Fields
Attorneys at Law
21515 Hawthorne Boulevard, Suite 450
Torrance, California 90503

Re: Settlement Agreement and Mutual Release dated January 20, 1989

DEMAND FOR ARBITRATION

Whereas certain differences have arisen between yourselves and the undersigned with reference to the agreement dated January 20, 1989, as follows:

1. For the entitlement of Carriage Realty to the funds paid to Carriage Realty pursuant to the demand of Carriage Realty in the attached escrow closing statement;

2. Reimbursement for Marshallah E. Esfahani for actual payment of $6,000 made by Marshallah E. Esfahani to Tom Naylor, a valid creditor of the partnership, that Ronald Florance refused to pay;

3. Reimbursement to Marshallah E. Esfahani for actual payment of $5,000 by Marshallah E. Esfahani to settle a personal injury claim based on premises liability of property owned by the partnership; and

4. The payment to the partners of their respective shares of the Retention Account of $1,516,075, the $75,000 bond account with the City of Rancho Palos Verdes and the $750,000 account as set out in Paragraph 2 of said Settlement Agreement and Mutual Release;

and whereas disputes arising under the agreement are to be settled by arbitration, pursuant to Paragraph 11, which provides as follows:

"Any dispute arising out of or relating to the

subject matter of this Agreement, including, without limitation, any claim by Wallace or any partner on behalf of Wallace with respect to the Reserved Claims, shall be submitted to arbitration before a retired judge, member of the panel of the Judicial Arbitration and Mediation Service in Los Angeles or Orange County, California, pursuant to provisions of the California Code of Civil Procedure then in effect. If the parties are unable to agree upon a judge, the judge shall be appointed by the Judicial Arbitration and Mediation Service. If the Judicial Arbitration and Mediation Service, or its successor in interest no longer provides a panel of retired judges as arbitrators, the matter shall be arbitrated before a retired judge of the Los Angeles or Orange County Superior Court. If the parties are unable to agree upon such arbitrator, the arbitrator shall be selected by the presiding judge, or the designee off the presiding judge, of the Los Angeles County Superior Court."

the undersigned hereby demands that the above referenced dispute be submitted to arbitration.

Take notice that the undersigned, pursuant to said Paragraph hereby submit the names of the retired judges who are on the panel of the Judicial Arbitration & Mediation Service, Inc., to act on their behalf in the dispute and hereby request that you meet and agree on an arbitration within ten (10) days after service on you of this demand.

Take notice further that the undersigned will be ready to cooperate with you in the selection of an arbitrator and in the settlement of the claims, controversies, and disputes existing between yourselves and the undersigned and in the determination of all demands and differences arising out of the aforesaid agreement.

Take notice further that should you refuse to meet and select an arbitrator, or should you otherwise refuse to arbitrate said differences, the undersigned shall take further steps to effect arbitration according to law.

DATED: December 8, 1992.

_____

SIDNEY F. CROFT
Attorney for
Marshallah E. Esfahani
and Gordon Utt

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SIDNEY F. CROFT, State Bar No. 37856
Attorney at Law
3868 West Carson Street, Suite 214
Torrance, California 90503-6706
Telephone (310) 378-5240
Facsimile (310) 540-4364

FILED
LOS ANGELES SUPERIOR COURT
OCT 29 1993
JAMES H. DEMPSEY, CLERK
TONY ELYOQUE, DEPUTY

Attorney for Petitioners MARSHALLAH E. ESFAHANI and GORDON UTT

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

In the Matter of the Arbitration between MARSHALLAH E. ESFAHANI; GORDON UTT, Petitioners, vs. RONALD FLORANCE; CARRIAGE REALTY, Respondents.	CASE NO. YC 014684 FIRST AMENDED PETITION TO COMPEL ARBITRATION [C.C.P. §§ 1281.2 and 1290]

Petitioners allege:

1. The agreement herein alleged was made and is to be performed in Los Angeles County, California.

2. On or about January 20, 1989, petitioners MARSHALLAH E. ESFAHANI (hereinafter "ESFAHANI") and GORDON UTT (hereinafter "UTT") and respondents RONALD FLORANCE (hereinafter "FLORANCE") and CARRIAGE REALTY (hereinafter "CARRIAGE REALTY") entered into a written agreement wherein at Paragraph 11 the parties agreed to arbitrate: "Any dispute arising out of or relating to the subject matter of this Agreement, including, without limitation, any claim

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by Wallace or any partner on behalf of Wallace with respect to the Reserved Claims, shall be submitted to arbitration before a retired judge, member of the panel of the Judicial Arbitration and Mediation Service in Los Angeles or Orange County, California, pursuant to provisions of the California Code of Civil Procedure then in effect. If the parties are unable to agree upon a judge, the judge shall be appointed by the Judicial Arbitration and Mediation Service. If the Judicial Arbitration and Mediation Service, or its successor in interest no longer provides a panel of retired judges as arbitrators, the matter shall be arbitrated before a retired judge of the Los Angeles or Orange County Superior Court. If the parties are unable to agree upon such arbitrator, the arbitrator shall be selected by the presiding judge, or the designee off the presiding judge, of the Los Angeles County Superior Court."

3. On or about December 8, 1992, a controversy arose between petitioners and respondents over the issues hereinafter set forth as (a) through (d) below. The arbitration agreement herein alleged requires that petitioners and respondents arbitrate such controversy as to the following issues:

(a) For the entitlement of Carriage Realty to the funds paid to Carriage Realty pursuant to the demand of Carriage Realty in the attached escrow closing statement;

(b) Reimbursement for Esfahani for actual payment of $6,000 made by Esfahani to Tom Naylor, a valid creditor of the partnership, that Florance refused to pay;

(c) Reimbursement to Esfahani for actual payment of $5,000 by Esfahani to settle a personal injury claim based on

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premises liability of property owned by the partnership in the case of Joe Martin v. Margus Construction Company, et al., Case No. SB89C02599; and

(d) The payment to the partners of their respective shares of the Retention Account of $1,516,075, the $75,000 bond account with the City of Rancho Palos Verdes and the $750,000 account as set out in Paragraph 2 of said Settlement Agreement and Mutual Release;

4. On or about December 8, 1992, petitioners demanded that respondents submit such controversy to arbitration as agreed. A copy of the Demand for Arbitration is attached hereto marked Exhibit B. Respondents have at all times refused, and still refuse, to arbitrate.

5. On September 7, 1993, after a lengthy mediation, the case of Coast Construction v. Wallace Ranch, et al., Case Number SWC112594, (hereinafter "COAST") was settled. The partnership agreed to pay $900,000.00; and incurred approximately $210,000.00 in attorneys fees.

6. Esfahani contended that Florance had a substantial individual liability in the Coast case; and the Florance benefitted for more than his partnership share by the settlement.

7. As an express condition of Esfahani's agreeing to the terms of the settlement of the Coast case, the partners agreed that payment by the partnership was to be without prejudice to Esfahani's and Utt's right to arbitrate the benefit of the settlement to the partnership and the individual partners; and the allocation of attorneys fees between the partnership and the individual partners.

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A copy of the agreement is attached hereto as Exhibit C and made a part hereof.

8. Florance refuses to honor the agreement he made on September 7, 1993, refuses to arbitrate any dispute and refuses to stipulate or agree that the September 7, 1993 agreement can be included in this action.

WHEREFORE, petitioners pray:

1. That the court order respondents to arbitrate the controversy as herein alleged.

2. That petitioners be awarded costs of suit herein incurred.

3. For such other and further relief as the court may deem proper.

DATED: October 27, 1993

SIDNEY F. CROFT,
Attorney for Petitioners
MARSHALLAH E. ESFAHANI and
GORDON UTT

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SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (hereinafter "Agreement") is made and entered into effective this 20th day of ~~December~~ 1988, by and among the following: Wallace Ranch Associates, a California general partnership ("Wallace"), Marshalla E. Esfahani ("Esfahani"), C. Gordon Utt ("Utt"), Ronald M. Florance ("Florance"), Palos Verdes Investment Corporation, a California corporation ("PVIC"), Carriage Realty, Inc. ("Carriage"), a California corporation, and Margus Construction Company ("Margus"). Florance, Esfahani and Utt are sometimes hereinafter referred to collectively as the "Partners." This Agreement is made and with respect to the following matters:

RECITALS

A. The Partners are all of the general partners of Wallace. Florance is the president and majority shareholder of PVIC, and the president and majority shareholder of Carriage. Esfahani is the majority shareholder and president of Margus.

B. Disputes have heretofore arisen among the Partners with respect to various matters involving Wallace (the

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EXHIBIT A

"Disputes"). The Disputes include, but are not limited to the following:

1. Whether Florance has performed properly in his capacity as managing general partner. Among said Disputes is whether amounts previously received by Florance or Carriage as and for office overhead were properly taken, whether bills have been timely paid, whether Florance breached any express or implied obligation to Wallace or to the Partners in entering into an agreement with Coast Construction Company dated July 1, 1988 (the "Coast Contract"), and whether the demand for payment of $307,122.92 of January 11, 1989 by Carriage (the "Carriage Demand"), as more particularly described at paragraph 5, below, was in fact due and owing from Wallace, or whether it should be returned to Wallace;

2. Whether Esfahani has performed properly his duties as the general partner of Wallace. Included among said Disputes is the question of whether Esfahani properly performed his duties to oversee and manage the construction to be performed on the partnership property;

3. Whether Utt has properly performed his duties as a general partner of Wallace, and whether Utt is obligated to repay to Wallace any salaries or draws heretofore paid by Carriage or Wallace to Utt;

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4. Whether Margus has properly performed duties undertaken for Wallace, including those pursuant to a building construction contract dated July 23, 1987 (the "Margus Contract"), and whether the demand of Margus dated December 6, 1988 (the "Margus Demand"), more particularly described at paragraph 4, below, was in fact due and owing to Margus, or whether it should be returned to Wallace.

C. Because of the Disputes, the Partners have heretofore considered various methods of separating their interests in Wallace. On August 31, 1988, PVIC tendered to Wallace an offer to purchase the property of the partnership (the "PVIC Offer") for consideration of the Partners pursuant to paragraph 6.3 of the Agreement of Partnership of Wallace (the "Partnership Agreement"). On November 23, 1988, Peninsula High Associates ("PHA"), an entity in which Esfahani and Utt have an interest, tendered to Wallace an offer to purchase the property of the partnership (the "PHA Offer"), pursuant to said paragraph 6.3.

D. Esfahani and Utt have contended that the PHA Offer was a "better offer" as defined by the Partnership Agreement. Florance has contended that whether the PHA Offer was a "better offer" was dependent upon the construction placed upon said offer by PHA, in that the offer was ambiguous concerning whether, and to what extent, various liabilities of Wallace

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were assumed. Accordingly, among the Disputes was the further Dispute concerning whether the PVIC Offer, the PHA Offer, or either, should be accepted by the Partners and by Wallace. Incident to that Dispute, PHA has filed an action for specific performance, Los Angeles Superior Court Case No. C 704271, against Wallace (the "Action").

E. An agreement has been reached among the Partners, and between the Partners and Wallace on one hand, and PHA on the other, pursuant to which certain ambiguities of the PHA Offer have been resolved, and pursuant to which Florance, subject to execution of this Agreement and each of the other Partners, and Wallace, have agreed to accept the PHA Offer and to sell the property of Wallace to PHA.

F. The parties hereto desire that concurrently with acceptance of the PHA Offer and delivery by Florance to PHA of the Confirmation Letter, to resolve the Disputes, including those enumerated above, and to resolve all other claims of the Partners and partnership, and their respective agents, attorneys and employees, whether or not related to the Disputes, except as expressly hereinafter set forth at paragraph 4, below, with respect to the Reserved Claims as therein defined.

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NOW, THEREFORE, the parties hereto agree as follows:

1. **Confirmation Letter**

The PHA Offer, as clarified by letter dated November 23, 1988, from Peninsula High Associates to counsel for Wallace, and as further clarified and modified by letter dated December 20, 1988, ("Confirmation Letter"), is concurrently herewith approved and accepted by the Partners and by the partnership.

2. **Settlement Agreement**

Concurrently herewith, parties are negotiating the final form of Settlement Agreement among the parties, Peninsula Wallace Partners, L.P. II, Peninsula High Associates II, and certain other partners or affiliates concerning execution of a final clarification and modification of the PHA Offer, and resolution of Disputes among the parties to that agreement (the "Settlement Agreement"). A condition of the effectiveness of this release is the execution by the parties hereto (other than Carriage) of a settlement agreement in form satisfactory to said parties. Each of the parties shall exercise good faith and due diligence to promptly arrive at an acceptable form of settlement agreement.

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Pursuant to the Settlement Agreement, the real property assets of Wallace ("Real Property") are to be conveyed by the Partners to Peninsula Wallace Partners, L.P. II, a California limited partnership ("Peninsula") in the partner's individual capacity through escrow (the "Escrow"). The Partners will cooperate forthwith in causing the Real Property to be distributed to the Partners according to their percentage interests in the partnership as tenants in common. Each of the Partners shall indemnify, and hold harmless the others, from all claims, demands and liabilities which the others may incur through any failure by the indemnifying partner to perform said partner's obligations pursuant to the Settlement Agreement. The parties acknowledge that the interests of each of the Partners will be conveyed through the Escrow to be opened to effect the terms of the settlement; but that the sale of said interests may occur through a 1031 or similar exchange, or through a delayed closing of approximately thirty (30) days to permit the conveyance to be made by a corporate nominee.

Pursuant to the settlement, a retention amount shall be reserved in Escrow. Each of the parties shall irrevocably designate from the proceeds otherwise payable to said party that amount of the retention which bears the same proportion to the total retention as said party's partnership interest.

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The parties further agree that there shall be maintained for a period of three (3) years in an interest bearing account held in the name of one party designated by Esfahani, and one party designated by Florance, the sum of $750,000 for future expenses of the partnership ("Partnership Account"). Funds may be drawn from the Partnership Account only upon the signature of both of said designees. Said funds shall be retained for a period of three (3) years from the date of close of Escrow as to Florance, unless sooner terminated by stipulation of the parties. Upon termination, the funds remaining shall be returned to the parties in the same proportion as their contribution.

3. **Mutual Release**

Except for the "Reserved Claims," as defined at paragraph 4, below, and the rights and obligations created hereunder, which are reserved and which shall survive this Agreement, and in consideration of the mutual agreements herein set forth, each of the parties hereto mutually releases, acquits, and forever discharges the other parties, their agents, attorneys, representatives, successors, and assigns, from any and all claims, demands, causes of action, rights, obligations and liabilities, whether or not now known, suspected or claimed, which they or any of them have, have ever

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had, or claimed to have had against the other arising out of or relating to Wallace, the Partnership Agreement, the property of the partnership, the Action, and the Disputes (collectively, the "Released Claims").

The parties hereby acknowledge that there is a risk that subsequent to the execution of this Agreement, one or the other party will discover, incur or suffer claims which are unknown or unanticipated at the time this Agreement is executed, including without limitation, unknown or unanticipated claims which arose from, or based upon, or are related to the Released Claims, which if known by one or the other of the parties on the date this Agreement was executed, may have materially affected one of such party's decision to execute this Agreement. With respect to the Released Claims, to the extent permitted by law, each of the parties expressly waives the benefits of the California Civil Code §1542, which section reads as follows:

> "A general release does not extent to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him, must have materially affected the settlement of the debtor."

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4. **Reserved Claims**

Anything in this Agreement to the contrary notwithstanding, each of the parties reserves the following claims, and only the following claims:

(a) Their rights under the Partnership Agreement, with respect to future matters.

(b) No party hereto reserves any claim, demand, cause of action, or right in his or its name, and upon his or its behalf, against any remaining party; provided, however, that Wallace, and the Partners on behalf of Wallace, reserve the rights hereinafter set forth in paragraphs 3(c) and 3(d).

(c) The Partners other than Florance have not had the opportunity to audit the trust accounts maintained by the Partnership under the direction and control of Florance with respect to options to purchase lots and homes from Wallace heretofore sold to third parties (the "Option Accounts"). Accordingly, Esfahani and Utt reserve the right to assert on behalf of the Partnership a claim or demand upon Florance if, and to the extent, that Florance may not hereafter account fully for the Option Account monies.

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(d) If any Partner (the "Indemnitee") shall suffer any actual loss or incur actual liability as a result of any claim or cause of action which is brought by a third party against Wallace or Indemnitee arising from an act by any other Partner (the "Indemnitor") which has not been disclosed to Indemnitee (the "Indemnified Loss"), then in such event the Indemnitee reserves the right to pursue all available rights and remedies against Indemnitor to be indemnified against, and held harmless from, the Indemnified Loss; provided, however, that such right is not reserved with respect to an Indemnified Loss which arises from any act or omission of which Indemnitee is currently aware or with respect to which Indemnitee is currently on inquiry notice.

(e) Each of the Partners reserves the right to assert on behalf of the partnership, a claim or demand upon the remaining Partners and the entities with which they are affiliated, based, based upon any matter whatsoever, except as hereinafter expressly limited; provided, however, that all of the claims, demands, causes of action, or rights asserted on behalf of the partnership against said parties, shall be limited to an aggregate liability to Wallace, not to exceed the following amounts:

(i) Florance, PVIC, and Carriage jointly, in the aggregate, $650,000;

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(ii) Esfahani and Margus, jointly, in the aggregate, $250,000;

(iii) Utt, $100,000.

The claims which may be asserted by Wallace in its own behalf, or by any Partners on behalf of Wallace shall be for compensatory damages only, and may not include exemplary or consequential damages. By way of illustration, Utt may contend that because of a variety of alleged matters, Florance is indebted to return to the partnership $400,000, and Carriage, $400,000. Assuming, without admitting, that an arbitrator were to so conclude, no awards or judgments against Florance and/or Carriage may exceed $650,000 in total. Similarly, assuming, without admitting, that were Florance to contend and to prove, and an arbitrator to determine, that Esfahani is required to return to the partnership $400,000, and Margus, $400,000, no awards might be entered against Esfahani and/or Margus, nor any judgments entered upon said awards, exceeding the total sum of $250,000.

Anything in this provision or agreement to the contrary notwithstanding, it is expressly agreed that under the Settlement Agreement, Carriage is entitled to the last $200,000 in commissions which may be earned, and any claim against

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Carriage, Florance, their agents or employees on behalf of Wallace or any remaining partner to said $200,000 is waived and released. All claims by Wallace or by any partner acting on behalf of Wallace with respect to the first $167,000 of commissions claimed by Carriage from the partnership is reserved, subject to the above dollar limitations; provided, however, that if said sum is determined not to be a Partnership obligation at the election of Florance, it shall be paid by Wallace and charged solely to the account of, and paid from money which would otherwise be distributed to, Florance.

The Carriage Demand and the Margus Demand shall be paid from Escrow, without prejudice; however, to the right of Wallace or the parties to hereafter assent, as a reserved claim, that all, or part of said demands were not owed by Wallace, and should be repaid to Wallace.

5. <u>Consultation With Counsel</u>

The parties hereto acknowledge and represent that they have consulted and have had the advice and counsel of, attorneys connected with the preparation, review and execution of this Agreement, that they have specifically discussed with their attorneys the meaning and effect of this Agreement, and they have carefully read and understand the scope and effect of

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each provision contained herein. The parties hereto further represent that they do not rely and have not relied upon any representation or statement made by each other or any of their representatives with regard to the subject matter, basis, or effect of this Agreement.

6. Assignment or Transfer of Interest

The parties hereto represent to and warrant to each other that they have not heretofor assigned or transferred or purported to assign or transfer, to any person or entity, any claim against the other, or any portion thereof or interest therein, and agree to indemnify, defend and hold each other harmless from and against any and all claims, based on or arising out of any such assignment or transfer, or purported assignment or transfer, of any such claim or any portion thereof or interest therein.

7. Agreement To Be Binding

This Agreement shall be binding upon and inure to the benefit of the administrators, executors, and assigns of the parties hereto.

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8. **Full Force and Effect**

Each of the parties hereto, without further consideration, agrees to execute and deliver such other documents and to take such other action as may be necessary or appropriate to give full force and effect to the basic terms and intent of this Agreement.

9. **Attorneys' Fees**

The parties acknowledge that the following attorneys' fees incurred by the Partners in connection with partnership matters shall be paid by the partnership from the Escrow proceeds of the PHA acquisition:

(a) To Sidney F. Croft, for fees incurred on behalf of the Partnership and in connection with the Disputes, at the request of Esfahani, for his services on behalf of the Partnership and in connection with the Disputes, in the sum of $50,000; and

(b) To the firm of Burkley, Moore, Greenberg & Lyman and Richard B. Collins, at the request of Florance, for their services on behalf of the Partnership and in connection with the Disputes, the sum of $75,000.

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10. **Interpretation**

(a) This Agreement shall be construed in accordance with, and all Disputes hereunder shall be governed by, the laws of the State of California.

(b) In the event of any controversy or dispute arising out of this Agreement, the prevailing party or parties shall be entitled to recover from the nonprevailing party or parties, its reasonable expenses and costs, including without limitation, attorneys' fees.

(c) Should any provision of this Agreement be declared or determined by any court to be illegal, invalid or unenforceable, the validity of the remaining parts, terms and provisions shall not be effected thereby and said illegal, unenforceable, invalid part, term or provision shall be deemed not to be a part of this provision.

(d) This Agreement sets forth the entire Agreement between the parties hereto, and fully supercedes any and all prior Agreements, negotiations or understandings between the parties hereto pertaining to the subject matter hereof. Each of the parties hereto acknowledges that no other party, nor any agent nor attorney of any party, has made any promise,

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representation or warranty whatsoever, expressed or implied, not contained herein, concerning the subject matter herein, to induce the other party to execute this document and acknowledges that it has not executed this document based upon any such promise, representation or warranty not contained herein.

(e) This Agreement may be executed in counterpart with the same force and effect as though executed in one complete document.

11. **Arbitration**

Any dispute arising out of or relating to the subject matter of this Agreement, including, without limitation, any claim by Wallace or any partner on behalf of Wallace with respect to the Reserved Claims, shall be submitted to arbitration before a retired judge, member of the panel of the Judicial Arbitration and Mediation Service in Los Angeles or Orange County, California, pursuant to provisions of the California Code of Civil Procedure then in effect. If the parties are unable to agree upon a judge, the judge shall be appointed by the Judicial Arbitration and Mediation Service. If the Judicial Arbitration and Mediation Service, or its successor in interest no longer provides a panel of retired

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judges as arbitrators, the matter shall be arbitrated before a retired judge of the Los Angeles or Orange County Superior Court. If the parties are unable to agree upon such arbitrator, the arbitrator shall be selected by the presiding judge, or the designee of the presiding judge, of the Los Angeles County Superior Court.

12. **Disputed Claim**

This Agreement is entered into for purposes of resolving a disputed claim and shall not be construed as an admission of liability or wrongdoing by any party hereto except for purposes of enforcing and interpreting this Agreement and the obligations created thereby.

Dated: January 2, 1989 — Ronald M. Florance

Dated: 1-26-89 — Marshalla Esfahani

Dated: 1-26-89 — C. Gordon Utt

Dated: January 26, 1989 — Wallace Estates

By Ronald M. Florance
Ronald M. Florance

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Dated: 1-20-89 Wallace Estates

By Marshalla Esfahani
Marshalla Esfahani

Dated: 1-20-89 Wallace Estates

By C. Gordon Utt
C. Gordon Utt

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Dated: January 20, 1989

Palos Verdes Investment Corporation

By _____
Ronald M. Florance,
Its President

Dated: January 20, 1989

Carriage Realty, Inc.

By _____
Ronald M. Florance
Its President

Dated: 1-20-89

Margus Construction Company

By _____
Marshalla Esfahani,
Its President

RCGjdh1518G011388/7

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SIDNEY F. CROFT
ATTORNEY AT LAW
210 AVENUE I, SUITE D
REDONDO BEACH, CALIFORNIA 90277-5622
TELEPHONE (310) 378-8240
FAX (310) 540-4364

Ronald M. Florance
Carriage Realty
c/o Richard C. Greenberg, Esq.
Burkley, Greenberg & Fields
Attorneys at Law
21515 Hawthorne Boulevard, Suite 450
Torrance, California 90503

Re: Settlement Agreement and Mutual Release
dated January 20, 1989

DEMAND FOR ARBITRATION

Whereas certain differences have arisen between yourselves and the undersigned with reference to the agreement dated January 20, 1989, as follows:

1. For the entitlement of Carriage Realty to the funds paid to Carriage Realty pursuant to the demand of Carriage Realty in the attached escrow closing statement;

2. Reimbursement for Marshallah E. Esfahani for actual payment of $6,000 made by Marshallah E. Esfahani to Tom Naylor, a valid creditor of the partnership, that Ronald Florance refused to pay;

3. Reimbursement to Marshallah E. Esfahani for actual payment of $5,000 by Marshallah E. Esfahani to settle a personal injury claim based on premises liability of property owned by the partnership; and

4. The payment to the partners of their respective shares of the Retention Account of $1,516,075, the $75,000 bond account with the City of Rancho Palos Verdes and the $750,000 account as set out in Paragraph 2 of said Settlement Agreement and Mutual Release;

and whereas disputes arising under the agreement are to be settled by arbitration, pursuant to Paragraph 11, which provides as follows:

"Any dispute arising out of or relating to the

EXHIBIT B

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Exhibit

subject matter of this Agreement, including, without limitation, any claim by Wallace or any partner on behalf of Wallace with respect to the Reserved Claims, shall be submitted to arbitration before a retired judge, member of the panel of the Judicial Arbitration and Mediation Service in Los Angeles or Orange County, California, pursuant to provisions of the California Code of Civil Procedure then in effect. If the parties are unable to agree upon a judge, the judge shall be appointed by the Judicial Arbitration and Mediation Service. If the Judicial Arbitration and Mediation Service, or its successor in interest no longer provides a panel of retired judges as arbitrators, the matter shall be arbitrated before a retired judge of the Los Angeles or Orange County Superior Court. If the parties are unable to agree upon such arbitrator, the arbitrator shall be selected by the presiding judge, or the designee off the presiding judge, of the Los Angeles County Superior Court."

the undersigned hereby demands that the above referenced dispute be submitted to arbitration.

Take notice that the undersigned, pursuant to said Paragraph hereby submit the names of the retired judges who are on the panel of the Judicial Arbitration & Mediation Service, Inc., to act on their behalf in the dispute and hereby request that you meet and agree on an arbitration within ten (10) days after service on you of this demand.

Take notice further that the undersigned will be ready to cooperate with you in the selection of an arbitrator and in the settlement of the claims, controversies, and disputes existing between yourselves and the undersigned and in the determination of all demands and differences arising out of the aforesaid agreement.

Take notice further that should you refuse to meet and select an arbitrator, or should you otherwise refuse to arbitrate said differences, the undersigned shall take further steps to effect arbitration according to law.

DATED: December 8, 1992.

SIDNEY F. CROFT
Attorney for
Marshallah E. Esfahani
and Gordon Utt

E8/E23

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Agreement

The undersigned reserve their rights and contentions concerning

1. The respective benefit to the partnership and the ~~[illegible]~~ individual partners for the settlement payments and costs ~~[illegible]~~ expenses including attorneys fees incurred in the matter of Coast etc. et. al. v. Wallace etc et al LASC SWC 112594

2. The allocation among the partners of Wallace Ranch Associates of percentages and amounts of such payments and expenses.

3. This agreement can be added to the pending petition for arbitration.

[signature] Marshall Esfahani [signature]

Ronald Florence Marshall Esfahani C. Gordon UH

EXHIBIT C

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EXHIBIT A8

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OCT 6 - 1987

William Litvak
Attorney at Law
1875 Century Park East, Suite 1200
Los Angeles, California 90067

(213) 556-1200

Attorney for Plaintiff

FILED
OCT 7 - 1987
FRANK S. ZOLIN, COUNTY CLERK
BY HECTOR DON LUCAS, DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

ROBERT BATHERSON, Plaintiff, v. CARRIAGE REALTY, INC., a California corporation, RONALD FLORANCE, ROBERT KERBER, and DOES 1 through 20, inclusive, Defendants.	CASE NO. C663714 COMPLAINT FOR BREACH OF CONTRACT - DAMAGES; BREACH OF FIDUCIARY DUTY; CONVERSION; CONSTRUCTIVE FRAUD; BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING; BREACH OF STATUTORY OBLIGATIONS - FAILURE TO PAY WAGES; INTERFERENCE WITH CONTACTUAL RELATIONS; CONSPIRACY; AND CLAIM AND DELIVERY; DECLARATORY RELIEF

Plaintiff, ROBERT BATHERSON ("Batherson") alleges as follows:

FIRST CAUSE OF ACTION

(Breach of Contract - Damages

Against Defendant Carriage)

1. At all times mentioned herein, defendant Carriage Realty, Inc., ("Carriage") a California corporation, was organized and existing under the laws of the State of California with its principal place of business in Los Angeles County, State of California. Carriage, at all times mentioned herein, was

primarily engaged in the business of real estate sales and brokerage of both commercial and residential properties and in the scope of such activities normally employed real estate salespersons.

2. Defendant, Robert Kerber, ("Kerber") at all times mentioned herein, was a resident of the County of Los Angeles and a licensed real estate broker, employed by Carriage to manage, supervise, and employ Plaintiff.

3. Defendant, Ronald L. Florance ("Florance") at all times mentioned herein was resident of the County of Los Angeles and a shareholder in Defendant Carriage.

4. At all times mentioned herein, Plaintiff was a resident of the County of Los Angeles, and duly licensed by the State of California Department of Real Estate as real estate sales person.

5. The true names and capacities, whether individual, corporate, associate, or otherwise, of Defendants sued herein as Does 1 through 20, inclusive, are unknown to Plaintiff at this time, who, therefore, sues said Defendants by said fictitious names, and when the same have been ascertained, Plaintiff will pray leave of this court to amend this complaint accordingly. Plaintiff is informed and believes and thereon alleges that each of the Defendants designated herein as a Doe is in some manner responsible for the occurrences herein alleged.

6. Plaintiff is informed and believes, and based upon such information and belief, alleges that each of the Defendants named in the caption of this Complaint, which is incorporated by reference as though set forth in full, was the agent, servant, and employee of each of the remaining Defendants and in doing the

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things hereinafter alleged, each was acting within the course and scope of such agency and employment and with the knowledge and consent of the other Defendants.

7. The agreement sued upon herein was entered into and to be performed within the County of Los Angeles, and the above court is a proper court for trial in this action.

8. The within action is not subject to the provisions of Sections 2981 et seq., or Sections 1801 et seq., of the Civil Code of the State of California.

9. In or about June, 1986, Plaintiff entered into a written agreement with Defendant Carriage. The agreement provided that Plaintiff would be a real estate sales person for defendant Carriage, for which he would receive compensation in the form of commissions earned from sales of real estate and related matters. The agreement further provided that all commissions received by defendant Carriage and derived from sales generated by plaintiff, shall be paid immediately upon collection or as soon thereafter as practicable. Plaintiff entered into defendant's employ in approximately June of 1986, and continued until approximately September 17, 1987, when he resigned.

10. During his employment with Carriage, and on or about May 6, 1986, plaintiff secured listing agreements with Provident Savings & Loan Association ("Provident") for the sale of ten contiguous lots in Rancho Palos Verdes. The listing agreement provided that upon sale of these properties, a commission would be paid to plaintiff at 2% of the sales price. Thereafter, plaintiff became entitled to a sales commission in the amount of $60,000.00.

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11. Thereafter, the commission of $60,000 was placed with Hawthorne Escrow for distribution to plaintiff and defendant Carriage Realty.

12. Thereafter, defendants, and each of them, demanded that plaintiff pay a sum in excess of the percentage specified in plaintiff and defendant's commission-splitting agreement. Plaintiff refused, and defendants indicated that without such payment, they would refuse to pay to plaintiff commissions earned as a result of the Provident Savings Sale and would further refuse to cooperate in obtaining the funds from Provident. Thereafter, defendants did fail and refuse to execute documents necessary to effectuate payment of the $60,000 commission, although those sums have been at all times and are now available for distribution to plaintiff and defendants. Defendants have failed and refused to execute such documents customary and ordinary for transfer of such funds, despite the fact that all documents have been redrafted to conform to defendants, and each of them, instructions and demands.

13. Defendant Carriage, directly and vicariously, breached its agreement by failing to pay to Plaintiff commission earned by Plaintiff and collected by Defendant Carriage, although demand therefore has been made in general violation of the customs and practices of the real estate industry.

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ATTORNEY AT LAW
1875 CENTURY PARK EAST, SUITE 1200
LOS ANGELES, CALIFORNIA 90067
TELEPHONE (310) 556-1200

14. Plaintiff has performed all commissions and obligations required of him under the terms of the agreement, except to the extent excused by the actions of defendants.

15. As a result of defendants' breach, plaintiff has been damaged in the sum of $56,025, together with interest thereon at the legal rate.

SECOND CAUSE OF ACTION

(Breach of Fiduciary Duty

Against All Defendants)

16. Plaintiff repeats and realleges paragraphs 1 through 15 inclusive of this Complaint as though set forth in full herein.

17. By virtue of the relationship between Plaintiff and Defendants Carriage, Florance, and Kerber, both as employee and employer, respectively, and that of sales persons and brokers, respectively, with the Plaintiff placing confidence in the fidelity and the integrity of said Defendants, they owed Plaintiff, a fiduciary obligation.

18. Defendants, Carriage, Florance, and Kerber, and each of them, breached their fiduciary duties in that said Defendants failed and refused to turn over to Plaintiff commissions earned and payable to Plaintiff.

19. As a result of Defendants', and each of their, breaches of fiduciary duty, Plaintiff has been damaged in the sum of $56,025.00, together with interest thereon at the legal rate.

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20. Defendants in breaching their fiduciary obligations, acted fraudulently, maliciously, oppressively, intentionally, and with a conscious disregard for Plaintiff's rights and in violation of State law. Plaintiff is therefore entitled to recover punitive damages in the sum of $2,000,000.00.

THIRD CAUSE OF ACTION

(For Conversion

Against All Defendants)

21. Plaintiff repeats and realleges paragraphs 1 through 15, inclusive of this Complaint as though set forth in full herein.

22. By virtue of the failure of Defendants, and each of them, to obtain and pay to plaintiff the commissions earned, available and payable to him, Defendants in addition to violating their fiduciary duties to Plaintiff, wrongfully interfered with the Plaintiff's right to possession of the funds and converted same to their own use in contravention of State law and the rights of Plaintiff.

23. Plaintiff has demanded of Defendants to deliver up possession of said funds, but Defendants have wrongfully and maliciously refused to do so. Plaintiff is entitled to immediate possession of such funds.

24. By virtue of Defendants, and each of their, wrongful conversion of said monies, Plaintiff have been damaged in the sum of $56,025.00, together with interest thereon at the legal rate.

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35. Defendants, and each of them, in converting the funds of plaintiff, did so with oppression, fraud, malice, and in bad faith, and plaintiff is entitled to punitive and exemplary damages of $2,000,000.00.

FOURTH CAUSE OF ACTION

(For Constructive Fraud

Against All Defendants)

26. Plaintiff repeats and realleges paragraphs 1 through 15, inclusive of this Complaint as though set forth in full herein.

27. Despite having voluntarily accepted the trust and confidence of plaintiff, Defendants, and each of them, violated this relationship of trust and confidence and abused it by failing to obtain, secure and tender to plaintiff the monies due him for commissions available and payable to plaintiff and acted for the sole purpose of gaining an advantage for the benefit of Defendants, and each of them, with the knowledge of the detriment to be caused to plaintiff.

28. Defendants, and each of them, did the acts herein alleged with the intent to deceive, defraud and gain advantage over plaintiff, and did accept such gain and advantage by retaining the funds provided to Defendants for the benefit of and payment to plaintiff.

29. As a result of the constructive fraud of Defendants, and each of them, plaintiff have been damaged in the sum of $56,025.00, together with interest thereon at the legal rate.

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ATTORNEY AT LAW
LOS ANGELES, CALIFORNIA 90017

30. Defendants, and each of them, acted with oppression, fraud, malice and in bad faith, and plaintiff is entitled to punitive and exemplary damages in the sum of $2,000,000.00.

FIFTH CAUSE OF ACTION

(Breach of the Implied Covenant of Good Faith and Fair Dealing)

Against All Defendants

31. Plaintiff repeats and realleges paragraphs 1 through 15 inclusive of this Complaint as though set forth in full herein.

32. The agreement between Plaintiff and Defendants, and each of them, contained an implied covenant of good faith and fair dealing, by the terms of which Defendants agreed to deal with Plaintiff fairly and in good faith in carrying out the terms of the agreement. The implied covenant of good faith and fair dealing imposed upon Defendants the duty to collect commissions and other monies on behalf of Plaintiff, and to account for such funds and to pay them over immediately upon receipt to Plaintiff and, to refrain from doing anything which would interfere with Plaintiff's rights and benefits under the agreement.

33. Defendants, and each of them, breached the implied covenant of good faith and fair dealing by failing to collect, secure and pay to Plaintiff commissions collected by Defendants and which were payable to Plaintiff.

34. As a direct and proximate result of defendants breach of their implied covenant and good faith and fair dealing, Plaintiff has been damaged in the sum of $56,025.00, together

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with interest thereon at the legal rate.

35. In engaging, authorizing, consenting, ratifying, acquiescing, supervising, and failing to supervise and control, Defendants acted willfully, wantonly, and maliciously, and with a conscious disregard for the rights of Plaintiff. Plaintiff is entitled to punitive and exemplary damages in the sum of $2,000,000.00.

SIXTH CAUSE OF ACTION

(Breach of Statutory Obligations - Failure to Pay Wages Against All Defendants)

36. Plaintiff repeats and realleges paragraphs 1 through 15 inclusive of this Complaint as though set forth in full herein.

37. Defendants, pursuant to State law, were required to pay to Plaintiff any sums due him without delay, offset, or condition when same became immediately due and payable. Upon monies becoming available for the benefit of plaintiff, which constituted his earnings and wages, Defendants improperly and in violation of State law failed and refused to pay Rlaintiff his earnings and wages, although demand therefore had been made.

38. As a direct and proximate result of Defendants' breach of said statutory obligations, Plaintiff has been damaged in the sum of $56,025.00, together with interest thereon at the legal rate.

39. Defendants' failure to pay the wages hereinabove described was intentional, malicious, wanton, fraudulent and oppressive and was done with the intent to injure Plaintiff and

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ATTORNEY AT LAW
1875 CENTURY PARK EAST, SUITE 1200
LOS ANGELES, CALIFORNIA 90067
TELEPHONE (213) 556-1200

therefore Plaintiff is entitled to punitive and exemplary damages in the sum of $1,000,000.00.

SEVENTH CAUSE OF ACTION

(Interference With Contractual Relations Against Defendants Florance and Kerber)

40. Plaintiff repeats and realleges paragraphs 1 through 15, inclusive of this Complaint as though set forth in full herein.

41. Defendants Florance and Kerber, with full knowledge of Plaintiff's agreement with defendant Carriage, and aware that commissions were due and payable to Plaintiff by Carriage, utilizing the influence and control they had over Defendant Carriage as its operational officers in charge of all disbursements and receipts, intentionally prevented the payment of commissions due to Plaintiff.

42. Defendants Florance and Kerber committed such acts without justification and in violation of state law.

43. As a proximate result of Defendants wrongful acts, Plaintiff has been damaged in the sum of $56,025.00, together with interest thereon.

44. Plaintiff will be damaged in additional sums in a manner as yet unknown, all in a sum according to proof.

45. Defendants, and each of them, acted fraudulently, maliciously, oppressively, and intentionally and Plaintiff is therefore entitled to punitive damages in the sum of $2,000.000.00.

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EIGHTH CAUSE OF ACTION

CONSPIRACY

(Against All Defendants)

46. Plaintiff repeats and realleges paragraphs 1 through 15, inclusive and Paragraphs 40 through 45, inclusive of this Complaint as though set forth in full herein.

47. Plaintiff is informed and believe and based upon such information and belief alleges that in or about August, 1987, Defendants, and each of them, knowingly and willfully conspired and agreed among themselves to damage the Plaintiff by depriving him of the benefits of their agreement with Carriage by preventing and refusing to pay to Plaintiff commissions earned and due and payable to Plaintiff without delay or offset.

48. Pursuant to such conspiracy, and in furtherance thereof, Defendant refused to comply with the terms of the agreement and did refuse to collect monies available toward commissions earned by and payable to Plaintiff and did wrongfully refuse and prevent the payment thereof to Plaintiff, and did so for the stated purpose of compelling plaintiff to pay to defendants, and each of them, a sum in excess of any legal obligation.

49. As a proximate result of Defendants, wrongful acts pursuant to the conspiracy herein alleged, Plaintiff was deprived of his commissions, and was damaged in the sum of $56,025.00, together with interest thereon at the legal rate.

50. As a direct and proximate result of the wrongful acts of Defendants and each of them in pursuit of their conspiracy as

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herein alleged, plaintiff will suffer additional damages, the exact extent and nature of which are currently unknown, all in a sum according to proof.

51. Defendants, and each of them, acted fraudulently, maliciously, oppressively, and intentionally and Plaintiff are therefore entitled to punitive damages in the sum of $2,000.000.00.

NINTH CAUSE OF ACTION

(Claim and Delivery

Against All Defendants)

52. Plaintiff repeats and realleges paragraphs 1 through 15 inclusive of this Complaint as though set forth in full herein.

53. Defendant Carriage Realty has under its control approximately $56,025.00 due and payable to Plaintiff as and for real estate commissions earned by Plaintiff in the course and in the scope of its employment with Defendant Carriage.

54. At all times mentioned herein Plaintiff was and is entitled to immediate and exclusive possession of said sums.

55. Defendants have failed and refused and continue to fail and refuse to turnover said sums to Plaintiff although demand has been made therefore. Defendant Carriage Realty continues to withhold possession of said sums from Plaintiff in violation of Plaintiff's rights.

56. Plaintiff is entitled to an order and judgment from this court declaring that Plaintiff is entitled to immediate possession of the funds under the control of Defendant Carriage

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ATTORNEY AT LAW
LOS ANGELES, CALIFORNIA

of $3,975 and further that plaintiff is obligated and shall be compelled to execute such documents as a necessary, ordinary and customary in the industry to obtain such funds.

63. Such a determination and declaration is appropriate at this time under the circumstances in order that plaintiff may obtain the funds earned.

ELEVENTH CAUSE OF ACTION

(Intentional Infliction of Emotional Distress)

64. Plaintiff repeats and realleges paragraphs 1 through 15 inclusive of this Complaint as though set forth in full herein.

65. Defendants, and each of them, committed each of the acts hereinabove alleged, with the intent to harass, annoy, humiliate, aggravate and disturb Plaintiff with the intent to cause Plaintiff to suffer severe emotional distress, with the scheme and design to obtain funds to which they were not entitled.

66. As a result of defendants' conduct, plaintiff has suffered physical, mental and emotional distress.

67. The conduct of defendants, and each of them, was intentional, malicious, and done for the purpose of causing plaintiff to suffer humiliation, mental anguish, and severe physical distress. As a direct and proximate result of the aforementioned acts of defendants, and each of them, plaintiff was forced to and did suffer great and severe humiliation, mental anguish, emotional and physical distress, fright, grief, anger, disappointment and worry, all to plaintiff's damage in the sum of $1,000,000.00.

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ATTORNEY AT LAW
LOS ANGELES, CALIFORNIA 90067

and requiring said Defendant to turnover said sums to Plaintiff.

57. In doing the things described above, Defendant Carriage acted willfully, maliciously, and wanton in disregard of Plaintiff's rights. Therefore, Plaintiff is entitled to punitive damages in the sum of $2,000.000.00.

TENTH CAUSE OF ACTION

(Declaratory Relief)

58. Plaintiff repeats and realleges paragraphs 1 through 15 inclusive of this Complaint as though set forth in full herein.

59. An actual controversy exists between Plaintiff and Defendant Carriage relating to the legal rights and duties of the respective parties arising out of the parties' agreement and the commissions earned from the sale of the property in the above-referenced Provident Federal Savings matter. Plaintiff contends that he is immediately entitled to payment of the funds and that defendants are obligated to execute all necessary documents to obtain said commission funds from the sale.

60. Defendants, and each of them, deny plaintiff's contentions and contend that they have no obligation to assist in obtaining funds emanating from the sales commissions earned by plaintiff.

61. Of the $60,000, defendants, and each of them, have no right to plaintiff's portion thereof, to-wit $56,025.00.

62. Plaintiff desires a judicial determination that he is entitled to the funds held in escrow and that cross-defendants have no right whatsoever therein, with the exception of the sum

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ATTORNEY AT LAW
LOS ANGELES, CALIFORNIA

68. As a further, direct and proximate result of the conduct of defendants, and each of them, as herein alleged, plaintiff has suffered additional consequential and incidental damages all according to proof.

69. The conduct of defendants, and each of them, as described herein, was done with the conscious disregard of plaintiff's rights and with the intent to vex, injure and annoy plaintiff, such as to constitute oppression, fraud or malice under California Civil Code Section 3294, entitling plaintiff to punitive damages in the sum of $2,000.000.00.

WHEREFORE, Plaintiff prays for judgment as follows:

For Causes of Action One through Eight,

1. Damages in the sum of $56,025.00, together with interest thereon at the legal rate;

For the Ninth Cause of Action,

2. A decree from the court declaring that Plaintiff is entitled to exclusive and immediate possession of $56,025.00 held that said sum be paid over to Plaintiff together with interest thereon at the legal rate;

3. For the Tenth Cause of Action, damages in the sum of $1,000,000.00.

On all Causes of Action, exemplary damages in the sum of $2,000,000.00.

3. For costs of suit incurred herein; and;

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1875 CENTURY PARK EAST, SUITE 1200
LOS ANGELES, CALIFORNIA 90067
TELEPHONE (213) 556-1200

4. For such other and further relief as the court may deem just and proper.

DATED: October 1, 1987

Respectfully submitted,

William Litvak
Attorney for Plaintiff
ROBERT BATHERSON

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ATTORNEY AT LAW
815 CENTURY PARK EAST, SUITE 1200
LOS ANGELES, CALIFORNIA 90067
TELEPHONE (213) 556-1200

EXHIBIT A9

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William N. Willens
SPIERER, WOODWARD, WILLENS & DENIS
Attorneys at Law
A Professional Corporation
707 Torrance Blvd., Second Floor
Redondo Beach, CA 90277
(213) 540-3199

Attorneys for Plaintiff
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FILED

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

JANELLE WILLIAMS, Plaintiff, vs. CARRIAGE REALTY, INC., A California Corporation; RONALD M. FLORANCE; and Does 1 through 50, Inclusive, Defendants.	CASE NO. SWC 77... COMPLAINT FOR BREACH OF WRITTEN CONTRACT; BREACH OF ORAL CONTRACT; COMMON COUNT (MONEY HAD AND RECEIVED)

TR# 77 M#61 TL#11 85/03/19 12 14 4
C# SWC077668 ID# 1

Plaintiff alleges:

FIRST CAUSE OF ACTION

(For Breach of WRitten Contract)

1. Plaintiff Janelle Williams is, and at all times herein mentioned was, an individual residing in the County of Los Angeles, State of California.

2. Plaintiff is informed and believes and thereupon alleges that Defendant Carriage Realty, Inc. is, and at all times herein mentioned was, a corporation duly organized and existing under the laws of the State of California, with its principal place of business in the City of Rolling Hills Estates, County of Los Angeles.

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ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
707 TORRANCE BOULEVARD
SECOND FLOOR
REDONDO BEACH, CALIFORNIA 90277
TELEPHONE (213) 540-3199

3. Plaintiff is informed and believes and thereupon alleges that Defendant Ronald M. Florance is, and at all times herein mentioned was, a resident of the County of Los Angeles, State of California.

4. Plaintiff is informed and believes and thereupon alleges that Defendant, Carriage Realty, Inc., is, and at all times herein mentioned was, a real estate broker duly licensed by the State of California.

5. Plaintiff is ignorant of the true names and capacities, whether individual, corporate, associate, or otherwise of Defendants Does 1 through 50, inclusive, and therefore sues said Defendants by such fictitious names pursuant to Code of Civil Procedure Section 474. Plaintiff seeks leave of court to amend its Complaint to include the true names and capacities of said Defendants when the same have been ascertained.

6. Plaintiff is informed and believes and thereon alleges that at all times herein mentioned, Defendants, and each of them, were the agents, servants and employees of their Co-Defendants, and each of them, and that in doing the things hereinafter alleged were acting within the purpose and scope of said agency, service and employment.

7. Plaintiff is informed and believes and thereon alleges that Defendants, and each of them, designated herein as Does 1 through 50, inclusive, are responsible in some manner for the events and happenings hereinafter alleged and that said Defendants, and each of them, proximately caused damages to Plaintiff as hereinafter alleged.

8. Within four years last past, Plaintiff and Defendants, and each of them, entered into a written agreement in Torrance, California, under which Plaintiff agreed to serve as Defendant's agent for the purpose of selling real estate, the terms of which provided, among other things, for compensation to Plaintiff as follows: Plaintiff to receive 95% of any and all commissions arising from the sale of real property wherein Plaintiff was the procuring cause of said sale, the remaining 5% to go to Defendant, Carriage Realty; and, the terms further provided that Plaintiff may terminate the agreement at any time, upon which termination Plaintiff's regular proportionate share

ATTORNEY AT LAW
A PROFESSIONAL CORPORATION
707 TORRANCE BOULEVARD
SECOND FLOOR
REDONDO BEACH, CALIFORNIA 90277
TELEPHONE (213) 540-3199

9 7 0 4 3 8 4 4

of commission on any sales Plaintiff made, not yet closed, were to be paid to Plaintiff if collected by Defendant, Carriage Realty.

9. On or about June 1, 1984, Plaintiff terminated the contract with Defendants, when Defendants, and each of them, closed the office out of which Plaintiff was working. Plaintiff informed Defendants, and each of them, of her decision to terminate their principal and agent relationship.

10. On the date of termination, there was due, owing and unpaid to Plaintiff the sum of $51,639.62 as commissions resulting from Plaintiff's services under the agreement, resulting from sale transactions pertaining to real property on Eucalyptus Drive in Anaheim and on Monterey Avenue in Hermosa Beach, California.

11. Plaintiff has complied with all terms, covenants and conditions of the agreement required to be performed on her part.

12. Plaintiff has made demand on Defendants, and each of them, for the sum of commissions owing and due. Defendants, and each of them, have failed and refused, and continue to fail and refuse, to pay to Plaintiff this sum, or any part thereof.

13. In or about December, 1984, and continuing to the present, Defendants, and each of them, breached the agreement by failing and refusing to deliver to Plaintiff the commissions owing and due, as above alleged.

14. By the terms of the contract above alleged, Defendants, and each of them, agreed to indemnify Plaintiff for any attorney's fees incurred in the enforcement of this agreement. Plaintiff has employed Spierer, Woodward, Willens & Denis, Attorneys at Law, A Professional Corporation, to file and prosecute this action, and has become obligated to pay this professional law corporation a reasonable fee for its services, in an amount not yet ascertained, according to proof at the time of trial.

ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
707 TORRANCE BOULEVARD
SECOND FLOOR
REDONDO BEACH, CALIFORNIA 90277
TELEPHONE (213) 540-3199

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SECOND CAUSE OF ACTION

(For Breach of Oral Contract)

15. Plaintiff refers to paragraphs 1 through 14, inclusive, of the First Cause of Action of this Complaint, and by this reference makes them a part hereof.

16. Within two years last past, Plaintiff and Defendants, and each of them, entered into an oral agreement in Torrance, California, under which Plaintiff agreed to serve as Defendant's agent for the purpose of selling real estate, the terms of which provided, among other things, for compensation to Plaintiff as follows: Plaintiff to receive 95% of any and all commissions arising from the sale of real property wherein Plaintiff was the procuring cause of said sale, the remaining 5% to go to Defendant, Carriage Realty; and, the terms further provided that Plaintiff may terminate the agreement at any time, upon which termination Plaintiff's regular proportionate share of commission on any sales Plaintiff made, not yet closed, were to be paid to Plaintiff if collected by Defendant, Carriage Realty.

17. On or about June 1, 1984, Plaintiff terminated the contract with Defendants, when Defendants, and each of them, closed the office out of which Plaintiff was working. Plaintiff informed Defendants, and each of them, of her decision to terminate their principal and agent relationship.

18. On the date of termination, there was due, owing and unpaid to Plaintiff the sum of $51,039.62 as commissions resulting from Plaintiff's services under the agreement, resulting from sale transactions pertaining to real property located on Eucalyptus Drive in Anaheim and on Monterey Avenue in Hermosa Beach, California.

19. Plaintiff has performed all promises, covenants and conditions of the agreement required to be performed on her part.

20. Plaintiff has made demand on Defendants, and each of them, for the sum of commissions owing and due. Defendants, and each of them, have failed and refused, and continue to fail and refuse, to pay to Plaintiff this sum, or any part thereof.

ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
707 TORRANCE BOULEVARD
SECOND FLOOR
REDONDO BEACH, CALIFORNIA 90277
TELEPHONE (213) 540-3199

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21. In or about December, 1984, and continuing to the present, Defendants, and each of them, breached the agreement by failing and refusing to deliver to Plaintiff the commissions owing and due, as above alleged.

22. By the terms of said oral agreement, Defendants, and each of them, agreed to indemnify Plaintiff for any attorney's fees incurred by her in the enforcement of said agreement. Plaintiff has employed Spierer, Woodward, Willens & Denis, Attorneys at Law, A Professional Corporation, to file and prosecute this action, and has become obligated to pay this professional law corporation a reasonable fee for its services, in an amount not yet ascertained, according to proof at the time of trial.

THIRD CAUSE OF ACTION

(For Common Count: Money Had and Received)

23. Plaintiff refers to paragraphs 1 through 14, inclusive, of the First Cause of Action of this Complaint, and paragraphs 15 through 22 of the Second Cause of Action, and by this reference makes them a part hereof.

24. Within two years last past, at Torrance, California, Defendants, and each of them, became indebted to Plaintiff in the sum of $51,639.62, for money had and received by Defendants, and each of them, for the use and benefit of Plaintiff.

25. Neither the whole nor any part of this sum has been paid, although demand therefor has been made and there is now due, owing and unpaid the sum of $51,639.62, with interest thereon at the legal rate from December, 1984.

WHEREFORE, Plaintiff prays judgment against Defendants, and each of them, as follows:

1. For the sum of $51,639.62, together with interest thereon at the legal rate;
2. For attorney's fees incurred herein according to proof;
3. For costs of suit incurred herein; and

ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
707 TORRANCE BOULEVARD
SECOND FLOOR
REDONDO BEACH, CALIFORNIA 90277
TELEPHONE (213) 540-3199

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4. For such other and further relief as the court may deem just and proper.

SPIERER, WOODWARD, WILLENS & DENIS
Attorneys at Law
A Professional Corporation

By: William N. Willens

ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION
707 TORRANCE BOULEVARD
SECOND FLOOR
REDONDO BEACH, CALIFORNIA 90277
TELEPHONE (213) 540-3199

97043843148

VERIFICATION

STATE OF CALIFORNIA, COUNTY OF

I have read the foregoing COMPLAINT FOR BREACH OF WRITTEN CONTRACT; BREACH OF ORAL CONTRACT; COMMON COUNT (MONEY HAD AND RECEIVED) and know its contents.

☒ CHECK APPLICABLE PARAGRAPH

☒ I am a party to this action. The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am ☐ an Officer ☐ a partner _____ ☐ a _____ of _____

a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. ☐ I am informed and believe and on that ground allege that the matters stated in the foregoing document are true. ☐ The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am one of the attorneys for _____, a party to this action. Such party is absent from the county of aforesaid where such attorneys have their offices, and I make this verification for and on behalf of that party for that reason. I am informed and believe and on that ground allege that the matters stated in the foregoing document are true.

Executed on March 15, 1985, at Redondo Beach California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Janelle Williams
Type or Print Name

Janelle Williams
Signature

ACKNOWLEDGMENT OF RECEIPT OF DOCUMENT
(other than summons and complaint)

Received copy of document described as _____

on _____ 19___.

_____
Type or Print Name

_____
Signature

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF

I am employed in the county of _____, State of California.

I am over the age of 18 and not a party to the within action; my business address is: _____

On _____ 19___, I served the foregoing document described as _____

_____ on _____

in this action by placing a true copy thereof enclosed in a sealed envelope addressed as follows:

☐ (BY MAIL) I caused such envelope with postage thereon fully prepaid to be placed in the United States mail at _____, California.

Executed on _____, 19___, at _____, California.

☐ (BY PERSONAL SERVICE) I caused such envelope to be delivered by hand to the offices of the addressee.

Executed on _____, 19___, at _____, California.

☐ (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

☐ (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

_____
Type or Print Name

_____
Signature

9704384319

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

JANELLE WILLIAMS,	CASE NUMBER SWC 77655
V.	
CARRIAGE REALTY, INC et al	CERTIFICATE OF ASSIGNMENT

A civil action or proceeding presented for filing in a district other than the Central District must be accompanied by this certificate. An action for personal injury, wrongful death or damage to property presented for filing in the Central District must be accompanied by this certificate. If the ground is the residence of a party, name and residence shall be stated.

[X] The undersigned declares that the above entitled matter is filed for proceedings in the LOS ANGELES District of the Superior Court under Rule 300 Sections 3 and 4 of this court for the checked reason:

		Nature of Action	Ground
[ ]	1	Abandonment	The petitioner resides within the district
[ ]	2	Adoption	Petitioner resides within the district
[ ]	3	Adoption	Consent to adoption outside California, where consentor resides
[ ]	4	Appeal from Labor Commissioner's Decision	The Labor hearing was held within the district
[ ]	5	Conservator	Petitioner or conservatee resides within the district
[X]	6	Contract	Performance in the district is expressly provided for
[ ]	7	Equity	The cause of action arose within the district
[ ]	8	Eminent Domain	The property is located within the district
[ ]	9	Family Law	Plaintiff, defendant, petitioner or respondent resides within the district
[ ]	10	Forcible Entry	The property is located within the district
[ ]	11	Guardianship	Petitioner or ward resides within the district
[ ]	12	Habeas Corpus	No action pending, the person is held within the district
[ ]	13	Mandate*	The defendant functions wholly within the district
[ ]	14	Name Change	The petitioner resides within the district
[ ]	15	Personal Property	The property is located within the district
[ ]	16	Probate	Decedent resided or petitioner resides within the district
[ ]	17	Prohibition*	The defendant functions wholly within the district
[ ]	18	Review*	The defendant functions wholly within the district
[ ]	19	Small Claims Appeal	The lower court is located within the district
[ ]	20	Title to Real Property	The property is located within the district
[ ]	21	TORT	The cause of action arose within the district
[ ]	22	Transferred Action	The lower court is located within the district
[ ]	23	Unlawful Detainer	The property is located within the district
[ ]	24	Voiding of Marriage	The petitioner or respondent resides within the district

The residence of the petitioner, respondent, deceased, conservatee, ward, plaintiff, or defendant

Carriage Realty, Inc A Calif. Corp. 4030 PVD North Rolling Hills Est. CA 90274 is

(Name)

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and this declaration was executed on March 19, 1985 at Palos Verdes Peninsula, California.

(Signature of Attorney)

*PREROGATIVE WRITS CONCERNING A COURT OF INFERIOR JURISDICTION MAY BE FILED IN CENTRAL DISTRICT ONLY.

9704384310

EXHIBIT A10

9704384315 1

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES **DEPT.** SW J

DATE: OCTOBER 30, 1985

HONORABLE JUDGE DEPUTY CLERK

HONORABLE A. GORENFELD JUDGE PRO TEM S. SEEMATTER

M. PARKER Deputy Sheriff A. MOTOYOSHI Reporter

(Parties and counsel checked if present)

SWC 77668
JANELLE WILLIAMS Counsel for Plaintiff WILLIAM N. WILLENS

VS

CARRIAGE REALTY, INC., ETC., ET AL Counsel for Defendant R. WELBOURN

NATURE OF PROCEEDINGS: NON-JURY TRIAL (AO-CIVIL)

Cause, transferred from Department SW A, is called for trial.

Plaintiff is sworn and testifies on her own behalf.
Ronald Florance is sworn and testifies for defendant.

Plaintiff's exhibit 1 (Contract) is received in evidence.
Defendant's exhibits A (Copy of check, dated 2-5-85), B (Addendum, dated 6-2-81), C (Addendum, dated 5-27-82) and D (Addendum, dated 8-24-83) are received in evidence.

On Plaintiff's motion, Defendant Ronald Florance and Doe Defendant's are dismissed.

Both sides rest.

1ST DISPO

Judgment is granted in favor of Plaintiff for $51,639.15 and for costs of suit.
Counsel for plaintiff to prepare the judgment.

XX IT IS STIPULATED that Commissioner A. Gorenfeld may hear this matter as Judge Pro Tem.

☐ TRANSFERRED TO/FROM DEPARTMENT ☐ Court disqualifies itself ☐ 170.6 CCP affidavit filed

☐ OFF CALENDAR ☐ On court's own motion ☐ No Appearance ☐ At request of moving party ☐ By stipulation

☐ CONTINUED TO IN DEPT. AT AM PM

☐ On court's own motion ☐ Stip. to be filed ☐ On oral/written stipulation ☐ OSC Discharged
☐ REQUEST OF ☐ Moving party ☐ Respondent(s)
☐ TRO to remain in full force and effect ☐ TRO dissolved

☐ MOTION: ☐ granted as prayed ☐ denied

☐ DEMURRER: ☐ sustained ☐ with ☐ without leave to amend ☐ _____ days to amend
☐ overruled

☐ ORDER

☐ JUDGMENT TO BE PREPARED BY: ☐ Moving party ☐ Responding party ☐ _____

☐ NOTICE: ☐ Waived ☐ By moving party ☐ By respondent(s)

☐ PETITIONER(S) IS/ARE SWORN AND TESTIFIES/TESTIFY

☐ PETITION IS GRANTED (AS AMENDED) ☐ DECREE IS SIGNED AND FILED.

MINUTES ENTERED
OCT 30 1985
COUNTY CLERK

DEPT. SW J

B-225
76M 213E (REV. 6-84) 6-84

9704384315 2

William N. Willens
SPIERER, WOODWARD, WILLENS & DENIS
Attorneys at Law
A Professional Corporation
707 Torrance Blvd., Second Floor
Redondo Beach, CA 90277
(213) 540-3199

Attorneys for Plaintiff
850413/2 II-WNW(13)

FILED

NOV 06 1985

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

JANELLE WILLIAMS, Plaintiff, vs. CARRIAGE REALTY, INC., etc., et al., Defendants.	CASE NO. SWC 77668 JUDGMENT AFTER TRIAL BY COURT

This cause came on regularly for trial on October 30, 1985 in Department Southwest "J" of the above-entitled court, the Honorable Abraham Gorenfeld, Judge Pro Tempore, presiding, sitting without a jury, a jury having been duly waived. Plaintiff appeared in person and by her attorney, William N. Willens, of Spierer, Woodward, Willens & Denis. Defendant Carriage Realty, Inc. appeared by their attorney, Robert Alden Welbourn. Evidence, both oral and documentary, having been presented by both parties, the cause having been argued and submitted for decision,

IT IS ORDERED, ADJUDGED AND DECREED that Plaintiff have and recover judgment against Defendant Carriage Realty, Inc. in the sum of $51,639.15 and court costs in the sum of $_____.

Dated: NOV 06 1985

Abraham Gorenfeld
Judge Pro Tempore of the
Superior Court

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and Address) TELEPHONE NO.

[ ] Recording requested by and return to (213) 540-3199

SPIERER, WOODWARD, WILLENS, DENIS & FURSTMAN
707 Torrance Blvd., 2nd Fl.
Redondo Beach, CA 90277

[XX] ATTORNEY FOR [XX] JUDGMENT CREDITOR [ ] ASSIGNEE OF RECORD

FOR RECORDER'S USE ONLY

FILED

AUG -6 1986

FRANK S. ZOLIN, COUNTY CLERK

J. Darling

BY J. DARLING, DEPUTY

NAME OF COURT: SUPERIOR COURT OF CALIFORNIA
STREET ADDRESS: COUNTY OF LOS ANGELES
MAILING ADDRESS: 825 Maple Ave.
CITY AND ZIP CODE: Torrance, CA 90503
BRANCH NAME: SOUTHWEST DISTRICT

PLAINTIFF: JANELLE WILLIAMS

DEFENDANT: CARRIAGE REALTY, INC., etc.

CASE NUMBER: SWC 77668

FOR COURT USE ONLY

WRIT OF [XX] EXECUTION (MONEY JUDGMENT)
[ ] POSSESSION OF [ ] Personal Property
[ ] Real Property
[ ] SALE

1. To the Sheriff or any Marshal or Constable of the County of: LOS ANGELES

You are directed to enforce the judgment described below with daily interest and your costs as provided by law.

2. To any registered process server: You are authorized to serve this writ only in accord with CCP 699.080 or 715.040.

3. [XX] Judgment creditor [ ] Assignee of record
(name): JANELLE WILLIAMS

4. Judgment debtor (name and last known address):

CARRIAGE REALTY, Inc.
4030 Palos Verdes Dr., N., #101
Rolling Hills Estates, CA 90274

[ ] additional judgment debtors on reverse

5. Judgment entered on (date): NOV 6, 1985

6. [ ] Judgment renewed on (dates):

7. Notice of sale under this writ
a. [XX] has not been requested.
b. [ ] has been requested (see reverse).

8. [ ] Joint debtor information on reverse.

9. [ ] Real or personal property to be delivered under a writ of possession or sold under a writ of sale is described on reverse.

10. [ ] This writ is issued on a sister-state judgment.

11.	Total judgment	$ 52,035.25
12.	Costs after judgment (per filed order or memo CCP 685.090)	$ ---
13.	Subtotal (add 11 and 12)	$ 52,035.25
14.	Credits	$ 40,000.00
15.	Subtotal (subtract 14 from 13)	$ 12,035.25
16.	Interest after judgment (per filed affidavit CCP 685.050)	$ 435.60
17.	Fee for issuance of writ	$ 3.50
18.	Total (add 15, 16, and 17)	$ 12,474.35
19.	Levying officer: Add daily interest from date of writ (at the legal rate on 15) of	$ 3.30

20. [ ] The amounts called for in items 11–19 are different for each debtor. These amounts are stated for each debtor on Attachment 20.

SEAL: SUPERIOR COURT, LOS ANGELES COUNTY, CALIFORNIA

Issued on (date): AUG 25 1986

FRANK S. ZOLIN, COUNTY CLERK

Clerk, by D. David, Deputy
D. DAVID

NOTICE TO PERSON SERVED: SEE REVERSE FOR IMPORTANT INFORMATION

(Continued on reverse)

9704384154

EXHIBIT A11

9704384315

NAME, ADDRESS, AND TELEPHONE NUMBER OF ATTORNEY(S)
SPIERER, WOODWARD, WILLENS, DENIS & FURSTMAN
707 Torrance Blvd., 2nd Fl.
Redondo Beach, CA 90277
(213) 540-3199
ATTORNEY(S) FOR Plaintiff

FILED
MAR 25 1986
FRANK S. ZOLIN, County Clerk
B. Ruditis
BY R. RUDITIS, Deputy

850413/2

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

JANELLE WILLIAMS
PLAINTIFF(S)

vs

CARRIAGE REALTY, INC., ETC.
DEFENDANT(S)

CASE NUMBER
SWC 77668

APPLICATION FOR ISSUANCE OF WRIT OF POSSESSION/SALE/ EXECUTION AND ORDER

9704384315 6

STATE OF CALIFORNIA, County of Los Angeles

I, William N. Willens declare under the penalty of perjury:

I am the attorney for Plaintiff in the above-entitled action

The following (judgment) (order) was made, and entered on November 6, 1985, in Book , Page, . ☐ (Check if applicable) Judgment was renewed on _____ (Date) ☐ and on _____ (Dates) Judgment/Order as entered/last renewed provides as follows:

Judgment Creditor: Janelle Williams, 3436 The Strand, Hermosa Beach, CA 90254

Judgment Debtor: (Name and Address)
Carriage Realty, Inc.
4030 Palos Verdes Dr., N., #101
Rolling Hills Estates, CA 90274

Amount of Order: $51,639.15 plus costs of $396.10 = $52,035.25

APPLICATION FOR ISSUANCE OF WRIT/POSSESSION/SALE EXECUTION AND ORDER

76A307B (Rev. 5-83) 5-83
RC023

INSTRUCTIONS:

Fill in data below showing *total* of amount ordered (do not show separate amounts for principal, fees and pre-judgment costs and interest), amount actually paid, date paid and whether applied to order and/or to accrued interest if accrued interest is claimed, and balance due. Due date of costs of enforcement is the date they were added to the judgment pursuant to a cost bill after judgment, not date incurred.

Failure to claim interest shall be deemed a waiver thereof for the purpose of this writ only.

ON INSTALLMENT ORDERS: EACH PAYMENT ORDERED AND DUE DATE MUST BE STATED SEPARATELY. PERSON TO WHOM AMOUNT IS ORDERED PAID MUST SIGN DECLARATION.

Total Ordered Paid		Actually Paid			Balance Due	
Date Due	Amount	Date Paid	On Order	On Accrued Interest	On Order	On Accrued Interest
11/6/85	$40,000 $52,035.25	1/2/86	$40,000		$12,035.25	$409.20

There is actually remaining due on said order the sum of $12,035.25 plus $ accrued costs $ attorney fees and $ 409.20 interest plus $ 3.30 interest per day accruing from date of this application to date of writ, for which sum it is prayed that a writ of possession/sale/execution and order issue in favor of

Janelle Williams

(Judgment Creditor)

and against Carriage Realty

(Judgment Debtor)

to the County of Los Angeles

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on 3/17, 19 86 at Redondo Beach, California

William N. Willens *(Signature)*

ORDER FOR ISSUANCE OF WRIT OF EXECUTION

Upon reading the foregoing application, and good cause appearing therefor, the court orders that a writ of ☐ possession ☐ sale ☐ execution issue ☐ as prayed ☐ in the corrected sum of $ plus $ accrued costs, $ Attorney fees, and $ interest, collectible and payable in the manner requested.

Dated: MAR 29 86

(Judge)

ROBERT M. MALLANO

9704384315 7

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and Address) TELEPHONE NO.

[ ] Recording requested by and return to

Spierer Woodward Willens
707 Torran e Bl 2nd Fl
Redondo Bea h a 90277

ATTORNEY FOR (Name)

FOR CLERK'S USE ONLY

NAME OF COURT
STREET ADDRESS
MAILING ADDRESS
CITY AND ZIP CODE
BRANCH NAME

Superior T$_o$rran e

PLAINTIFF Williams

DEFENDANT arriage Realty

LEVYING OFFICER (Name and Address)
MARSHAL OF MUNICIPAL COURTS
LOS ANGELES COUNTY
825 Maple
Torrance Ca 90503

COURT CASE NO. 77668

GARNISHMENT RETURN
under Writ of [xxx] Execution (Money Judgment) [ ] Sale

I the Marshal of Municipal Courts, Los Angeles County, certify that I levied upon the judgment debtor's interest in personal property in the possession or under the control of:

Metrobank
Garnishee

by delivering to and leaving with SUSAN CHUTE, MGR. OFFICER ~~Authorized Agent~~ of said garnishee on JUN 6 1986 19____, personally a copy of the writ, copies of the memorandum of garnishee and a copy of the notice of levy. The property levied upon is described

[ ] in the accompanying writ of possession or writ of sale.
[xx] as follows:

any and all accounts

[ ] Pursuant to CCP § 700.160 the following was served with the garnishment:
[ ] court order [ ] spousal affidavit [ ] fictitious business name statement

Proceeds were received in a lump sum on: _____, 19____
Proceeds were received periodically as follows:
(amounts) (dates) (amounts) (dates)

I certify that I collected $ 12,748.05
and deducted my fees and expenses in the sum of $ 32.05
and paid to the creditor, or creditor's attorney, the balance of $ 12,716.05

I hereby return this writ [ ] unsatisfied with added costs of $_____
[ ] partially satisfied in the sum of $_____
[X] wholly satisfied

ROBERT F. MANN, Assistant Marshal

[ ] Memorandum of Garnishee Received (Original Attached)
[ ] No Memorandum of Garnishee Received

By _____
Deputy

Dated: 8-5-86

GARNISHMENT RETURN
(Enforcement of Judgment)

9704384318

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and Address) (213) 540 3199 TELEPHONE NO.

☐ Recording requested by and return to

Spierer, Woodward, Willens, Denis & Furstman
707 Torrance Blvd., 2nd. Fl.
Redondo Beach, Ca., 90277

ATTORNEY FOR (Name)

FOR CLERK'S USE ONLY

NAME OF COURT
STREET ADDRESS
MAILING ADDRESS
CITY AND ZIP CODE
BRANCH NAME

Superior Court of California, County of Los Angeles, 825 Maple Ave.
Torrance, Ca., 90503
Southwest District

PLAINTIFF Janelle Williams

DEFENDANT Carriage Realty, Inc., etc.

LEVYING OFFICER (Name and Address)
MARSHAL OF MUNICIPAL COURTS
LOS ANGELES COUNTY
825 Maple Ave.
Torrance, Ca., 90503

COURT CASE NO. 77668

GARNISHMENT RETURN
under Writ of ☒ Execution (Money Judgment) ☐ Sale

I the Marshal of Municipal Courts, Los Angeles County, certify that I levied upon the judgment debtor's interest in personal property in the possession or under the control of

Metrobank

Carriage Realty, Inc. Garnishee

[redacted]

by delivering to and leaving with ALICE INIS / OPER. OFF. of said garnishee

on APR 23 1996, personally a copy of the writ, copies of the memorandum of garnishee and a copy of the notice of levy. The property levied upon is described

☐ in the accompanying writ of possession or writ of sale.
☒ as follows

on any and all accounts in judgment debtor's name(Carriage Realty, Inc.,

☐ Undertaking under CCP § 700.160 served with garnishment.

Proceeds were received in a lump sum on: _____ 19____
Proceeds were received periodically as follows:
(amounts) (dates) (amounts) (dates)

I certify that I collected $
and deducted my fees and expenses in the sum of $
and paid to the creditor, or creditor's attorney, the balance of $

See Other

I hereby return this writ ☐ unsatisfied with added costs of $
☐ partially satisfied in the sum of $
☐ wholly satisfied

JOHN F. MAHON JR., MARSHAL

☐ Memorandum of Garnishee Received (Original Attached)
☐ No Memorandum of Garnishee Received

By _____ Deputy

E. JACOBS, #54

Dated

GARNISHMENT RETURN
(Enforcement of Judgment)

9704384319

EXHIBIT A12

9704343160

William Litvak
Attorney at Law
1875 Century Park East, Ste 1200
Los Angeles, California 90067

(213) 556-1200

Attorney for Plaintiffs
JAMES L. MORRELL and
ANNETTE WISDOM MORRELL

FILED
OCT 9 1986
FRANK S. ZOLIN, County Clerk
[illegible], Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

JAMES L. MORRELL AND ANNETTE WISDOM MORRELL, Plaintiffs, v. CARRIAGE REALTY, INC., a California corporation, RONALD FLORANCE, ROBERT KERBER, and DOES 1 through 20, inclusive, Defendants.	CASE NO. C620194 COMPLAINT FOR BREACH OF CONTRACT - DAMAGES; BREACH OF FIDUCIARY DUTY; CONVERSION; CONSTRUCTIVE FRAUD; BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING; BREACH OF STATUTORY OBLIGATIONS - FAILURE TO PAY WAGES; INTERFERENCE WITH CONTACTUAL RELATIONS; CONSPIRACY; AND CLAIM AND DELIVERY

Plaintiffs, JAMES L. MORRELL and ANNETTE WISDOM MORRELL ("Morrells") allege as follows:

FIRST CAUSE OF ACTION

(Breach of Contract - Damages Against Defendant Carriage)

1. At all times mentioned herein, defendant Carriage Realty, Inc., ("Carriage") a California corporation, was organized and existing under the laws of the State of California with its principal place of business in Los Angeles County, State

of California. Carriage, at all times mentioned herein, was primarily engaged in the business of real estate sales and brokerage of both commercial and residential properties and in the scope of such activities normally employed real estate salespersons.

2. Defendant, Robert Kerber, ("Kerber") at all times mentioned herein, was a resident of the County of Los Angeles and a licensed real estate broker, employed by Carriage to manage, supervise, and employ Plaintiffs.

3. Defendant, Ronald L. Florance ("Florance") at all times mentioned herein was resident of the County of Los Angeles and a shareholder in Defendant Carriage.

4. At all times mentioned herein, Plaintiffs were residents of the County of Los Angeles, and duly licensed by the State of California Department of Real Estate as real estate sales persons.

5. The true names and capacities, whether individual, corporate, associate, or otherwise, of Defendants sued herein as Does 1 through 20, inclusive, are unknown to Plaintiffs at this time, who, therefore, sue said Defendants by said fictitious names, and when the same have been ascertained, Plaintiffs will pray leave of this court to amend this complaint accordingly. Plaintiffs are informed and believe and thereon allege that each of the Defendants designated herein as a Doe is in some manner responsible for the occurrences herein alleged.

6. Plaintiffs are informed and believe, and based upon such information and belief, allege that each of the Defendants named in the caption of this Complaint, which is incorporated by

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reference as though set forth in full, was the agent, servant, and employee of each of the remaining Defendants and in doing the things hereinafter alleged, each was acting within the course and scope of such agency and employment and with the knowledge and consent of the other Defendants.

7. The agreement sued upon herein was entered into and to be performed within the County of Los Angeles, and the above court is a proper court for trial in this action.

8. The within action is not subject to the provisions of Sections 2981 et seq., or Sections 1801 et seq., of the Civil Code of the State of California.

9. On or about January 4, 1985, Plaintiffs entered into a written agreement with Defendant Carriage, a copy of the agreement is attached hereto as Exhibit 1 and incorporated herein as though set forth in full. On or about June 1, 1985, the parties added a written addendum to their January 4, 1985 agreement, extending its term to July 1, 1986. A copy of the Addendum is attached hereto as Exhibit 2 as though set forth in full. The agreement provided that Plaintiffs would become real estate salespersons for Defendant, for which they would receive compensation in the form of commissions. The agreement further provided that all commissions received by Defendant Carriage and derived from sales generated by Plaintiffs shall be paid to Plaintiffs immediately upon collection or as soon thereafter as is practicable. Plaintiffs entered into Defendant's employ on January 4, 1985 and continued in such employ until approximately August 21, 1986, when they resigned.

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10. Defendant Carriage breached its agreement by failing to pay to Plaintiffs commission earned by Plaintiffs and collected by Defendant Carriage, although demand therefore has been made.

11. Plaintiffs have performed all conditions and obligations required of them under the terms of the agreement, except to the extent excused by the actions of Defendants.

12. As a result of Defendants breach, Plaintiffs have been damaged in the sum of $21,125.00 together with interest thereon at the legal rate.

SECOND CAUSE OF ACTION

(Breach of Fiduciary Duty

Against All Defendants)

13. Defendants repeat and reallege paragraphs 1 through 12 inclusive of this Complaint as though set forth in full herein.

14. By virtue of the relationship between Plaintiffs and Defendants Carriage, Florance, and Kerber, both as employee and employer, respectively, and that of sales persons and brokers, respectively, with each of the Plaintiffs placing confidence in the fidelity and the integrity of said Defendants, they owed Plaintiffs, and each of them, a fiduciary obligation.

15. Defendants, Carriage, Florance, and Kerber, and each of them, breached their fiduciary duties in that said Defendants failed and refused to pay to Plaintiff's commissions earned and collected and payable to Plaintiffs.

16. As a result of Defendants, and each of their, breaches of fiduciary duty, Plaintiffs have been damaged in the sum of $21,125.00, together with interest thereon at the legal rate.

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17. Defendants in breaching their fiduciary obligations, acted fraudulently, maliciously, oppressively, intentionally, and with a conscious disregard for Plaintiffs' rights and in violation of State law. Plaintiffs are therefore entitled to recover punitive damages in the sum of $1,000,000.00.

THIRD CAUSE OF ACTION

(For Conversion

Against All Defendants)

18. Defendants repeat and reallege paragraphs 1 through 12, inclusive of this Complaint as though set forth in full herein.

19. By virtue of the failure of Defendants, and each of them, to pay to plaintiff the commissions earned, collected and payable to them, Defendants in addition to violating their fiduciary duties to Plaintiffs, wrongfully interferred with the Plaintiffs' right to possession of the funds and converted same to their own use in contravention of State law and the rights of Plaintiffs.

20. Plaintiffs have demanded of Defendants to deliver up possession of said funds, but Defendants have wrongfully and maliciously refused to do so. Plaintiffs are entitled to immediate possession of such funds.

21. By virtue of Defendants, and each of their, wrongful conversion of said monies, Plaintiffs have been damaged in the sum of $21,125.00, together with interest thereon at the legal rate.

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22. Defendants, and each of them, in converting the funds of plaintiffs, did so with oppression, fraud, malice, and in bad faith, and plaintiffs are entitled to punitive and exemplary damages of $1,000,000.00.

FOURTH CAUSE OF ACTION

(For Constructive Fraud

Against All Defendants)

23. Defendants repeat and reallege paragraphs 1 through 12, inclusive of this Complaint as though set forth in full herein.

24. Despite having voluntarily accepted the trust and confidence of plaintiffs, Defendants, and each of them, violated this relationship of trust and confidence and abused it by failing to pay over to plaintiffs the monies due them for commissions, collected and payable to plaintiffs and acted for the sole purpose of gaining an advantage for the benefit of Defendants, and each of them, with the knowledge of the detriment to be caused to plaintiffs.

25. Defendants, and each of them, did the acts herein alleged with the intent to deceive, defraud and gain advantage over plaintiffs, and did accept such gain and advantage by retaining the funds provided to Defendants for the benefit of and payment to plaintiffs.

26. As a result of the constructive fraud of Defendants, and each of them, plaintiffs have been damaged in the sum of $21,125.00, together with interest thereon at the legal rate.

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27. Defendants, and each of them, acted with oppression, fraud, malice and in bad faith, and plaintiffs are entitled to punitive and exemplary damages in the sum of $1,000,000.00.

FIFTH CAUSE OF ACTION

(Breach of the Implied Covenant of Good Faith and Fair Dealing)

Against All Defendants

28. Defendants repeat and reallege paragraphs 1 through 12 inclusive of this Complaint as though set forth in full herein.

29. The agreement between Plaintiffs and Defendants, and each of them, contain an implied covenant of good faith and fair dealing, by the terms of which Defendants agreed to deal with Plaintiffs fairly and in good faith in carrying out the terms of the agreement. The implied covenant of good faith and fair dealing imposed upon Defendants the duty to collect commissions and other monies on behalf of Plaintiffs, and to account for such funds and to pay them over immediately upon receipt to Plaintiffs and, to keep from doing anything which would interfere with Plaintiff's rights and benefits under the agreement.

30. Defendants, and each of them, breached the implied covenant of good faith and fair dealing by failing to pay to Plaintiffs commission collected by Defendants and which were payable to Plaintiffs.

31. As a direct and proximate result of defendants breach of their implied covenant and good faith and fair dealing, Plaintiffs have been damaged in the sum of $21,125.00, together with interest thereon at the legal rate.

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32. In engaging, authorizing, consenting, ratifying, acquiescing, supervising, and failing to supervise and control, Defendants acted willfully, wantonly, and maliciously, and with a conscious disregard for the rights of Plaintiffs. Plaintiffs are entitled to punitive and exemplary damages in the sum of $1,000,000.00.

SIXTH CAUSE OF ACTION

(Breach of Statutory Obligations -

Failure to Pay Wages

Against All Defendants)

35. Defendants repeat and reallege paragraphs 1 through 12 inclusive of this Complaint as though set forth in full herein.

36. Defendants, pursuant to State law, were required to pay to Plaintiffs any sums due them without delay, offset, or condition when same became immediately due and payable. Upon receiving monies for the benefit of plaintiffs, which constituted their earnings and wages, Defendants improperly and in violation of State law failed and refused to pay Plaintiffs their earnings and wages, although demand therefore had been made.

37. As a direct and proximate cause of Defendants breach of said statutory obligations, Plaintiffs have been damaged in the sum of $21,125.00, together with interest thereon at the legal rate.

38. Defendants failure to pay the wages hereinabove described was intentional, malicious, wanton, fraudulent and

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oppressive and was done with the intent to injure Plaintiffs and therefore Plaintiffs are entitled to punitive and exemplary damages in the sum of $1,000,000.00.

SEVENTH CAUSE OF ACTION

(Interference With Contractual Relations Against Defendants Florance and Kerber)

39. Defendants repeat and reallege paragraphs 1 through 12, inclusive of this Complaint as though set forth in full herein.

40. Defendants Florance and Kerber, with full knowledge of Plaintiffs agreement with defendant Carriage, and aware that commissions were due and payable to Plaintiffs by Carriage, utilizing their influence and control they had over Defendants Carriage as its operational officers in charge of all disbursements and receipts, intentionally prevented the payment of commissions due Plaintiffs.

41. Defendants Florance and Kerber committed such acts without justification and in violation of state law.

42. As a proximate result of Defendants wrongful acts, Plaintiffs have been damaged in the sum of $21,125.00, together with interest thereon.

43. Plaintiffs will be damaged additional sums in a manner as yet unknown to them, all in a sum according to proof.

44. Defendants, and each of them, acted fraudulently, maliciously, oppressively, and intentionally and Plaintiffs are therefore entitled to punitive damages in the sum of $1,000.000.00.

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EIGHTH CAUSE OF ACTION

CONSPIRACY

(Against All Defendants)

45. Defendants repeat and reallege paragraphs 1 through 12, inclusive and Paragraphs 40 throught 44, inclusive of this Complaint as though set forth in full herein.

46. Plaintiffs are informed and believe and based upon such information and belief allege that in or about August, 1986, Defendants, and each of them, knowingly and willfully conspired and agreed among themselves to damage the Plaintiffs by depriving them of the benefits of their agreement with Carriage by preventing and refusing to pay to Plaintiffs commissions earned and collected by Carriage and due and payable to Plaintiffs without delay or offset.

47. Pursuant to such conspiracy, and in furtherance thereof, Defendants during the month of August, did receive and collect monies toward commissions earned by and payable to Plaintiffs and did wrongfully refuse and prevent the payment thereof to Plaintiffs.

48. As a proximate result of Defendants wrongful acts pursuant to the conspiracy herein alleged, Plaintiffs were deprived of their commissions, and were damaged in the sum of $21,125.00, together with interest thereon at the legal rate.

49. As a direct and proximate result of the wrongful acts of Defendants and each of them in pursuit of their, conspiracy as

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herein alleged, plaintiffs will suffer additional damages, the exact extent and nature of which are currently unknown, all in a sum according to proof.

50. Defendants, and each of them, acted fraudulently, maliciously, oppressively, and intentionally and Plaintiffs are therefore entitled to punitive damages in the sum of $1,000.000.00.

NINTH CAUSE OF ACTION

(Claim and Delivery

Against All Defendants)

51. Defendants repeat and reallege paragraphs 1 through 12 inclusive of this Complaint as though set forth in full herein.

52. Defendants Carriage Realty received approximately $21,125.00 due and payable to Plaintiffs as and for real estate commissions earned by Plaintiffs in the course and in the scope of their employment with Defendant Carriage. Defendant Carriage received such sums and deposited them into the Carriage Realty Trust Account.

53. At all times mentioned herein Plaintiffs were and are entitled to immediate and exclusive possession of said sums.

54. Defendants have failed and refused and fail and refuse to turnover said sums to Plaintiffs although demand has been made therefore. Defendants Carriage Realty continues to withhold possession of said sums from Plaintiffs in violations of Plaintiff's rights.

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55. Plaintiffs are entitled to an order and judgment from this court declaring that Plaintiffs are entitled to immediate possession of the funds held by Defendant Carriage in its trust account, and requiring said Defendant to turnover said sums to Plaintiffs.

56. In taking, wrongfully possessing, and detaining the personal property described above, Defendant Carriage acted willfully, maliciously, and wonton in disregard of Plaintiff's rights. Therefore, Plaintiffs are entitled to punitive damages in the sum of $1,000.000.00.

57. WHEREFORE, Plaintiffs pray judgment as follows:

For Causes of Action One through Eight,

1. Damages in the sum of $21,125.00, together with interest thereon at the legal rate;

For the Ninth Cause of Action,

2. A decree from the court declaring that Plaintiffs are entitled to exclusive and immediate possession of $21,125.00 held in Defendant Carriage Realty' trust account and that said sum be paid over to Plaintiffs together with interest thereon at the legal rate;

On all Causes of Action,

3. For cost of suit incurred herein; and;

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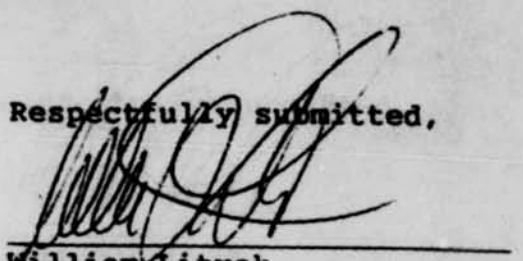
4. For such other and further relief as the court may deem just and proper.

DATED: October 3, 1986

Respectfully submitted,



William Litvak
Attorney for Plaintiffs
JAMES L. MORRELL and
ANNETTE WISDOM MORRELL

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EXHIBIT A13

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SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

NAME OF MUNICIPAL OR JUSTICE COURT DISTRICT OR OF BRANCH COURT, IF ANY	FOR COURT USE ONLY
CENTRAL DISTRICT	FILED OCT 23 1986 FRANK S. ZOLIN, County Clerk BY DEPUTY
TITLE OF CASE (ABBREVIATED) Morrell, et al. v. Carriage Realty, Inc., et al.	
ATTORNEY(S) NAME AND ADDRESS William Litvak, Esq. 1875 Century Park East, Suite 1200 Los Angeles, California 90067	CASE NUMBER C 620194
ATTORNEY(S) FOR Plaintiffs — TELEPHONE (213) 556-1200	

APPLICATION FOR WRIT OF POSSESSION [X] AFTER HEARING [ ] EX PARTE AND FOR [ ] TEMPORARY RESTRAINING ORDER

1 Plaintiff has filed a complaint and makes claim for delivery of property in the possession of defendant, and applies for (See footnote * before completing)

a Plaintiff (Name) James Morrell and Annette Morrell

b Defendant (Name) Carriage Realty, Inc. a California corporation, Ronald Florance, Robert Kerber, and Does 1 through 20, inclusive.

c Application for

(1) [X] Writ of possession after hearing (CCP 512.010)

(2) [ ] Ex parte writ of possession (CCP 512.020 Declaration for Ex Parte Writ of Possession must also be filed)

(3) [X] Temporary restraining order (CCP 513.010 Declaration for Temporary Restraining Order must also be filed)

2 The basis of plaintiff's claim and right to possession of the claimed property is set forth in [X] a written instrument a copy of which is attached (CCP 512.010 (b) (1)) [ ] verified complaint [X] attached affidavit [X] the following facts

Plaintiffs earned commissions on sales of real property as licensed real estate salespersons for Defendant Carriage Realty as broker and constitute the wages of plaintiffs pursuant to the parties' written employment agreement, which is attached hereto as Exhibit 1 and incorporated herein as though set forth in full

3 Property claimed (Describe state value and further identify any property which is a farm product (CCP 511.040) held for sale or lease or any property which is inventory (CCP 511.050))

Commissions earned by plaintiffs and collected by defendant Carriage held in Carriage Realty trust account in the total sum of $20,757.50.

4 A showing that the property is wrongfully detained by defendant is set forth in the [ ] verified complaint [X] attached affidavit [X] following facts

The defendants have failed and refused to turnover these sums and have stated there refusal to plaintiff orally and in writing, a copy of which is attached hereto as Exhibit 2 and incorporated herein as though set forth in full. (Continued on Reverse Side)

* The word "plaintiff" includes cross-complainant, "defendant" includes cross-defendant, singular includes the plural, and masculine includes feminine and neuter. Declarations under penalty of perjury signed in California may be used in place of affidavits (CCP 2015.5). Affidavits required when signed outside California.

Form Approved by the Judicial Council of California Effective July 1, 1974

76A628B RC-40 12-75

APPLICATION FOR WRIT OF POSSESSION (CLAIM AND DELIVERY)

CCP 512.010, 512.020, 512.070, 512.090, 513.010, 513.020, 1010-1012

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5. The manner in which defendant came into possession of the property is set forth in the [ ] verified complaint. [X] attached affidavit. [X] following facts:

Upon the close of these escrows, identified as Escrow No.s: 1-8672, 1-8680, and 1-8620 administered by Paradise Escrow, the funds were forwarded to defendant Carriage pursuant to the escrow instructions for payment to plaintiffs.

6. My best knowledge, information, and belief of the reason for defendant's wrongful detention of the property is set forth in the [ ] verified complaint. [X] attached affidavit. [X] following facts:

Defendant Carriage asserts the right to offset against plaintiff's wages for an alleged obligation to reimburse defendant Carriage for legal expenses.

7. My best knowledge, information, and belief of the location (Specify if within a private place which may have to be entered to take possession) of the property or some part thereof is set forth in the [ ] verified complaint. [ ] attached affidavit. [ ] following facts:

8. [ ] The facts showing that the property or some part thereof is located in the private place referred to in item 7 are set forth in the [ ] verified complaint. [ ] attached affidavit. [ ] following facts:

9. The property has not been taken for a tax, assessment, or fine, pursuant to statute, and (Check one)
   a. [X] Has not been seized under an execution against plaintiff's property.
   b. [ ] Has been seized under an execution against plaintiff's property, but is statutorily exempt from such seizure (Cite code section):

10. [ ] This action is subject to [ ] Unruh Retail Installment Sales Act (CC 1801-1812.10), [ ] Rees-Levering Motor Vehicle Sales and Finance Act (CC 2981-2984.4). Facts showing this is the proper trial court are set forth in the [ ] verified complaint. [ ] attached affidavit.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration is executed on (Date) 10-22-86 at (Place) Rancho Palos Verdes California.

ANNETTE MORRELL
(Type or print name)

Annette Morrell
(Signature of Plaintiff)

11. Total number of pages attached:

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SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

NAME OF MUNICIPAL OR JUSTICE COURT DISTRICT OR OF BRANCH COURT IF ANY CENTRAL DISTRICT		FOR COURT USE ONLY FILED OCT 23 1986 FRANK S. ZOLIN, County Clerk BY _____ DEPUTY
TITLE OF CASE (ABBREVIATED) Morrell, et al. vs. Carriage Realty, Inc., et al.		
ATTORNEY(S) NAME AND ADDRESS WILLIAM LITVAK, Esq. 1875 Century Park East, Suite 1200 Los Angeles, California 90067		CASE NUMBER C 620194
ATTORNEY(S) FOR Plaintiffs	TELEPHONE (213) 556-1200	

DECLARATION FOR TEMPORARY RESTRAINING ORDER

1. Plaintiff has filed an application for a writ of possession and (See footnote * before completing)
   a. [ ] A hearing has not been set
   b. [ ] A hearing will be held on Date Time [ ] Dept [ ] Div [ ] Rm No

2. Plaintiff seeks this temporary restraining order to apply to
   a. [ ] The farm products (CCP 511 040) held for sale or lease described in the application
   b. [ ] The inventory (CCP 511 050) described in the application
   c. [X] The property (other than above) described in the application

3. Plaintiff requests that defendant (Name) be prohibited from
   a. [X] Transferring any interest in the property referred to in items 2(a) or 2(b) by sale, pledge, or grant of security interest or otherwise disposing of, or encumbering it, except in the ordinary course of business.
   b. [X] Transferring any interest, in the property referred to in item 2(c) by sale, pledge or grant of security interest or otherwise disposing of, or encumbering it.
   c. [X] Concealing or otherwise removing the property in such a manner as to make it less available to seizure by the levying officer.
   d. [X] Impairing the value of the property either by acts of destruction or by failure to care for the property in a reasonable manner. (Specify precautions if needed.)

   Payment of the sums due the financial institution where the funds are maintained so as to prevent any deduction or offset by said financial institution.

(Continued on Reverse Side)

* The word "plaintiff" includes cross-complainant, "defendant" includes cross-defendant, singular includes the plural, and masculine includes feminine and neuter. Declarations under penalty of perjury signed in California may be used in place of affidavits (CCP 2015.5). Affidavits required when signed outside California.

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4. Plaintiff requests the following restrictions on the disposition of the proceeds of a transfer of the property described in items 2(a) or 2(b) in the ordinary course of business (Specify):

That no interest in the real property be sold, pledged, granted as a security and no portion to constitute security for any obligation and that the property not be disposed of or encumbered whether or not in the course of business.

5. Facts showing the probability that there is an immediate danger that the property referred to in item 2 may become unavailable to levy by reason of being transferred, concealed or removed or may become substantially impaired in value are set forth in the [ ] verified complaint [X] attached affidavit [X] as follows:

Defendant Ron Florance has made statements to declarant and others that plaintiffs would not see the funds. Defendants have done so with full knowledge of the inconvenience of having wages withheld has caused plaintiffs and declarant believes that defendants would commit further acts to harm plaintiffs. Defendants have threatened to offset these wages against monies he alleges are due him in violation of state law.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration is executed on (Date) 10-22-84 at (Place) Rambo Palos Verdes California

ANNETTE MORRELL
(Type or Print Name)

Annette Morrell
(Signature of Plaintiff)

6. Total number of pages attached

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William Litvak
Attorney at Law
1875 Century Park East, Ste 1200
Los Angeles, California 90067

(213) 556-1200

Attorney for Plaintiffs
JAMES L. MORRELL and
ANNETTE WISDOM MORRELL

FILED
OCT 23 1986
FRANK S. ZOLIN, County Clerk
BY DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

JAMES L. MORRELL AND ANNETTE WISDOM MORRELL, Plaintiffs, v. CARRIAGE REALTY, INC., a California corporation, RONALD FLORANCE, ROBERT KERBER, and DOES 1 through 20, inclusive, Defendants.	CASE NO. C 620194 MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF PLAINTIFFS' APPLICATION FOR TEMPORARY RESTRAINING ORDER AND APPLICATION FOR WRIT OF POSSESSION

PLAINTIFFS RESPECTFULLY SUBMIT THE FOLLOWING POINTS AND AUTHORITIES:

I. INTRODUCTION

The facts in this case present a classic attempt by an employer to withhold wages due its employee and attempting to justify its actions by raising collateral issues not related to the employees' earnings.

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It cannot be disputed that the Plaintiffs earned commissions while in the employ of the Defendants and that these commissions are now being withheld by the Defendants in their trust account. The sum is liquidated and there is no dispute that they are presently due and payable to Plaintiffs. Defendants' failure to pay same to the Plaintiffs is not based on agreement by the Plaintiffs allowing such withholding or offset, and Defendants cannot identify the sum of their alleged offset or codify or identify their right to such an offset in any written fashion.

AN EMPLOYER MAY NOT WITHHOLD SUMS AS AN OFFSET AGAINST WAGES DUE AN EMPLOYEE

The key question of whether an employer can offset claims he may have against the employee was dealt with specifically in Barnhill v. Robert Saunders and Company, (1981) 125 Cal.App.3d 1,177 Cal. Rptr. 8031.

The court addressed the following questions:

> "The principle question here is whether an employer has the right to set off an employee's debt against wages due the employee upon the employee's discharge." supra 804

In ruling that the employer could not make an offset, the court stated as follows:

> "Section 487.020(c) exempts from attachment all compensation paid or payable to a defendant employee by an employer for personal services performed by such employee whether demoninated as wages, salary, commission, bonus or otherwise. Unquestionably, when respondent was discharge, all the wages due here were immuned from attachment...The policy the States Wage Exemption Statutes is to insure that regardless of the debtors

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> improvidence the debtors and his or her family will retain enough money to maintain a basic standard of living, so that the debtor may have a fair chance to remain a productive member of the community. (Citations omitted) Moreover, fundamental due process considerations underly the prejudgment attachment. Permitting appellant to reach respondents wages by set off would let it accomplish what neither it nor the other credit would do by attachment and would defeat the legislative policy exemption. We conclude that an employer is not entitled to a set off of debts owing it by an employee against any wages due that employee." Barnhill v. Robert Saunders Co., supra at 806.

The conduct of Defendants in this case smacks of the 1920's and 1930's when employees were at the mercy of their employers and forced to accept whatever conditions their employers thrust upon them. Certainly, the plaintiffs as employees performed their services and are entitled to be paid. In the event that the Defendants feel that they are due sums they have the option of litigating those issues. But they can not, pending such litigation withhold the wages which have been earned and due and are not in dispute as a form of unlawful attachment. In this particular case the offset is not even established. What portion of an alleged deductible may be claimed, if any, in the future is not liquidated at the present time and consequently no sums should be allowed withheld even if such an agreement existed or were forceable. These facts exemplify the bad faith of the Defendants in the way they have conducted themselves.

As a result of thse actions, Defendants are liable pursuant to Section 201 and 203 for their willful failure to pay, without abatement or reduction of the wages due Plaintiff and Plaintiff is entitled to exemplary damages in addition to their wages.

Less there be any doubt that the Labor Code provisions apply to the plaintiffs, the court in the case and Anderson and Miles v. Resnik, (1980) 109 Cal.App.3d 569, 167 Cal.Rptr. 340, held as a matter of law that a real estate salesperson was an employee under the act.

> "An anlysis of the statutory scheme relating to real estate salesmen compels the conclusion that such a person is strictly the agent of the broker under whom he is licensed. (citation omitted) A real estate salesman cannot contract in his own name (ibid.); he can only be employed by a licensed real estate broker (Bus. & Prof Code, § 10132); he cannot "be employed by . . . any person other than the broker under whom he is at the time licensed" (§ 10137); and his license must remain in the possession of his broker employer (§ 10160), who risks the suspension or revocation of his own license if he fails "to exercise reasonable supervision over the activities of his salesmen" (§ 10177, subd.(h)).
>
> We conclude, therefore, that a salesman, insofar as his relationship with his broker is concerned, cannot be classified as an independent contractor. Any contract which purports to change that relationship is invalid as being contrary to the law. (citations omitted)" Anderson and Miles v. Resnik, supra, at 573.

Having established that Plaintiffs are entitled to their wages as a matter of law, that no offset, whether justified or not, is tolerable and that the amount of such offset is certain and held in a segregated fund held for the parties benefit the Writ of Possession should issue.

Respectfully submitted,

William Litvak

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William Litvak
Attorney at Law
1875 Century Park East, Ste 1200
Los Angeles, California 90067

(213) 556-1200

Attorney for Plaintiffs
JAMES L. MORRELL and
ANNETTE WISDOM MORRELL

FILED
OCT 23 1986
FRANK S. ZOLIN, County Clerk
DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

JAMES L. MORRELL AND ANNETTE WISDOM MORRELL, Plaintiffs, v. CARRIAGE REALTY, INC., a California corporation, RONALD FLORANCE, ROBERT KERBER, and DOES 1 through 20, inclusive, Defendants.	CASE NO. C 620194 DECLARATION OF WILLIAM LITVAK

I, William Litvak, declares as follows:

I am member of the State Bar of California licensed to practice before all courts of that state. I am one of the attorneys for plaintiff in the above and entitled action and the facts stated herein, I know them of my own personal knowledge and if call upon to testify could and would competently testify thereto.

At 11:45 a.m. on October 22, 1986, I telephone the Law Offices of Barbara Lee, the attorney known to me to be the attorney for above-referenced defendants. I requested to speak

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to Barbara Lee and was advised she was in conference. At that time I left the following message with a woman who identified herself as Karen. I advised Karen that I would appear at 2:00 p.m. in Department 86 of the Los Angeles Superior Court located at 111 North Hill Street, on October 23, 1986. At that time, I would request the court to issue a temporary restraining order to prevent the dissipation of the funds which are the subject of plaintiffs application for Writ of Possession and further request the court to issue and order shortening time to have that matter heard.

Karen indicated that she would relay the message to attorney Barbara Lee.

At approximately 2:30 p.m. on October 21, 1986, attorney Barbara Lee telephone me. At that time I advised her of my intent to ask the court for the temporary restraining order and order shortening time as above stated. At that time she inquired if I intended to obtain Ex-Parte Writ of Possession. I advised her that I was not asking for an Ex-Parte Writ of Possession only for temporary restraining order and order shortening time to have my application for Writ of Possession heard. She stated that she stipulates that both the order shortening time and the temporary restraining order pending the hearing the application for Writs of Possession.

I told her that at that time that I would so advise the court.

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I declare under penalty of perjury that foregoing is true and correct.

Executed at Los Angeles, California, on October 23, 1986.

William Litvak

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William Litvak
Attorney at Law
1875 Century Park East, Ste 1200
Los Angeles, California 90067

(213) 556-1200

Attorney for Plaintiffs
JAMES L. MORRELL and
ANNETTE WISDOM MORRELL

FILED
OCT 2 6 1986
FRANK S. ZOLIN, County Clerk
BY DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

JAMES L. MORRELL AND ANNETTE WISDOM MORRELL, Plaintiffs, v. CARRIAGE REALTY, INC., a California corporation, RONALD FLORANCE, ROBERT KERBER, and DOES 1 through 20, inclusive, Defendants.	CASE NO. C 620194 DECLARATION OF ANNETTE MORRELL IN SUPPORT OF APPLICATION FOR WRIT OF POSSESSION, EX PARTE APPLICATION FOR TEMPORARY RESTRAINING ORDERS AND ORDER SHORTENING TIME

MILLER & HOLGUIN
ATTORNEYS AT LAW
1875 CENTURY PARK EAST, SUITE 1200
LOS ANGELES, CALIFORNIA 90067
TELEPHONE: (213) 556-1200
9704384316

I, Annette Morrell, state and declare as follow:

1. I am one of the plaintiffs in the above-entitled matter, and of the facts stated herein I know them of my own personal knowledge and if called upon to testify I could and would competently testify thereto.

2. On approximately January 4, 1985, I entered into a written agreement with Carriage Realty to be employed there as a real estate salesperson. A copy of my agreement for employment is attached hereto as Exhibit 1 and incorporated by this reference as though set forth in full.

3. Concurrently with my entering into the employ of Carriage, my husband James Morrell also entered into Carriage employ as a real estate salesperson. That agreement continued in full force and effect until approximately June 1, 1985 I and my husband executed an addendum to the January 4, 1985 agreement extending its term of operation to July 1, 1986. A copy of the addendum is attached hereto as Exhibit 2 and by this reference incorporated herein as though set forth in full.

4. Pursuant to those agreements, which were the only agreements between the parties, my husband and I dutifully performed our services as real estate salespersons. We sought exclusive listings and attempted to locate purchasers for real estate being offered for sale. We continued in our employment until approximately August 21, 1986. At that time, Carriage Realty made such substantial changes in their employment agreement that we did not feel that we could execute it in good conscious.

5. We refused to agree to the terms Mr. Florance required for those remaining in Carriage's employ after August of 1986 and specifically we objected to the requirement that the individual agents would be responsible for the first $25,000.00 for any legal expenses arising out of suits against Carriage and the individual agents. The agents employed by Carriage, including myself and James Morrell were previously not responsible for such costs. In fact, Carriage obligated itself in its agreement with its agents to provide and maintain insurance coverage at its sole cost and expense; Carriage agreed to be responsible for any deductible which was part of its insurance coverage. Due to this

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9704384387

departure
radical/from our agreement my husband and I felt that we could no longer be employed by Carriage and terminated our relationship August 21, 1986.

6. At that time Mr. Florance, warned us that if we left that he would prevent us from operating successfully as real estate brokers and that he would attempt to interfere in any way he could with out operating as real estate salespersons in the Palos Verdes area.

7. Concurrently with these threats against us, Mr. Florance made demands on behalf of Carriage so that we would be responsible for costs of attorneys' fees incurred when we and Carriage were sued in the case of Nevelyn vs. Hastey. In that case, Mr. Hastey allegedly withheld information pertaining to the soil conditions located at the piece of property which we sold on his behalf to the Nevlyns. Neither Carriage, my husband nor I knew of any problems with the property. Although we believe that Mr. Hastey did nothing wrong, we are certainly are not in anyway responsible for being included in this lawsuit. Unfortunately, it appears that all real estate salespersons are subject to being involved in litigation whether or not they were cupable and Mr. Florance threatened to charge us with all such sums and concurrently with our termination he stated that he would withhold all of our commissions up to $25,000.00, representing a deductible that he arranged for Carriage Realty with Traveler's Insurance Company. He stated his intent to offset these costs even though the events giving rise to this suit and the suit itself predated his demand that our agreement be modified to provide that the agent be responsible for costs of defense. At

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9704384318

the time that these events arose, our agreement clearly provided that Carriage was to completely defend and indemnify us. We did not at any time agree to be responsible for such costs or indemnify defendants.

8. Our agreement with Carriage, both originally and as amended, clearly provides that Carriage will be responsible for all insurance coverage and costs of defense. Mr. Florance is attempting to make an example out of us to prevent other agents from exercising their free rights to change their employment, and is seeking retribution for our terminating our relationship with him. The sum of $20,757.50 he is withholding which represents three escrows 1-8672, 1-8680 and 1-8620 at Paradise Escrow, representing the sums of $7,180.00, $4,250.00 and 9,327.50, respectfully, for commissions due the undersigned in partnership with my husband, James Morrell for sales whose escrows have closed. Copies of the Commission checks made payable to Carriage Realty on these escrows are attached hereto as Exhibits 4, 5, and 6 and are incorporated by reference hereto as though set forth in full.

9. Mr. Florance codified his refusal to tender these sums, which constitute our wages and upon which rely for our living expenses, in his letter of September 19, 1986. A copy of which is attached hereto as Exhibit 3 and incorporated by reference as though set forth in full.

10. As his letter indicates he intends to offset sums which are not our responsibity, and which we are advised he is not entitled to withhold against wages in any event. Consequently, we ask the court's assistance in precluding Mr. Florance, pending

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9704384319

a hearing on Application For Writ of Possession, from disposing of these funds, we request that an early hearing be set so that we can have a hearing on our Writ of Possession, and ultimately pursuant to the Application for Writ of Possession obtain our wages which Mr. Florance is improperly holding on behalf of Carriage Realty.

11. In the event that we are unable to obtain this money grave and serious consequences will occur. We are unable to pay our installment debts for cars, rent and other living expenses. It is a vital importance that we not only have an early hearing but that we do obtain these monies which we have earned and are entitled to.

12. As Mr. Florance's letter indicates he is maintaining these funds at Carriage Realty's Brokers Trust Account. It is also essential that a temporary restraining order be issued to prevent defendants from utilizing these funds for improper offsets. He has repeatedly stated his right to do so and unless the court orders him not to do so, he may feel free to improperly use these funds.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 22 day of October, 1986.

Annette Morrell

ANNETTE MORRELL

MILLER & HOLGUIN
ATTORNEYS AT LAW
1875 CENTURY PARK EAST, SUITE 1200
LOS ANGELES, CALIFORNIA 90067
TELEPHONE: (213) 556-1200

9704843190

0576L

(5)

NOTICE OF EX PARTE HEARING

DATE: OCT 23 1986

DEPT. 86

JUDGE: WARREN DEERING

REPORTER: ~~[illegible]~~ E McSha

CASE NO.: C620 194

James L Morrell - et Al
VS

William Litvak
PLAINTIFF

Carriage Realty Inc - et Al

3:06 No Appearance
DEFENDANT

App For Order - Shortening re filing of Writ of Poss. / TRO

(1) TRO - granted - as modified -
(2) set TRO & Application for Writ of possession for hearing

$3000. bond - cash on security to be posted by 4 pm 10-27-86.

11/10

9704384319 1

NOTICE OF EX PARTE HEARING

(5)

OCT 23 1986

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

NAME OF MUNICIPAL OR JUSTICE COURT DISTRICT OR OF BRANCH COURT, IF ANY	FOR COURT USE ONLY
Central District	FILED OCT 23 1986 FRANK S. ZOLIN, County Clerk BY _____ DEPUTY
TITLE OF CASE (ABBREVIATED) Morrell, et al. vs. Carriage Realty, Inc., et al.	
ATTORNEY(S) NAME AND ADDRESS WILLIAM LITVAK, Esq. 1875 Century Park East, Suite 1200 Los Angeles, California 90067	CASE NUMBER C620194
ATTORNEY(S) FOR: Plaintiffs — TELEPHONE: (213) 556-1200	

TEMPORARY RESTRAINING ORDER

November 10, 1986
D-86
9:00 AM

1. The application of plaintiff (Name) James Morrell and Annette Morrell for a temporary restraining order having been considered by the court, the court finds (See footnote * before completing)
   a. Plaintiff has filed an undertaking as required by CCP 515.010, in the amount of $3,000. Cash or Surety *
   b. Plaintiff has established the probable validity of his claim to possession of the following described property
   Funds in thesum of $20,757.50 held in the Carriage Realty Trust Account

   c. Plaintiff has established the probability that there is an immediate danger that the above-described property [X] may become unavailable to levy [X] may become substantially impaired in value

2. IT IS ORDERED (Total number of boxes checked below)
   Defendant (Name) Carriage Realty, Ronald Florance, Robert Kerber
   is restrained from doing the following
   a. [X] Transferring any interest by sale, pledge, or grant of security interest, or otherwise disposing of, or encumbering
      (1) The following property (Describe)
      Funds in the sum of $20,757.50 held in the Carriage Realty Trust Account RELATING TO ESCROW No. 1-8677, 1-8680, and 1-8620 PARADISE ESCROW

      (2) Except in the ordinary course of business, the following farm products held for sale or lease

      Not applicable

      (3) Except in the ordinary course of business, the following inventory

      Not applicable

* TRO goes into effect 10-23-86. Bond to be posted by 4 pm 10-27-86

(Continued on Reverse Side)

* The word "plaintiff" includes cross-complainant, "defendant" includes cross-defendant, singular includes the plural, and masculine includes feminine and neuter

9704384319 2

b [X] Concealing or otherwise removing the following property in such manner as to make it less available to seizure by the levying officer

c [X] Impairing the value of

(1) The following property

Funds in the sum of $20,757.50 held in the Carriage Realty Trust Account relating to Escrow No. 1-8672, 1-8681, and 1-8670 at Pacific Escrow.

(2) Either by acts of destruction or by failure to care for the property in a reasonable manner including but not limited to the following acts

Payment of the sums due the financial institution where the funds are ~~maintained~~ so as to prevent any deduction or offset by said financial institution.

Prevent any offset or reduction of said sums by the financial institution where such funds are deposited.

d [ ] Disposing of the proceeds from the transfer of any interest in (Specify exceptions, if any)

(1) The following farm products held for sale or lease

(2) The following inventory

3 [ ] It is further ordered that the clerk of this court shall attach a copy of plaintiff's undertaking to this order

4 It is further ordered that this order shall have no force or effect after (Date)
(CCP 513.010(c), 527.)

Dated 23 ~~November~~ October 1986

WARREN H. DEERING
Type or print name

Warren H. Deering
Judge

9704843123

EXHIBIT A14

9704384319 4

Name, Address and Telephone [illegible] Attorney(s)

KENT BURTON, ESQ.
BAKER & BURTON
A Professional Corporation
515 Pier Avenue
Hermosa Beach, CA 90254
(213) 376-9893

Attorney(s) for Ralph & Katherine Rhind
Plaintiffs

Space [illegible] or Use of Court Clerk Only

FILED

[illegible] County Clerk

BY [illegible] DEPUTY

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES
(SUPERIOR, MUNICIPAL, or JUSTICE)

SOUTHWEST DISTRICT
(Name of Municipal or Justice Court District or of branch court, if any)

Plaintiff(s):
RALPH RHIND, KATHERINE RHIND

Defendant(s):
CRE, INC. dba CARRIAGE REALTY,
RONALD FLORANCE, and
Does 1 - 10
(Abbreviated Title)

CASE NUMBER SWC 83323

REQUEST FOR DISMISSAL

TYPE OF ACTION

- [ ] Personal Injury, Property Damage and Wrongful Death:
  - [ ] Motor Vehicle
  - [ ] Other
- [ ] Domestic Relations
- [ ] Eminent Domain
- [X] Other: (Specify) Unlawful Detainer

TO THE CLERK: Please dismiss this action as follows: (Check applicable boxes.)

1. [X] With prejudice [ ] Without prejudice
2. [X] Entire action [ ] Complaint only [ ] Petition only [ ] Cross-complaint only
   [ ] Other: (Specify)*

BAKER & BURTON
A Professional Corporation

Dated: March 5, 1986

*If dismissal requested is of specified parties only, of specified causes of action only or of specified cross-complaints only, so state and identify the parties, causes of action or cross-complaints to be dismissed.

By: [signature]

Attorney(s) for Plaintiffs
Ralph & Katherine Rhind
KENT BURTON, ESQ.
(Type or print attorney(s) name(s))

TO THE CLERK: Consent to the above dismissal is hereby given.**

Dated:

**When a cross-complaint (or Response (Marriage) seeking affirmative relief) is on file, the attorney(s) for the cross-complainant (respondent) must sign this consent when required by CCP 581(1), (2) or (5).

Attorney(s) for

(Type or print attorney(s) name(s))

(To be completed by clerk)

- [X] Dismissal entered as requested on MAR 6 - 1986
- [ ] Dismissal entered on as to only
- [ ] Dismissal not entered as requested for the following reason(s), and attorney(s) notified on

FRANK S. ZOLIN, Clerk

Dated MAR 6

By [signature], Deputy

3

Form Adopted by Rule 982 of
The Judicial Council of California
Revised Effective July 1, 1972

REQUEST FOR DISMISSAL

76R364 RC043 PS 3-82

CCP 581, etc.;
Cal. Rules of Court,
Rule 1233

9704384315

ATTORNEY OR PARTY WITHOUT ATTORNEY (NAME AND ADDRESS): TELEPHONE

BAKER & BURTON, A Professional Corporation
515 Pier Avenue (213) 376-9893
Hermosa Beach, California 90254

ATTORNEY FOR (NAME) Plaintiffs, RALPH and KATHERINE RHIND

FOR COURT USE ONLY

FILED
FEB 11 1986
FRANK S. ZOLIN, County Clerk
B Rudis

Insert name of court, judicial district or branch court, if any, and post office and street address:

SUPERIOR COURT OF CALIFORNIA, LOS ANGELES COUNTY
825 Maple Avenue
Torrance, California 90503
SOUTH BAY JUDICIAL DISTRICT

PLAINTIFF:
RALPH RHIND and KATHERINE RHIND

DEFENDANT:
CRE, INC. dba CARRIAGE REALTY, RONALD FLORANCE
DOES 1 TO 10

TR#7804 M#61 TL# 1 86/02/11 12 26
C# 9U0088205 ID# 1

COMPLAINT—Unlawful Detainer

CASE NUMBER: SWC 83323

1. This pleading including attachments and exhibits consists of the following number of pages: 11
2. a. Plaintiff is [X] an individual over the age of 18 years [ ] a partnership [ ] a public agency [ ] a corporation [ ] other (specify):
   b. [ ] Plaintiff has complied with the fictitious business name laws and is doing business under the fictitious name of (specify):
3. Defendants named above are in possession of the premises located at (street address, city and county):
   1730 Sepulveda Blvd., Manhattan Beach, CA., Los Angeles County
4. Plaintiff's interest in the premises is [X] as owner [ ] other (specify):
5. The true names and capacities of defendants sued as Does are unknown to plaintiff.
6. a. On or about (date): 9/28/82 defendants (names): CRE, INC. dba CARRIAGE REALTY
   agreed to rent the premises for a [ ] month-to-month tenancy [X] other tenancy (specify): 5 month lease
   at a rent of $1200.00 payable [X] monthly [ ] other (specify frequency):
   due on the [X] first of the month [ ] other day (specify):
   b. This [X] written [ ] oral agreement was made with
   [X] plaintiff [ ] plaintiff's predecessor in interest
   [ ] plaintiff's agent [ ] other (specify):
   c. [X] The defendants not named in item 6.a. are
   [ ] subtenants [ ] assignees [X] other (specify): RONALD FLORANCE alter ego of corporation, lease signatory
   d. [X] The agreement was later changed as follows (specify): defendants exercised option for 5 yr. extensic and the rent was increased to $1,440.00 effective March 1, 1983
   e. [X] A copy of the written agreement is attached and labeled Exhibit A.
7. Plaintiff has performed all conditions of the rental agreement.
8. [X] a. The following notice was served on defendant (name): CRE, INC. dba CARRIAGE REALTY, RONALD FLORANCE
   [X] 3-day notice to pay rent or quit [ ] 3-day notice to quit
   [ ] 3-day notice to perform covenant or quit [ ] 30-day notice to quit
   [ ] other (specify):
   b. The period stated in the notice expired on (date): 2/5/86 and defendants failed to comply with the requirements of the notice by that date.
   c. All facts stated in the notice are true.
   d. [X] The notice included an election of forfeiture.
   e. [X] A copy of the notice is attached and labeled Exhibit B.

(Continued)

SHORT TITLE: RHIND v. CRE, INC.	CASE NUMBER:

COMPLAINT—Unlawful Detainer

9. [X] a. The notice referred to in item 8 was served
   - [ ] by personally handing a copy to defendant on *(date)*:
   - [ ] by leaving a copy with *(name or description)*: , a person of suitable age or discretion, on *(date)*: at defendant's [ ] residence
     [ ] business AND mailing a copy to defendant at his place of residence on *(date)*: because defendant cannot be found at his residence or usual place of business.
   - [X] by posting a copy on the premises on *(date)*: 1/23/86 ([ ] and giving a copy to a person residing at the premises) AND mailing a copy to defendant at the premises on *(date)*: 1/23/86
     [ ] because defendant's residence and usual place of business cannot be ascertained OR
     [X] because no person of suitable age or discretion can there be found.
   - [ ] *(not for 3-day notice. See Civil Code section 1946 before using)* by sending a copy by certified or registered mail addressed to defendant on *(date)*:

   b. [ ] Information about service of the notice on the other defendants is contained in attachment 9.

10. [ ] Plaintiff demands possession from each defendant because of expiration of a fixed term lease.
11. [X] At the time the 3-day notice to pay rent or quit was served, the amount of rent due was $ 1,440.00
12. [X] The fair rental value of the premises is $ 48.00 per day.
13. Plaintiff is entitled to immediate possession of the premises.
14. [ ] Defendants' continued possession is malicious, and plaintiff is entitled to treble damages. *(State specific facts supporting this claim in attachment 14.)*
15. [X] A written agreement between the parties provides for attorney fees.
16. [ ] Defendants' tenancy is subject to the local rent control or eviction control ordinance of *(city or county, title of ordinance, and date of passage)*:

    Plaintiff has met all applicable requirements of the ordinances.
17. [X] Other allegations are stated in attachment 17.
18. Plaintiff remits to the jurisdictional limit, if any, of the court.

19. PLAINTIFF REQUESTS
    - a. possession of the premises.
    - b. [X] costs incurred in this proceeding.
    - c. [X] past due rent of $ 1,440.00
    - d. [X] damages at the rate of $ 48.00 per day.
    - e. [ ] treble the amount of rent and damages found due.
    - f. [X] reasonable attorney fees.
    - g. [X] forfeiture of the agreement.
    - h. [X] other *(specify)*: Such other and further relief as the court deems proper.

BAKER & BURTON, A Professional Corporation
By: KENT BURTON, ESQ.
(Type or print name)

(Signature of plaintiff or attorney)

VERIFICATION

(Use a different verification form if the verification is by an attorney or for a corporation or partnership.)

I am the plaintiff in this proceeding and have read this complaint. I declare under penalty of perjury under the laws of the State of California that this complaint is true and correct.

Date: February 7, 1986

RALPH RHIND
(Type or print name)

Ralph Rhind
(Signature of plaintiff)

970438431997

RALPH RHIND and KATHERINE RHIND vs. CRE, INC. dba CARRIAGE REALTY, RONALD FLORANCE CASE NO: SWC83323
Attachment to Complaint, Unlawful Detainer #17.

17. Plaintiffs are informed and believe and based thereon allege that there exists, and at all times mentioned there existed, a unity of interest, management, and ownership between Defendants RONALD FLORANCE and CRE, INC. such that any individuality and separateness between them have ceased, and Defendant CRE, INC. is the alter ego of Defendant, RONALD FLORANCE. Adherence to the fiction of the separate existence of the corporation would sanction a fraud and promote injustice.

///

///

///

97043843198

EXHIBIT A15

9704384319 9

Name, Address and Telephone No. of Attorney(s)

LAW OFFICES OF ROBERT J. DeMARCO
700 South Flower Street
Twenty-Second Floor
Los Angeles, CA 90017
(213) 622-4402

Attorney(s) for PLAINTIFF

Space Below for Use of Court Clerk Only

FILED

APR 13 1988

FRANK S. ZOLIN, COUNTY CLERK

Anita Jones

BY ANITA JONES, DEPUTY

C-6-21-85 NC 171

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES
(SUPERIOR, MUNICIPAL, or JUSTICE)

(Name of Municipal or Justice Court District or of branch court, if any)

Plaintiff(s):

GARY E. MAXSON

Defendant(s):

RONALD M. FLORENCE

(Abbreviated Title)

CASE NUMBER C 553081

REQUEST FOR DISMISSAL

TYPE OF ACTION

- [ ] Personal Injury, Property Damage and Wrongful Death:
  - [ ] Motor Vehicle
  - [ ] Other
- [ ] Domestic Relations
- [ ] Eminent Domain
- [x] Other: (Specify) Fraud; Breach of Contract

TO THE CLERK: Please dismiss this action as follows: (Check applicable boxes.)

1. [ ] With prejudice [x] Without prejudice
2. [x] Entire action [ ] Complaint only [ ] Petition only [ ] Cross-complaint only
   [ ] Other: (Specify)*

Dated: April 5, 1988

*If dismissal requested is of specified parties only, of specified causes of action only or of specified cross-complaints only, so state and identify the parties, causes of action or cross-complaints to be dismissed.

Robert J. DeMarco

Attorney(s) for Plaintiff

ROBERT J. DeMARCO
(Type or print attorney(s) name(s))

TO THE CLERK: Consent to the above dismissal is hereby given.**

Dated:

**When a cross-complaint (or Response (Marriage) seeking affirmative relief) is on file, the attorney(s) for the cross-complainant (respondent) must sign this consent when required by CCP 581(1), (2) or (5).

Attorney(s) for

(Type or print attorney(s) name(s))

(To be completed by clerk)

- [x] Dismissal entered as requested on APR 13 1988
- [ ] Dismissal entered on as to only
- [ ] Dismissal not entered as requested for the following reason(s), and attorney(s) notified on

FRANK S. ZOLIN, Clerk

Dated APR 13 1988

By Anita Jones, Deputy

Form Adopted by Rule 982 of The Judicial Council of California Revised Effective July 1, 1972

REQUEST FOR DISMISSAL

CCP 581, etc.; Cal. Rules of Court, Rule 1233

76R364 RC043 PS 6-81

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3

ATTORNEY OR PARTY WITHOUT ATTORNEY (NAME AND ADDRESS) | TELEPHONE | FOR COURT USE ONLY

ROBERT J. DeMARCO, Esq., Of Counsel To (213) 277-4222
COX, CASTLE & NICHOLSON
2049 Century Park East, 28th Floor
Los Angeles, Ca. 90067

ATTORNEY FOR (NAME) Plaintiff GARY E. MAXSON, an individual

FILED
JUN 21 1985
FRANK S. ZOLIN, County Clerk
M. G. WASHINGTON, DEPUTY

Insert name of court, judicial district or branch court, if any, and post office and street address

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES
CENTRAL DISTRICT
111 North Hill Street
Los Angeles, California 90012

PLAINTIFF

GARY E. MAXSON, an individual

DEFENDANT

RONALD M. FLORENCE, an individual; RONALD M. FLORENCE, INC., a California corporation, CARRIAGE REAL ESTATE, INC., a California corporation; CRE, INC., a California corporation; and

[X] DOES 1 TO 100, Inclusive

CONTRACT

[XX] COMPLAINT [ ] CROSS-COMPLAINT

CASE NUMBER

C552051

1 This pleading, including attachments and exhibits, consists of the following number of pages five (5)

2 a. Each plaintiff named above is a competent adult
[ ] **Except** plaintiff *(name)*
[ ] a corporation qualified to do business in California
[ ] an unincorporated entity *(describe)*
[ ] other *(specify)*

b. [ ] Plaintiff *(name)*
[ ] has complied with the fictitious business name laws and is doing business under the fictitious name of *(specify)*
[ ] has complied with all licensing requirements as a licensed *(specify)*

c. [ ] Information about additional plaintiffs who are not competent adults is shown in Complaint—Attachment 2c

3 a. Each defendant named above is a natural person

[X] **Except** defendant *(name)* RONALD M. FLORENCE, INC. and CRE, INC.
[ ] a business organization, form unknown
[X] a corporation
[ ] an unincorporated entity *(describe)*
[ ] a public entity *(describe)*
[ ] other *(specify)*

[ ] **Except** defendant *(name)* CARRIAGE REAL ESTATE, INC.
[ ] a business organization, form unknown
[X] a corporation
[ ] an unincorporated entity *(describe)*
[ ] a public entity *(describe)*
[ ] other *(specify)*

b. The true names and capacities of defendants sued as Does are unknown to plaintiff.

c. [ ] Information about additional defendants who are not natural persons is contained in Complaint—Attachment 3c

d. [ ] Defendants who are joined pursuant to Code of Civil Procedure section 382 are *(names)*

(Continued)

If this form is used as a cross-complaint, plaintiff means cross-complainant and defendant means cross-defendant

9704384320 1

85 06 21 13 34 40 $60.00 17# 1 RC 003 17# 1 RC 081

SHORT TITLE MAXSON, etc. v. FLORENCE, etc.; et al.	CASE NUMBER

COMPLAINT—Contract

4. [ ] Plaintiff is required to comply with a claims statute, **and**
   a. [ ] plaintiff has complied with applicable claims statutes, **or**
   b. [ ] plaintiff is excused from complying because *(specify)*:

5. [ ] This action is subject to [ ] Civil Code section 1812.10 [ ] Civil Code section 2984.4.

6. This action is filed in this [X] county [ ] judicial district because
   a. [ ] a defendant entered into the contract here.
   b. [X] a defendant lived here when the contract was entered into.
   c. [ ] a defendant lives here now.
   d. [ ] the contract was to be performed here.
   e. [ ] a defendant is a corporation or unincorporated association and its principal place of business is here.
   f. [ ] real property that is the subject of this action is located here.
   g. [ ] other *(specify)*:

7. [ ] The following paragraphs of this pleading are alleged on information and belief *(specify paragraph numbers)*:

8. [ ] Other:

9. The following causes of action are attached and the statements above apply to each: *(Each complaint must have one or more causes of action attached.)*
   [X] Breach of Contract [ ] Common Counts
   [X] Other *(specify)*: Fraud

10. PLAINTIFF PRAYS
   For judgment for costs of suit, for such relief as is fair, just, and equitable, and for
   [X] damages of $ 500,000
   [X] interest on the damages [X] according to proof [ ] at the rate of _____ percent per year from *(date)*: June 23, 1982
   [X] attorney fees [ ] of $ _____ [X] according to proof
   [X] other *(specify)*: Punitive damages in the amount of $7,000,000.00

ROBERT J. DeMARCO, Of Counsel To
COX, CASTLE & NICHOLSON

(Type or print name)

Robert J. DeMarco
(Signature of plaintiff or attorney)

(If you wish to verify this pleading, affix a verification.)

9704384320 2

SHORT TITLE: MAXSON, etc. v. FLORENCE, etc.; et al.	CASE NUMBER

FIRST (number) **CAUSE OF ACTION—Breach of Contract** Page Three (3)

ATTACHMENT TO [X] Complaint [ ] Cross-Complaint

(Use a separate cause of action form for each cause of action.)

BC-1 Plaintiff *(name)* GARY E. MAXSON ("Maxson")

alleges that on or about *(date)* June 23, 1982
a [X] written [ ] oral [ ] other *(specify)*
agreement was made between *(name parties to agreement)* Maxson and Defendants, and each of them.

[ ] A copy of the agreement is attached as Exhibit A, or
[X] The essential terms of the agreement [ ] are stated in Attachment BC-1 [X] are as follows *(specify)*:
Maxson agreed to sell all of the assets of Carriage Real Estate Group ("Group") and Carriage Real Estate, Inc. ("Inc.") to Defendants, and each of them, as consideration for fifty percent (50%) of the stock of the corporate Defendants and Defendants' assumption of the liabilities of Group and Inc.

BC-2 On or about *(dates)* September 1, 1982
defendant breached the agreement by [ ] the acts specified in Attachment BC-2 [X] the following acts *(specify)*:
Failing to issue any stock to Maxson and failing to pay the liabilities of Group and Inc. as agreed.

BC-3 Plaintiff has performed all obligations to defendant except those obligations plaintiff was prevented or excused from performing.

BC-4 Plaintiff suffered damages legally (proximately) caused by defendant's breach of the agreement
[ ] as stated in Attachment BC-4 [X] as follows *(specify)*:
General damages in the amount of Five Hundred Thousand Dollars ($500,000.00)

BC-5 [X] Plaintiff is entitled to attorney fees by an agreement or a statute
[ ] of $
[X] according to proof.

BC-6 [X] Other: Interest at the legal rate, according to proof.

9704384320 3

SHORT TITLE: MAXSON, etc. v. FLORENCE, etc.; et al.	CASE NUMBER

SECOND (number) **CAUSE OF ACTION—Fraud**

ATTACHMENT TO [X] Complaint [ ] Cross-Complaint

(Use a separate cause of action form for each cause of action.)

FR-1. Plaintiff *(name)*: GARY E. MAXSON ("Maxson")

alleges that defendant *(name)*: RONALD M. FLORENCE, RONALD M. FLORENCE, INC., CARRIAGE REAL ESTATE, INC. and CRE, INC.

on or about *(date)*: June 23, 1982 defrauded plaintiff as follows:

FR-2. [ ] **Intentional or Negligent Misrepresentation**

a. Defendant made representations of material fact [ ] as stated in Attachment FR-2.a [ ] as follows:

b. These representations were in fact false. The truth was [ ] as stated in Attachment FR-2.b [ ] as follows:

c. When defendant made the representations,
[ ] defendant knew they were false, or
[ ] defendant had no reasonable ground for believing the representations were true.

d. Defendant made the representations with the intent to defraud and induce plaintiff to act as described in item FR-5. At the time plaintiff acted, plaintiff did not know the representations were false and believed they were true. Plaintiff acted in justifiable reliance upon the truth of the representations.

FR-3. [ ] **Concealment**

a. Defendant concealed or suppressed material facts [ ] as stated in Attachment FR-3.a [ ] as follows:

b. Defendant concealed or suppressed material facts
[ ] defendant was bound to disclose,
[ ] by telling plaintiff other facts to mislead plaintiff and prevent plaintiff from discovering the concealed or suppressed facts.

c. Defendant concealed or suppressed these facts with the intent to defraud and induce plaintiff to act as described in item FR-5. At the time plaintiff acted, plaintiff was unaware of the concealed or suppressed facts and would not have taken the action if plaintiff had known the facts.

(Continued)

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EXHIBIT A16

9704384320 5

ATTORNEY OR PARTY WITHOUT ATTORNEY (NAME AND ADDRESS)

HIRAM W. KWAN
A PROFESSIONAL LAW CORPORATION
808 N. Spring St., 6th Flr.
Los Angeles, CA 90012

TELEPHONE (213) 680-0122

FOR COURT USE ONLY

ATTORNEY FOR NAME PLAINTIFFS

Insert name of court, judicial district or branch court, if any, and post office and street address

LOS ANGELES SUPERIOR COURT
111 N Hill St.
Los Angeles CA 90012
Central

FILED
MAY 23 1989
FRANK S. ZOLIN County Clerk

PLAINTIFF
WILLIAM CHANG, RAYMOND FOK, and LANA FOK

DEFENDANT
BENJAMIN F. JOHNSON, LORRAINE PEEL, WILLIAM GETTY, RON FLORENCE, CARRIAGE REALTY, COLDWELL BANKER,

X DOES 1 TO 10

CASE NUMBER C725058

CONTRACT

X COMPLAINT ☐ CROSS-COMPLAINT

1. This pleading, including attachments and exhibits, consists of the following number of pages 14

2. a. Each plaintiff named above is a competent adult
   ☐ **Except** plaintiff *(name)*
   - ☐ a corporation qualified to do business in California
   - ☐ an unincorporated entity *(describe)*
   - ☐ other *(specify)*

   b. ☐ Plaintiff *(name)*
   - ☐ has complied with the fictitious business name laws and is doing business under the fictitious name of *(specify)*
   - ☐ has complied with all licensing requirements as a licensed *(specify)*

   c. ☐ Information about additional plaintiffs who are not competent adults is shown in Complaint—Attachment 2c

3. a. Each defendant named above is a natural person

X **Except defendant** *(name)* Carriage Realty	X **Except** defendant *(name)* Coldwell Banker
X a business organization, form unknown	X a business organization, form unknown
☐ a corporation	☐ a corporation
☐ an unincorporated entity *(describe)*	☐ an unincorporated entity *(describe)*
☐ a public entity *(describe)*	☐ a public entity *(describe)*
☐ other *(specify)*	☐ other *(specify)*

   b. The true names and capacities of defendants sued as Does are unknown to plaintiff
   c. ☐ Information about additional defendants who are not natural persons is contained in Complaint—Attachment 3c
   d. ☐ Defendants who are joined pursuant to Code of Civil Procedure section 382 are *(names)*

(Continued)

If this form is used as a cross-complaint, plaintiff means cross-complainant and defendant means cross-defendant.

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0601 A

SHORT TITLE	CASE NUMBER
CHANG vs. JOHNSON	

COMPLAINT—Contract

4 [X] Plaintiff is required to comply with a claims statute **and**
a [X] plaintiff has complied with applicable claims statutes, **or**
b [ ] plaintiff is excused from complying because *(specify)*

5 [X] This action is subject to [X] Civil Code section 1812.10 [ ] Civil Code section 2984.4.

6 This action is filed in this [ ] county [X] judicial district because
a [X] a defendant entered into the contract here
b [X] a defendant lived here when the contract was entered into
c [ ] a defendant lives here now
d [X] the contract was to be performed here
e [ ] a defendant is a corporation or unincorporated association and its principal place of business is here
f [X] real property that is the subject of this action is located here
g [ ] other *(specify)*

7 [ ] The following paragraphs of this pleading are alleged on information and belief *(specify paragraph numbers)*

8 [ ] Other

9 The following causes of action are attached and the statements above apply to each *(Each complaint must have one or more causes of action attached.)*
[X] Breach of Contract [X] Common Counts
[X] Other *(specify)* Fraud, Intentional Tort, Breach of Warranty of Title

10 PLAINTIFF PRAYS
For judgment for costs of suit, for such relief as is fair, just and equitable, and for
[X] damages of $ in an amount according to proof
[X] interest on the damages [ ] according to proof [X] at the rate of 10 percent per year from *(date)* 10/17/87
[X] attorney fees [ ] of $ [X] according to proof
[X] other *(specify)* Punitive damages in an amount according to proof

HIRAM W. KWAN
Type or print name

Signature of plaintiff or attorney

(If you wish to verify this pleading, affix a verification.)

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SHORT TITLE	CASE NUMBER
CHANG vs. JOHNSON	

FIRST (number) **CAUSE OF ACTION—Breach of Contract** **Page** three

ATTACHMENT TO [X] Complaint [ ] Cross-Complaint

(Use a separate cause of action form for each cause of action.)

BC-1 Plaintiff *(name)* William Chang, Raymond Fok and Lana Fok

alleges that on or about *(date)* 10/17/87
a [X] written [ ] oral [ ] other *(specify)*
agreement was made between *(name parties to agreement)* Plaintiffs Raymond Fok, Lana Fok and defendant Benjamin F. Johnson
[X] A copy of the agreement is attached as Exhibit A or
[ ] The essential terms of the agreement [ ] are stated in Attachment BC-1 [ ] are as follows *(specify)*

BC-2 On or about *(dates)* 11/2/87
defendant breached the agreement by [ ] the acts specified in Attachment BC-2 [X] the following acts *(specify)* Defendant Benjamin F. Johnson has failed to convey to plaintiffs Raymond and Lana Fok clear title over the subject property.

BC-3 Plaintiff has performed all obligations to defendant except those obligations plaintiff was prevented or excused from performing.

BC-4 Plaintiff suffered damages legally (proximately) caused by defendant's breach of the agreement
[ ] as stated in Attachment BC-4 [X] as follows *(specify)*

General damages in an amount according to proof at the time of trial.

BC-5 [X] Plaintiff is entitled to attorney fees by an agreement or a statute
[ ] of $
[X] according to proof

BC-6 [ ] Other

9704384208

SHORT TITLE	CASE NUMBER
CHANG vs. JOHNSON	

SECOND (number) **CAUSE OF ACTION—Common Counts** Page four

ATTACHMENT TO [X] Complaint [ ] Cross-Complaint

(Use a separate cause of action form for each cause of action.)

CC-1 Plaintiff *(name)* Raymond and Lana Fok

alleges that defendant *(name)* Benjamin F. Johnson

became indebted to [X] plaintiff [ ] other *(name)*

a [ ] within the last four years
- (1) [ ] on an open book account for money due
- (2) [ ] because an account was stated in writing by and between plaintiff and defendant in which it was agreed that defendant was indebted to plaintiff

b [X] within the last [X] two years [ ] four years
- (1) [X] for money had and received by defendant for the use and benefit of plaintiff
- (2) [ ] for work, labor, services and materials rendered at the special instance and request of defendant and for which defendant promised to pay plaintiff
  - [ ] the sum of $
  - [ ] the reasonable value
- (3) [ ] for goods, wares, and merchandise sold and delivered to defendant and for which defendant promised to pay plaintiff
  - [ ] the sum of $
  - [ ] the reasonable value
- (4) [ ] for money lent by plaintiff to defendant at defendant's request
- (5) [ ] for money paid, laid out, and expended to or for defendant at defendant's special instance and request
- (6) [ ] other *(specify)*

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CC-2 $ 10,000.00 which is the reasonable value, is due and unpaid despite plaintiff's demand.
plus prejudgment interest [ ] according to proof [X] at the rate of 10% percent per year
from *(date)* 10/17/87

CC-3 [X] Plaintiff is entitled to attorney fees by an agreement or a statute
- [ ] of $
- [X] according to proof

CC 4 [ ] Other

SHORT TITLE	CASE NUMBER
CHANG vs. JOHNSON	

THIRD (number) **CAUSE OF ACTION—Fraud** **Page** five

ATTACHMENT TO [X] Complaint [ ] Cross-Complaint

(Use a separate cause of action form for each cause of action.)

FR-1 Plaintiff (name) William Chang, Raymond Fok and Lana Fok

alleges that defendant (name) Benjamin F. Johnson, Lorraine Peel, William Getty, Ron Florence, Carriage Realty, Coldwell Banker

on or about (date) 10/17/87 defrauded plaintiff as follows

FR-2 [X] **Intentional or Negligent Misrepresentation**

a Defendant made representations of material fact [ ] as stated in Attachment FR-2 a [X] as follows

Defendants falsely and fraudulently represented to plaintiffs that the subject property was free of any liens and/or encumbrances.

b These representations were in fact false. The truth was [ ] as stated in Attachment FR-2 b [X] as follows

There was a lien on the subject property in that the said property was under foreclosure.

c When defendant made the representations,

[X] defendant knew they were false or

[ ] defendant had no reasonable ground for believing the representations were true

d Defendant made the representations with the intent to defraud and induce plaintiff to act as described in item FR-5. At the time plaintiff acted, plaintiff did not know the representations were false and believed they were true. Plaintiff acted in justifiable reliance upon the truth of the representations.

FR-3 [X] **Concealment**

a Defendant concealed or suppressed material facts [ ] as stated in Attachment FR-3 a [X] as follows

At the time of the execution of the written purchase contract involving the subject property, defendants failed to reveal and suppressed the fact that the subject property was under foreclosure.

b Defendant concealed or suppressed material facts

[X] defendant was bound to disclose

[ ] by telling plaintiff other facts to mislead plaintiff and prevent plaintiff from discovering the concealed or suppressed facts

c Defendant concealed or suppressed these facts with the intent to defraud and induce plaintiff to act as described in item FR-5. At the time plaintiff acted, plaintiff was unaware of the concealed or suppressed facts and would not have taken the action if plaintiff had known the facts.

(Continued)

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SHORT TITLE	CASE NUMBER
CHANG vs. JOHNSON	

THIRD (number) **CAUSE OF ACTION—Fraud (Continued)** Page six

FR-4 [X] **Promise Without Intent to Perform**

a. Defendant made a promise about a material matter without any intention of performing it [ ] as stated in Attachment FR-4 a [X] as follows

Defendants promised plaintiffs that defendants would apply the pre-released sum of $10,000.00 toward the agreed purchase price of $250,000.00.

b. Defendant's promise without any intention of performance was made with the intent to defraud and induce plaintiff to rely upon it and to act as described in item FR-5. At the time plaintiff acted, plaintiff was unaware of defendant's intention not to perform the promise. Plaintiff acted in justifiable reliance upon the promise.

FR-5 In justifiable reliance upon defendant's conduct, plaintiff was induced to act [ ] as stated in Attachment FR-5 [X] as follows

Plaintiff pre-released the sum of $10,000.00 to defendants.

FR-6 Because of plaintiff's reliance upon defendant's conduct, plaintiff has been damaged [ ] as stated in Attachment FR-6 [X] as follows

in an amount according to proof at the time of trial.

FR-7 Other Punitive and exemplary damages in a sum sufficient to make an example and to punish defendants.

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SHORT TITLE	CASE NUMBER
CHANG vs. JOHNSON	

FOURTH (number) **CAUSE OF ACTION—Intentional Tort** Page seven

ATTACHMENT TO [X] Complaint [ ] Cross-Complaint

(Use a separate cause of action form for each cause of action.)

IT-1 Plaintiff *(name)* William Chang, Raymond Fok and Lana Fok

alleges that defendant *(name)* Benjamin F. Johnson, Lorraine Peel, William Getty, Ron Florence, Carriage Realty, Coldwell Banker

[ ] Does 1 to 10

was the legal (proximate) cause of damages to plaintiff. By the following acts or omissions to act, defendant intentionally caused the damage to plaintiff
on *(date)* 10/17/87
at *(place)* Palos Verdes, California

(description of reasons for liability)

Defendants' conduct were intentional and malicious and done for the purpose of causing plaintiffs to suffer mental anguish, emotional and physical distress. Defendants' conduct were done with a wanton and reckless disregard of the consequences to plaintiffs.

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Form Approved by the Judicial Council of California Effective January 1, 1982 Rule 982.1(4)

76C708 1-82
RC104
CCP 425.12

FIFTH CAUSE ACTION

FOR BREACH OF WARRANTY OF TITLE AGAINST BENJAMIN F. JOHNSON

1. Plaintiffs hereby incorporates by reference all previous allegations set forth above, inclusive, of the First and Third Cause of Action, as though fully set forth at length herein.

2. On or about 10/17/89, at Palos Verdes, California, plaintiffs Raymond and Lana Fok offered to purchase and defendant Benjamin F. Johnson accepted and agreed to sell a piece of real property more commonly known as 1421 Via Davalos, Palos Verdes Estates, California. A true copy of the real estate purchase contract between the parties is attached hereto as Exhibit "A" and made a part hereof.

3. At the time the said contract was entered into, defendant Benjamin F. Johnson warranted to plaintiffs Raymond and Lana Fok that title to the subject property is to be free of liens and/or encumbrances of which plaintiffs Raymond and Lana Fok at the time of contracting had no knowledge.

4. However, defendant Benjamin F. Johnson breached such warranty in that the subject property was under foreclosure resulting from delinquent trust deed payments and delinquent property tax.

5. As a proximate result of such breach of warranty by defendant Benjamin F. Johnson, plaintiffs Raymond and Lana Fok suffered damages in an amount according to proof.

WHEREFORE, plaintiffs pray judgment against defendant Benjamin F. Johnson as follows:

1. For general damages in an amount according to proof at the time of trial;

HIRAM W. KWAN
A PROFESSIONAL
LAW CORPORATION
6TH FLOOR
508 NORTH SPRING ST.
LOS ANGELES,
CALIFORNIA 90012
TELEPHONE
(213) 680-0122

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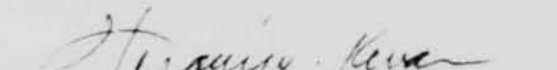
2. For reasonable fees in an amount according to proof at the time of trial;

3. For costs of suit herein incurred; and

4. For such other and further relief as the court may deem proper.

Date: May 6, 1989

HIRAM W. KWAN
A PROFESSIONAL LAW CORPORATION



HIRAM W. KWAN
Attorney for Plaintiffs

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HIRAM W. KWAN
A PROFESSIONAL
LAW CORPORATION
6TH FLOOR
808 NORTH SPRING ST.
LOS ANGELES,
CALIFORNIA 90012
TELEPHONE
(213) 680-0122

(VERIFICATION—446 and 2015.5 C.C.P.)

STATE OF CALIFORNIA,
County of Los Angeles } ss.

I, the undersigned, say: I am the Plaintiff

in the above entitled action. I have read the foregoing Complaint & Summons

and know the contents thereof, and that the same is true of my own knowledge, except as to the matters which are therein stated upon my information or belief, and as to those matters that I believe it to be true.

I certify (or declare) under penalty of perjury, that the foregoing is true and correct.

Executed on May 2, 1989 (date) at Los Angeles (place), California

x Raymond Fole
(Signature)

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A

REAL ESTATE PURCHASE CONTRACT AND RECEIPT FOR DEPOSIT

(LONG FORM — WITH FINANCING CLAUSES)

THIS IS A JOINT RECEIPT FOR MONEY. IT IS INTENDED TO BE A LEGALLY BINDING CONTRACT. READ IT CAREFULLY

CALIFORNIA ASSOCIATION OF REALTORS® (CAR) STANDARD FORM

Palos Verdes, California, [illegible] 19[illegible]

Received from [illegible]

herein called Buyer, the sum of Five Thousand Dollars Dollars $ 5000.00

evidenced by ☐ cash, ☐ cashier's check, ☑ personal check or ☐ _____ payable to ABC

_____, to be held uncashed until acceptance of this offer as deposit on account of purchase price of

Two Hundred Fifty Thousand Dollars Dollars $ 250,000

for the purchase of property, situated in Palos Verdes Estates, County of L.A., California

described as follows: 1821 Via Tonales (LOT [illegible])

1. **FINANCING: The obtaining of Buyer's financing is a contingency of this agreement.**

A. DEPOSIT upon acceptance, to be deposited into _____ $ 7500

B. INCREASED DEPOSIT within _____ days of Seller's acceptance to be deposited into _____ $ _____

C. BALANCE OF DOWN PAYMENT to be deposited into Escrow on or before [illegible] $ 65,000

D. Buyer to apply, qualify for and obtain a NEW FIRST LOAN in the amount of _____ $ _____

payable monthly at approximately $_____ including interest at origination not to exceed _____ %, ☐ fixed rate, ☐ other _____ all due _____ years from date of origination. Loan fee not to exceed _____. Seller agrees to pay a maximum of _____ FHA/VA discount points. Additional terms _____

E. Buyer ☐ to assume, ☐ to take title subject to an EXISTING FIRST LOAN with an approximate balance of $ _____ in favor of _____ payable monthly at $_____ including interest at _____ % ☐ fixed rate, ☐ other _____

Fees not to exceed _____ Disposition of impound account _____

Additional Terms _____

F. Buyer to execute a NOTE SECURED BY a ☑ first, ☐ second, ☐ third DEED OF TRUST in the amount of $ 80,000 IN FAVOR OF SELLER payable monthly at $ [illegible] or more, including interest at [illegible] all due [illegible] years from date of origination, ☐ or upon sale or transfer of subject property. A late charge of [illegible] shall be due on any installment not paid within [illegible] days of the due date. ☐ Deed of Trust to contain a request for notice of default or sale for the benefit of Seller. Buyer ☐ will, ☐ will not execute a request for notice of delinquency. Additional terms _____

G. Buyer ☐ to assume, ☐ to take title subject to an EXISTING SECOND LOAN with an approximate balance of $ _____ in favor of _____ payable monthly at $_____ including interest at _____ % ☐ fixed rate, ☐ other _____ Buyer fees not to exceed _____

Additional terms _____

H. Buyer to apply, qualify for and obtain a NEW SECOND LOAN in the amount of $ _____ payable monthly at approximately $_____ including interest at origination not to exceed _____ % ☐ fixed rate, ☐ other _____ all due _____ years from date of origination. Buyer's loan fee not to exceed _____

Additional Terms _____

I. In the event Buyer assumes or takes title subject to an existing loan, Seller shall provide Buyer with copies of applicable notes and Deeds of Trust. A loan may contain a number of features which affect the loan, such as interest rate changes, monthly payment changes, balloon payments, etc. Buyer shall be allowed _____ calendar days after receipt of such copies to notify Seller in writing of disapproval. FAILURE TO NOTIFY SELLER SHALL CONCLUSIVELY BE CONSIDERED APPROVAL. Buyer's approval shall not be unreasonably withheld. Difference in existing loan balances shall be adjusted in ☐ Cash, ☐ Other _____

J. Buyer agrees to act diligently and in good faith to obtain all applicable financing. _____

K. ADDITIONAL FINANCING TERMS: Balance of down payment to be deposited into escrow within 40 days after opening of escrow. The sum of $[illegible] shall be released to the Seller at that time.

L. TOTAL PURCHASE PRICE ..... $ 250,000

2. **OCCUPANCY: Buyer** ☐ does, ☐ does not intend to occupy subject property as Buyer's primary residence.

3. **SUPPLEMENTS: The ATTACHED** supplements are incorporated herein:

☐ Interim **Occupancy Agreement** (CAR FORM IOA-11) ☐ _____

☐ **Residential Lease** Agreement after Sale (CAR FORM RLAS-11) ☐ _____

☐ **VA and FHA Amendments** (CAR FORM VA FHA-11) ☐ _____

Buyer and Seller acknowledge receipt of copy of this page, which constitutes Page 1 of 4 Pages.

Buyer's Initials ([illegible]) ([illegible]) Seller's Initials ([illegible]) (_____)

THIS STANDARDIZED DOCUMENT FOR USE IN SIMPLE TRANSACTIONS HAS BEEN APPROVED BY THE CALIFORNIA ASSOCIATION OF REALTORS® IN FORM ONLY. NO REPRESENTATION IS MADE AS TO THE APPROVAL OF THE FORM OF ANY SUPPLEMENTS NOT CURRENTLY PUBLISHED BY THE CALIFORNIA ASSOCIATION OF REALTORS® OR THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION IN ANY SPECIFIC TRANSACTION. IT SHOULD NOT BE USED IN COMPLEX TRANSACTIONS OR WITH EXTENSIVE RIDERS OR ADDITIONS.

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Revised 7/87

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Reviewed by Broker or Designee _____
Date _____

BUYER'S COPY

SF Aug 87

-11-

EXHIBIT "A"

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Subject Property Address: 1821 Via Dolores Pve CA

4. **ESCROW**: Buyer and Seller shall deliver signed instructions to Village Escrow the escrow holder within 3 calendar days from Seller's acceptance which shall provide for closing within 40 calendar days from Seller's acceptance. Escrow fees to be paid as follows: Half/Half

5. **TITLE**: Title is to be free of liens, encumbrances, easements, restrictions, rights and conditions of record or known to Seller, other than the following: (a) Current property taxes; (b) covenants, conditions, restrictions, and public utility easements of record, if any, provided the same do not adversely affect the continued use of the property for the purposes for which it is presently being used, unless reasonably disapproved by Buyer in writing within 15 calendar days of receipt of a current preliminary report furnished at Sellers expense; and (c) _____
Seller shall furnish Buyer at Sellers expense a standard California Land Title Association policy issued by 1st American Company, showing title vested in Buyer subject only to the above. If Seller is unwilling or unable to eliminate any title matter disapproved by Buyer as above, Buyer may terminate this agreement. If Seller fails to deliver title as above, Buyer may terminate this agreement; in either case, the deposit shall be returned to Buyer.

6. **PRORATIONS**: Property taxes, payments on bonds and assessments assumed by Buyer, interest, rents, association dues, premiums on insurance acceptable to Buyer, and _____ shall be paid current and prorated as of ☑ the day of recordation of the deed; or ☐ _____. Bonds or assessments now a lien shall be ☑ paid current by Seller, payments not yet due to be assumed by Buyer; or ☐ paid in full by Seller, including payments not yet due; or ☐ _____
County Transfer tax shall be paid by _____. The _____ transfer tax or transfer fee shall be paid by Seller. **PROPERTY WILL BE REASSESSED UPON CHANGE OF OWNERSHIP. THIS WILL AFFECT THE TAXES TO BE PAID.** A Supplemental tax bill will be issued, which shall be paid as follows: (a) for periods after close of escrow, by Buyer (or by final acquiring party, if part of an exchange), and (b) for periods prior to close of escrow, by Seller. TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER.

7. **POSSESSION**: Possession and occupancy shall be delivered to Buyer ☐ on close of escrow; or ☐ not later than ____ days after close of escrow; or ☐ _____

8. **VESTING**: Unless otherwise designated in the escrow instructions of Buyer, title shall vest as follows: TBD

(The manner of taking title may have significant legal and tax consequences. Therefore, give this matter serious consideration.)

9. **MULTIPLE LISTING SERVICE**: If Broker is a Participant of a Board multiple listing service ("MLS"), the Broker is authorized to report the sale, its price, terms, and financing for the publication, dissemination, information, and use of the authorized Board members, MLS Participants and Subscribers.

10. **LIQUIDATED DAMAGES: If Buyer fails to complete said purchase as herein provided by reason of any default of Buyer, Seller shall be released from obligation to sell the property to Buyer and may proceed against Buyer upon any claim or remedy which he/she may have in law or equity; provided, however, that by placing their initials here Buyer: (LT RZ) Seller: ( ) agree that Seller shall retain the deposit as liquidated damages. If the described property is a dwelling with no more than four units, one of which the Buyer intends to occupy as his/her residence, Seller shall retain as liquidated damages the deposit actually paid, or an amount therefrom, not more than 3% of the purchase price and promptly return any excess to Buyer. Buyer and Seller agree to execute a similar liquidated damages provision, such as California Association of Realtors® Receipt for Increased Deposit (RID-11), for any increased deposits. (Funds deposited in trust accounts or in escrow are not released automatically in the event of a dispute. Release of funds requires written agreement of the parties or adjudication.)**

11. **ARBITRATION**: If the only controversy or claim between the parties arises out of or relates to the disposition of the Buyer's deposit, such controversy or claim shall at the election of the parties be decided by arbitration. Such arbitration shall be determined in accordance with the Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof. The provisions of Code of Civil Procedure Section 1283.05 shall be applicable to such arbitration.

12. **ATTORNEY'S FEES**: In any action or proceeding arising out of this agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.

13. **KEYS**: Seller shall, when possession is available to Buyer, provide keys and/or means to operate all property locks, and alarms, if any.

14. **PERSONAL PROPERTY**: The following items of personal property, free of liens and without warranty of condition, are included: ____
_____

15. **FIXTURES**: All permanently installed fixtures and fittings that are attached to the property or for which special openings have been made are included in the purchase price, including electrical, light, plumbing and heating fixtures, built-in appliances, screens, awnings, shutters, all window coverings, attached floor coverings, TV antennas, air cooler or conditioner, garage door openers and controls, attached fireplace equipment, mailbox, trees and shrubs, and ____ except _____

16. **SMOKE DETECTOR(S)**: Approved smoke detector(s) shall be installed as required by law, at the expense of ☐ Buyer ☐ Seller.

17. **TRANSFER DISCLOSURE**: Unless exempt, Transferor (Seller) shall comply with Civil Code Sections 1102 et seq., by providing Transferee (Buyer) with a Real Estate Transfer Disclosure Statement: a) ☐ Buyer has received and read a Real Estate Transfer Disclosure Statement; or b) ☐ Seller shall provide Buyer with a Real Estate Transfer Disclosure Statement within _____ calendar days of Seller's acceptance after which Buyer shall have three (3) days after delivery to Buyer, in person, or five (5) days after delivery by deposit in the mail, to terminate this agreement by delivery of a written notice of termination to Seller or Seller's Agent.

18. **TAX WITHHOLDING**: Under the Foreign Investment in Real Property Tax Act (FIRPTA), IRC 1445, every Buyer of U.S. real property must, unless an exemption applies, deduct and withhold from Seller's proceeds ten percent (10%) of the gross sales price. The primary exemptions are: No withholding is required if: (a) Seller provides Buyer with an affidavit under penalty of perjury that Seller is not a foreign person; or (b) Seller provides Buyer with a "qualifying statement" issued by the Internal Revenue Service; or (c) if Buyer purchases real property for use as a residence and the purchase price is $ [illegible] or less and if Buyer or a member of Buyer's family has definite plans to reside at the property for at least 50% of the number of days it is in use during each of the first two twelve-months periods after transfer. Seller and Buyer agree to execute and deliver as directed any instrument, affidavit and statement, or to perform any act reasonably necessary to carry out the provisions of FIRPTA and regulations promulgated thereunder.

19. **ENTIRE CONTRACT**: Time is of the essence. All prior agreements between the parties are incorporated in this agreement which constitutes the entire contract. Its terms are intended by the parties as a final expression of their agreement with respect to such terms as are included herein and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. The parties further intend that this agreement constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this agreement.

Buyer and Seller acknowledge receipt of copy of this page, which constitutes Page 2 of 4 Pages.
Buyer's Initials (LT) (RZ) Seller's Initials ( ) ( )

OFFICE USE ONLY
Reviewed by Broker or Designee _____
Date _____

BUYER'S COPY

97043843217

Subject Property Address: _____

20. **CAPTIONS**: The captions in this agreement are for convenience of reference only and are not intended as part of this agreement.

21. **ADDITIONAL TERMS AND CONDITIONS**:
ONLY THE FOLLOWING PARAGRAPHS A THROUGH J *WHEN INITIALED BY BOTH BUYER AND SELLER* ARE INCORPORATED IN THIS AGREEMENT.

Buyer's Initials / Seller's Initials

_____ / _____ **A. PHYSICAL INSPECTION**: Within _____ calendar days after Seller's acceptance Buyer shall have the right, at Buyer's expense, to select a licensed contractor(s) or other qualified professional(s), to inspect and investigate the subject property, including but not limited to structural, plumbing, heating, electrical, built-in appliances, roof, soils, foundation, mechanical systems, pool, pool heater, pool filter, air conditioner, if any, possible environmental hazards such as asbestos, formaldehyde, radon gas and other substances/products. Buyer shall keep the subject property free and clear of any liens, indemnify and hold Seller harmless from all liability, claims, demands, damages or costs, and repair all damages to the property arising from the inspections. All claimed defects concerning the condition of the property that adversely affect the continued use of the property for the purposes for which it is presently being used shall be in writing, supported by written reports, if any, and delivered to Seller within _____ calendar days after Seller's acceptance. Buyer shall furnish Seller copies, at no cost, of all reports concerning the property obtained by Buyer. When such reports disclose conditions or information unsatisfactory to the Buyer, which the Seller is unwilling or unable to correct, Buyer may cancel this agreement. Seller shall make the premises available for all inspections. BUYER'S FAILURE TO NOTIFY SELLER SHALL CONCLUSIVELY BE CONSIDERED APPROVAL.

Buyer's Initials / Seller's Initials

_____ / _____ **B. GEOLOGICAL INSPECTION**: Within _____ calendar days after Seller's acceptance, Buyer shall have the right at Buyer's expense, to select a qualified professional to make tests, surveys, or other studies of the subject property. Buyer shall keep the subject property free and clear of any liens, indemnify and hold Seller harmless from all liability, claims, demands, damages or costs, and repair all damages to the property arising from the tests, surveys, or studies. All claimed defects concerning the condition of the property that adversely affect the continued use of the property for the purposes for which it is presently being used shall be in writing, supported by written reports, if any, and delivered to Seller within _____ calendar days after Seller's acceptance. Buyer shall furnish Seller copies, at no cost, of all reports concerning the property obtained by Buyer. When such reports disclose conditions or information unsatisfactory to the Buyer, which the Seller is unwilling or unable to correct, Buyer may cancel this agreement. Seller shall make the premises available for all inspections. BUYER'S FAILURE TO NOTIFY SELLER SHALL CONCLUSIVELY BE CONSIDERED APPROVAL.

Buyer's Initials / Seller's Initials

_____ / _____ **C. CONDITION OF PROPERTY**: Seller warrants, through the date possession is made available to Buyer, (1) property and improvements thereon, including landscaping, grounds and pool/spa, if any, shall be maintained in the same condition as upon the date of Seller's acceptance, (2) the roof is free of all known leaks and that water, sewer, plumbing, heating, air conditioning, if any, and electrical systems and all built-in appliances are operative, (3) _____

Buyer's Initials / Seller's Initials

_____ / _____ **D. SELLER REPRESENTATION**: Seller warrants that Seller has no knowledge of any notice of violations of City, County, State, Federal, Building, Zoning, Fire, Health Codes or ordinances, or other governmental regulation filed or issued against the property. This warranty shall be effective until the date of close of escrow.

Buyer's Initials / Seller's Initials

_____ / _____ **E. PEST CONTROL**: Within _____ calendar days from the date of Seller's acceptance Seller shall furnish Buyer, at the expense of ☐ Buyer ☐ Seller, a current written report of an inspection by _____ a licensed Structural Pest Control Operator, of the main building and all structures on the property, except _____

If no infestation or infection by wood destroying pests or organisms is found, the report shall include a written "Certification" as provided in Business and Professions Code 8519(a) that on the date of inspection, no evidence of active infestation or infection was found.

All work recommended in said report to repair damage caused by infestation or infection by wood-destroying pests or organisms found, including leaking shower stalls and replacing tiles removed for repairs, and all work to correct conditions that cause such infestation or infection shall be done at the expense of Seller.

Funds for work to be performed shall be held in escrow and disbursed upon receipt of written Certification as provided in Business and Professions Code 8519(b) that the property is now free of evidence of active infestation or infection.

Buyer agrees that any work to correct conditions usually deemed likely to lead to infestation or infection by wood-destroying pests or organisms, but where no evidence of existing infestation or infection is found with respect to such conditions is NOT the responsibility of Seller and that such work shall be done only if requested by Buyer and then at the expense of Buyer.

If inspection of inaccessible areas is recommended by the report, Buyer has the option of accepting and approving the report or requesting further inspection be made at the Buyer's expense. If further inspection is made and infestation, infection, or damage is found, repair of such damage and all work to correct conditions that caused such infestation or infection and the cost of entry and closing of the inaccessible areas shall be at the expense of Seller. If no infestation, infection, or damage is found, the cost of entry and closing of the inaccessible areas shall be at the expense of Buyer.

Other: _____

Buyer's Initials / Seller's Initials

_____ / _____ **F. FLOOD HAZARD AREA DISCLOSURE**: Buyer is informed that subject property is situated in a Special Flood Hazard Area, as set forth on a Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM) or Flood Hazard Boundary Map (FHBM). The law provides that, as a condition of obtaining financing on most structures located in a Special Flood Hazard Area, lenders require flood insurance where the property or its attachments are security for a loan.

The extent of coverage and the cost may vary. For further information consult the lender or insurance carrier. No representation or recommendation is made by the Seller and the Brokers in this transaction as to the legal effect or economic consequences of the National Flood Insurance Program and related legislation.

Buyer and Seller acknowledge receipt of copy of this page, which constitutes Page 3 of 4 Pages.

Buyer's Initials: _____ / _____ Seller's Initials: _____ / _____

OFFICE USE ONLY
Reviewed by Broker or Designee _____
Date _____

BUYER'S COPY

9704384321 8

Subject Property Address [illegible]

Buyer's initials ____ Seller's initials ____

G. SPECIAL STUDIES ZONE DISCLOSURE: Buyer is informed that subject property is situated in a Special Studies Zone as designated under Sections 2621-2625, inclusive, of the California Public Resources Code, and, as such, the construction or development on this property of any structure for human occupancy may be subject to the findings of a geologic report prepared by a geologist registered in the State of California, unless such a report is waived by the City or County under the terms of that act. Buyer is allowed ____ calendar days from the date of Seller's acceptance to make further inquiries at appropriate governmental agencies concerning the use of the subject property under the terms of the Special Studies Zone Act and local building, zoning, fire, health and safety codes. When such inquiries disclose conditions or information unsatisfactory to the Buyer, which the Seller is unwilling or unable to correct, Buyer may cancel this agreement. BUYER'S FAILURE TO NOTIFY SELLER SHALL CONCLUSIVELY BE CONSIDERED APPROVAL.

Buyer's initials ____ Seller's initials ____

H. ENERGY CONSERVATION RETROFIT: If local ordinance requires that the property be brought in compliance with minimum energy Conservation standards as a condition of sale or transfer, ☐ Buyer ☐ Seller shall comply with and pay for these requirements. Where permitted by law, Seller may, if obligated hereunder, satisfy the obligation by authorizing escrow to credit Buyer with sufficient funds to cover the cost of the retrofit.

Buyer's initials ____ Seller's initials ____

I. HOME PROTECTION PLAN: Buyer and Seller have been informed that Home Protection Plans are available. Such plans may provide additional protection and benefit to a Seller or Buyer. California Association of Realtors® and the Broker(s) in this transaction do not endorse or approve any particular company or program.

(a) ☐ A Buyer's coverage Home Protection Plan to be issued by ____ Company, at a cost not to exceed $ ____ to be paid by ☐ Seller ☐ Buyer or

(b) ☐ Buyer and Seller elect not to purchase a Home Protection Plan.

Buyer's initials ____ Seller's initials ____

J. CONDOMINIUM P.U.D.: The subject of this transaction is a condominium, planned unit development (P.U.D.) designated as unit ____ (unit ____ parking space(s) and an undivided ____ interest in all community areas, and ____ The current monthly assessment charge by the homeowner's association or other governing body(s) is $ ____. As soon as practicable, Seller shall provide Buyer with copies of covenants, conditions and restrictions, articles of incorporation, by-laws, current rules and regulations, most current financial statements, and any other documents as required by law. Seller shall disclose in writing any known pending special assessment, claims, or litigation to Buyer. Buyer shall be allowed ____ calendar days from receipt to review these documents. If such documents disclose conditions or information unsatisfactory to Buyer, Buyer may cancel this agreement. BUYER'S FAILURE TO NOTIFY SELLER SHALL CONCLUSIVELY BE CONSIDERED APPROVAL.

22. **OTHER TERMS AND CONDITIONS:** [illegible]

23. **AGENCY CONFIRMATION:** The following agency relationship(s) are hereby confirmed for this transaction:

LISTING AGENT: [illegible] is the agent of (check one)

☐ the Seller exclusively, or ☐ both the Buyer and Seller

SELLING AGENT: [illegible] AAIC (if not the same as Listing Agent) is the agent of (check one)

☐ the Buyer exclusively, or ☐ the Seller exclusively, or ☐ both the Buyer and Seller

24. **AMENDMENTS: This agreement may not be amended, modified, altered or changed in any respect whatsoever except by a further agreement in writing executed by Buyer and Seller.**

25. **OFFER:** This constitutes an offer to purchase the described property. Unless acceptance is signed by Seller and the signed copy delivered in person or by mail to Buyer, or to ____ who is authorized to receive it, in person or by mail at the address below, within 3 calendar days of the date hereof, this offer shall be deemed revoked and the deposit shall be returned. Buyer has read and acknowledges receipt of a copy of this offer. X [illegible]

REAL ESTATE BROKER [illegible] BUYER [illegible]

By [illegible] BUYER [illegible]

Address [illegible] Address [illegible]

Telephone [illegible] Telephone [illegible]

See Addendum page 5

ACCEPTANCE

The undersigned Seller accepts and agrees to sell the property on the above terms and conditions and agrees to the above confirmation of agency relationships. Seller agrees to pay to Broker(s): Carriage Realty Silver Spur 3% and AAIC Realty 3%

compensation for services as follows: Total 6%

Payable: (a) On recordation of the deed or other evidence of title, or (b) if completion of sale is prevented by default of Seller, upon Seller's default, or (c) if completion of sale is prevented by default of Buyer, only if and when Seller collects damages from Buyer, by suit or otherwise, and then in an amount not less than one-half of the damages recovered, but not to exceed the above fee, after first deducting title and escrow expenses and the expenses of collection, if any. Seller shall execute and deliver an escrow instruction irrevocably assigning the compensation for service in an amount equal to the compensation agreed to above. In any action or proceeding between Broker(s) and Seller arising out of this agreement, the prevailing party shall be entitled to reasonable attorneys fees and costs. The undersigned has read and acknowledges receipt of a copy of this agreement and authorizes Broker(s) to deliver a signed copy to Buyer.

X Date [illegible] Telephone [illegible] X SELLER [illegible]

Address [illegible] SELLER ____

Real Estate Broker(s) agree to the foregoing.

Broker Carriage Realty Silver Spur By [illegible] Date 10-17-87

Broker AAIC By [illegible] Date 10-17-87

This form is available for use by the entire real estate industry. The use of this form is not intended to identify the user as a REALTOR®. REALTOR® is a registered collective membership mark which may be used only by real estate licensees who are members of the NATIONAL ASSOCIATION OF REALTORS® and who subscribe to its Code of Ethics.

Page 4 of 4 Pages

OFFICE USE ONLY
Reviewed by Broker or Designee ____
Date ____

SF-Aug-81

BUYER'S COPY

REAL ESTATE PURCHASE CONTRACT AND RECEIPT FOR DEPOSIT (DLF-14 PAGE 4 OF 4)

14

9704784321 9

Name, Address and Telephone No. of Attorney(s)

HIRAM W. KWAN, A Professional Law Corporation
808 N. Spring St. 6th Fl
Los Angeles, CA. 90012
(213) 680 0122

Attorney(s) for Plaintiff

Space Below for Use of Court Clerk Only

FILED
JAN 9 1990
FRANK S. ZOLIN, COUNTY CLERK
J. Ricks
BY J. RICKS, DEPUTY

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES
(SUPERIOR, MUNICIPAL, or JUSTICE)

CENTRAL
(Name of Municipal or Justice Court District or of branch court, if any)

Plaintiff(s):
WILLIAM CHANG;
RAYMOND FOX; LANA FOX

Defendant(s):
BENJAMIN F. JOHNSON; CARRIAGE REALTY;
LORRAINE PEEL; COLDWELL BANKER;
WILLIAM GETTY; RON FLORENCE;
~~DOES 1 through 10~~
(Abbreviated Title)

CASE NUMBER C 725 058

REQUEST FOR DISMISSAL
TYPE OF ACTION

☐ Personal Injury, Property Damage and Wrongful Death
☐ Motor Vehicle ☐ Other
☐ Domestic Relations ☐ Eminent Domain
☒ Other: (Specify) Fraud, Intentional Tort

TO THE CLERK: Please dismiss this action as follows: (Check applicable boxes.)

1. ☒ With prejudice ☐ Without prejudice
2. ☐ Entire action ☒ Complaint only ☐ Petition only ☐ Cross-complaint only
☒ Other: (Specify)* AS TO DEFENDANTS
CARRIAGE REALTY; RON FLORENCE; and LORRAINE PEEL ONLY

Dated: November 30, 1989

*If dismissal requested is of specified parties only, of specified causes of action only or of specified cross-complaints only, so state and identify the parties, causes of action or cross-complaints to be dismissed.

Hiram W. Kwan
Attorney(s) for Plaintiffs

HIRAM W. KWAN
(Type or print attorney(s) name(s))

TO THE CLERK: Consent to the above dismissal is hereby given.**

Dated:

**When a cross-complaint (or Response (Marriage) seeking affirmative relief) is on file, the attorney(s) for the cross-complainant (respondent) must sign this consent when required by CCP 581(1), (2) or (5).

Attorney(s) for

(Type or print attorney(s) name(s))

(To be completed by clerk)

☒ Dismissal entered as requested on JAN 9 1990
☐ Dismissal entered on as to only
☐ Dismissal not entered as requested for the following reason(s), and attorney(s) notified on

FRANK S. ZOLIN, Clerk

Dated JAN 9 1990

By J. Ricks, Deputy

3

Form Adopted by Rule 982 of The Judicial Council of California
Revised Effective July 1, 1972

REQUEST FOR DISMISSAL

CCP 581, etc.; Cal. Rules of Court, Rule 1233

76R764 RC043 86 3 82

Name, Address and Telephone No. of Attorney(s)

Richard C. Greenberg (#37951)
BURKLEY, MOORE, GREENBERG & LYMAN
21515 Hawthorne Blvd., Suite 450
Torrance, CA 90503

(213) 540-8855

Attorney(s) for Defendants

Space Below for Use of Court Clerk Only

FILED
APR 2 - 1990
FRANK S. ZOLIN, COUNTY CLERK
Anita Jones
BY ANITA JONES, DEPUTY

SUPERIOR (SUPERIOR, MUNICIPAL, or JUSTICE) COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

CENTRAL
(Name of Municipal or Justice Court District or of branch court, if any)

Plaintiff(s): WILLIAM CHANG; RAYMOND FOK; LANA FOK

Defendant(s): BENJAMIN F. JOHNSON; CARRIAGE REALTY; LORRAINE PEEL; COLDWELL BANKER; WILLIAM GETTY; RON FLORANCW

(Abbreviated Title)

CASE NUMBER C 725058

REQUEST FOR DISMISSAL

TYPE OF ACTION

- [ ] Personal Injury, Property Damage and Wrongful Death
  - [ ] Motor Vehicle
  - [ ] Other
- [ ] Domestic Relations
- [ ] Eminent Domain
- [x] Other (Specify) Fraud, Intentional Tort

TO THE CLERK: Please dismiss this action as follows: (Check applicable boxes.)

1. [x] With prejudice [ ] Without prejudice
2. [x] Entire action [ ] Complaint only [ ] Petition only [ ] Cross-complaint only
   [x] Other: (Specify)*

As to defendants William Getty, Ron Florance, Lorraine Peel, Carriage Realty and Coldwell Banker, only.

Dated: March 27, 1990

*If dismissal requested is of specified parties only, of specified causes of action only or of specified cross-complaints only, so state and identify the parties, causes of action or cross-complaints to be dismissed.

Hiram W. Kwan

Attorney(s) for Plaintiffs

HIRAM W. KWAN
(Type or print attorney(s) name(s))

TO THE CLERK: Consent to the above dismissal is hereby given.**

Dated:

**When a cross-complaint (or Response (Marriage) seeking affirmative relief) is on file, the attorney(s) for the cross-complainant (respondent) must sign this consent when required by CCP 581(1), (2) or (5).

Attorney(s) for

(Type or print attorney(s) name(s))

(To be completed by clerk)

- [x] Dismissal entered as requested on APR 2 - 1990
- [ ] Dismissal entered on ..... as to only
- [ ] Dismissal not entered as requested for the following reason(s) and attorney(s) notified on

APR 2 - 1990

Dated: ..... Clerk

By ..... Deputy

Form Adopted by Rule 982 of The Judicial Council of California Revised Effective July 1, 1972

REQUEST FOR DISMISSAL

76R364 1-85 RC043

CCP 581, etc. Cal. Rules of Court, Rule 1233

9704384321

EXHIBIT A17

9704384322

2ND DOCUMENT of Level 1 printed in FULL format.

Copyright 1986 Verdictum Juris Press

BUSKIRK vs. (1) CARRIAGE REAL ESTATE; (2) GREG ESAW (Agent); (3) GERI K. SMITH; (4) JOHN & CAROLINE LA PINTA

Case No. SOC 62261 Verdictum Juris No. 86-237CD

Verdict Date: December 5, 1986

CROSS COMPLAINT: JOHN & CAROLINE LA PINTA vs. (1) BUSKIRK; (2) GERI K. SMITH; (3) CARRIAGE REAL ESTATE; (4) GREG ESAW

TOPIC: Breach of Contract

RESULT: $76,273.70 against Smith on Complaint (verdict)

Defense Verdicts for Deft.#1, Deft.#2 & Deft.#4

(A) The Smith Cross-Complaint award, however was $76,723.70 which offset the Pltf.'s verdict; (B) La Pinta received a verdict against Carriage Realty & Esaw for $7,500 and against Buskirk for $7,500.

SPECIALS: Unsecured promissory note in default = $76,273.70.

STATE: California

AREA: Long Beach

JUDGE: Hon. Carroll M. Dunnum - Dept. "B"

PLAINTIFF ATTORNEY: Ernest A. Martz (Douglas R. Snyder & Associates), Los Alamitos (Also Cross-Defendant #1 Attorney)

DEFENDANT ATTORNEY: (1 & 2) Kevin J. Stack (Knapp, Petersen & Clarke), Universal City (Also Cross-Defts.#3 & #4); (3) John W. Herstead (Latts & Herstead), Pasadena (Also Cross-Defendant/Complainant); (4) Ryan K. Hirota, Long Beach (Also Cross-Complainants)

POLL: 8-0

TITLE: A Real Estate Free-For-All!

FACTS: The Pltf., La Pinta and Smith entered into a three party exchange which involved two separate properties. Carriage Real Estate and Esaw (agent) structrued the exchange. Pltf. Buskirk purchased a piece of property from La Pinta and sold his property to Geri Smith. For tax purposes an unsecured promissory note was signed by La Pinta, even though the true buyer of Buskirk's property was Smith. Smith defaulted on the note and the Pltf. looked to La Pinta for payment. The Pltf. sued and everyone cross-complained.
PLAINTIFF CLAIMED the real estate agent failed to explain that the note was unsecured rather than secured by a trust deed. Smith defaulted and owes the Pltf. $76,273.70. La Pintas are liable because they signed the note.
SMITH ARGUED & cross-complained that the Bank refused payments on the promissory note causing the default. Smith improved the property substantially but was unable to sell because of pending litigation.

(c) 1986 Verdictum Juris, O'BRIEN'S EVALUATOR
LA PINTA ARGUED they signed only as an accomodation to Buskirk and asked the Jury for attorney's fees.
CARRIAGE REALTY & ESAW ARGUED no negligence or breach of fiduciary duty.

PLAINTIFF TECHNICAL EXPERTS:
S. Guy Puccio - Real Estate Broker - Hayward

DEFENDANT TECHNICAL EXPERTS:
William Gummerman - Real Estate Law - Orange

OFFER: Nothing

DEMAND: Not firm

TRIAL TIME: 17

JURY TIME: 1 day

9704384324

1ST DOCUMENT of Level 1 printed in FULL format.

Copyright 1992 Tri-Services
CALIFORNIA JURY VERDICT AND SETTLEMENT REPORTS

BUSKIRK, Plaintiff, by ERNEST A. MARTZ (Law Office of Douglas R. Snyder & Assoc.)
vs.
JOHN and CAROLINE LA PINTA, Defendants and Cross-Complainants, RYAN K. KIROTA; GERI K. SMITH, Defendant and Cross-Complainant and Cross-Defendant, by JOHN W. HERSTEAD (Latts & Herstead); GREG ESAW and CARRIAGE REAL ESTATE GROUP, Defendants and Cross-Defendants, by KEVIN J. STACK (Knapp, Petersen, et al.)

Case No. SOC 62261

Verdict Date: 12/5/86

TOPIC: BREACH OF CONTRACT - TWO REAL ESTATE TRANSACTIONS

RESULT: See Write up (VERDICT)

STATE: California

AREA: Long Beach

JUDGE: Dunnum

JURY POLL: 8/0

SUMMARY: Pltf. purchased property #1 from La Pintas. Pltf. owned a separate piece of property which was sold to Geri Smith. For tax purposes La Pintas signed the unsecured promissory note on this property, although the true buyer was Geri Smith. La Pintas signed as an accommodation to Buskirk. The paperwork and escrow instructions were prepared by salesman Esaw and employer Carriage Realty. Pltf. claims Smith defaulted on the note. Claims La Pintas liable as signer of the note and allege Esaw and Carriage Realty were negligent and also breached their fiduciary duties by representing multiple parties and not apprising her of the difference between a secured and an unsecured promissory note. DEFENSES: SMITH: Denies defaulting on payments and claims bank refused to accept payments because the bank misconstrued the terms of the promissory note. Smith obtained an offset of $76,273.70 against pltf's. verdict for that sum. The offset was based on her allegations of the improvements of the property and her inability to sell the property because of this litigation. Her cross-complaint against La Pintas was dismissed on their motion and the La Pintas cross-complaint against Smith was resolved by the jury in favor of Smith. La Pintas' defense against Buskirk was primarily that they signed merely as an accommodation. Their cross-complaint for attorney fees and costs was found valid by the jury who awarded them $7,500 attorney fees and costs. Their cross-complaint against Esaw and Carriage Realty for breach of fiduciary duty and tort of third party was successful and they were awarded $7,500 attorney fees, plus costs. Defts. Esaw and Carriage Realty denied any negligence or breach of fiduciary duty and received a defense verdict as to Buskirk.

PLAINTIFF EXPERTS: S. Guy Puccio, Real Estate Broker (Hayward, Ca.)

Copyright 1992 Tri-Services, CA Jury Verdict & Settlement Reports

DEFENSE EXPERTS: William Gummerman, Real Estate Law

TRIAL TIME: 17 Days

DELIBERATION TIME: 1 Day

OFFER: None

DEMAND: None

9704384326

EXHIBIT A18

9704384327

ATTORNEY OR PARTY WITHOUT ATTORNEY (NAME, ADDRESS AND TELEPHONE NO.)
Robert J. McNamara, Esq. (213) 217-0700
AGNEW & BRUSAVICH, A Prof. Corp.
P.O. Box 11006, Torrance, CA 90510-1006
ATTORNEY FOR (NAME) Plaintiffs

FOR COURT USE ONLY

FILED
JUL - 5 1990
FRANK S. ZOLIN, COUNTY CLERK
BY R. LOVETT, DEPUTY

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

PLAINTIFF(S)/PETITIONER(S)
REIN VEERKAMP and KATHRYN VEERKAMP,

RECEIVED
SOUTHWEST DISTRICT
JUL 05 1990

DEFENDANT(S)/RESPONDENT(S)
PIERRE TAGMANN, CRE, INC., etc., et al.,

AT-ISSUE MEMORANDUM (Rule 209) ☐ COUNTER ☒ AMENDED

CASE NUMBER
SW C 83096

1. INTENTIONAL SUPPRESSION OF FACT, NEGLIGENT SUPPRESSION OF FACT, NEGLIGENCE, BREACH OF FIDUCIARY DUTY, BREACH OF CONTRACT
(Nature of case. State fully)

No case will be set for trial as a short cause matter unless ALL PARTIES join in estimate of trial time of 5 hours (1 day) or less, (silence will be deemed as joining).

2. Time estimated for trial: ..... hrs. 12-15 days. (Caveat: No jury trial may be estimated for less than 2 days.)

3. Does any party allege that any plaintiff in this action has or claims to have any of the following injuries or damages alleged to be caused or affected by the tortious conduct alleged herein? ☐ YES ☒ NO *If YES, check as applicable:*

☐ Amputation ☐ Skull Fracture ☐ Traumatic Epilepsy ☐ Major Burns ☐ Paralysis ☐ Multiple Fractures
☐ Spinal Cord Injuries ☐ Loss of entire sight in one or both eyes ☐ Wrongful Death ☐ Cancer ☐ Major Brain Injuries

4. a ☐ Plaintiff(s)/Parties ☐ waive(s) damages over $25,000 and elect(s) arbitration per CCP 1141.11.
☐ stipulate to arbitration per CCP 1141.11 (attach stipulation).
☐ decline(s) to oppose an order to arbitration per CCP 1141.11.

b. ☒ Exemption from mandatory arbitration per Rule 1600.5 California Rules of Court is claimed for the following reason (specify): Damages are in excess of the limits for arbitration.

5. a. Briefly state the nature of the case, including the nature and extent of any injuries not covered in item 3 above and justification for any estimate over 15 days: Intentional suppression of fact, negligent suppression of fact, negligence, breach of fiduciary duty, breach of contract and attorneys' fees with regard to sale of property.

b. Damages sought: General: Unknown at this time, but in excess of $1,000,000.00
Special: Unknown at this time, but in excess of $1,000,000.00

c. Other relief sought: Exemplary and punitive damages in excess of $1,000,000.00

6. Case entitled to preference: Yes ☐ No ☒ Code Section
7. Pretrial requested: Yes ☒ No ☐ No pretrial where time estimate is 5 hours (1 day) or less.
8. All attorneys of record or parties appearing in person are listed below: *(Indicate whether attorney for plaintiff or defendant)*

	TRIAL ATTORNEY / NAME OF FIRM / ADDRESS	TELEPHONE	Request Jury
Plaintiff	Gerald E. Agnew, Jr. AGNEW & BRUSAVICH, A Prof. Corp. 1225 West 190th St., #450, Gardena, CA 90248	6 0 4 0 1	☒
Defendant	Jeffrey L. Krivis, Esq. KRIVIS & PASSOVOY 16830 Ventura Blvd., #345, Encino, CA 91436-1704		☐
Attorney For:	Einar Wm. Johnson SMITH & HILBIG 21515 Hawthorne Blvd., #500, Torrance, CA 90503		☐
Attorney For:	Jeanette Shuey OFFICES OF JOHN E. FORD 19800 MacArthur Blvd., Irvine, CA 92715		☐

AT-ISSUE MEMORANDUM
(PLEASE FILL IN ADDITIONAL INFORMATION ON REVERSE SIDE)

76A743-RC010 (Rev. 1-85)

FOR USE OF COURT ONLY

This case has been set on the ..... Calendar in Department ..... on ..... at .....

Claimed preference verified by .....

NOTE:

1. ANY PARTY NOT IN AGREEMENT WITH THE INFORMATION OR ESTIMATES GIVEN IN AN AT–ISSUE MEMORANDUM SHALL WITHIN 10 DAYS AFTER THE SERVICE THEREOF SERVE AND FILE AN AT–ISSUE MEMORANDUM ON HIS OWN BEHALF. RULE 209(c).

2. IN THE CENTRAL DISTRICT, *MOTIONS TO STRIKE A DEFECTIVE OR PREMATURE AT–ISSUE MEMORANDUM* SUPPORTED BY AFFIDAVIT OR DECLARATION SHALL BE MADE ON REGULAR NOTICE FOR HEARING IN THE CIVIL LAW AND DISCOVERY DEPARTMENTS ON ANY COURT DAY AND SHALL BE SERVED AND FILED WITHIN 10 DAYS AFTER SERVICE OF THE AT–ISSUE MEMORANDUM. IN ALL OTHER DISTRICT COURTS CONSULT LOCAL PRACTICE AS TO DAY, PLACE AND HOUR FOR HEARING SUCH MOTIONS.

3. ALL CASES IN WHICH THE TIME ESTIMATE, BY ANY PARTY, EXCEEDS ONE DAY WILL BE SET FOR A TRIAL SETTING CONFERENCE. IF ALL PARTIES PREFER A PRE–TRIAL, A STIPULATION TO THAT EFFECT MUST BE FILED WITH THE COURT AT LEAST 20 DAYS PRIOR TO THE DATE OF THE TRIAL SETTING CONFERENCE.

4. ALL COUNSEL APPEARING BEFORE THE COURT ARE REQUIRED TO BE FAMILIAR AND COMPLY, WITH THE PROVISIONS OF THE LOS ANGELES SUPERIOR COURT CIVIL TRIALS MANUAL.

THE UNDERSIGNED REPRESENTS THAT ALL ESSENTIAL PARTIES HAVE BEEN SERVED WITH PROCESS OR HAVE APPEARED HEREIN. THIS CASE IS NOW AT ISSUE AS TO SUCH PARTIES.

DATED: 6-28, 19 90

Robert J. McNamara (Signature)
Robert J. McNamara, Esq.
Attorney for: Plaintiffs

. . . . . .

PROOF OF SERVICE BY MAIL

I am a citizen of the United States and a resident of the county aforesaid; I am over the age of eighteen years and not a party to the within entitled action; my residence/business address is: AGNEW & BRUSAVICH, 1225 West 190th St., #450, Gardena, CA 90248

On July 3, 19 90 I served the within Amended At–Issue Memorandum on the attorneys of record or parties appearing in person, excluding the attorney executing this At–Issue Memorandum, in said action, by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the United States Mail at Los Angeles, California addressed to all such attorneys or parties appearing in person as shown in Part 8. I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on July 3, 1990 (Date) at Los Angeles (Place), California.

Eileen Beckerdite
(Signature)
Eileen Beckerdite

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Attorneys for Plaintiffs

FILED
JAN 17 1991
FRANK S. ZOLIN, COUNTY CLERK
K. Gray
BY K. GEORGE, DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

REIN VEERKAMP, et al. Plaintiffs, vs. PIERRE TAGMAN, etc., et al. Defendants.	CASE NO. SWC 83096 PLAINTIFFS' TRIAL BRIEF DATE: January 22, 1991 TIME: 8:30 a.m. DEPT: "A"

INTRODUCTION

This civil action seeks money damages based on the allegations of plaintiffs' First Amended Complaint which sets forth separate claims for relief including intentional suppression of fact, negligent suppression of fact, negligence, breach of fiduciary duty, breach of contract, conspiracy, and for attorney's fees.

The lawsuit arises from plaintiff's acquisition of residential real property, commonly described as 3144 Barkentine Road, Rancho Palos Verdes, California.

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Plaintiffs claim that the present party plaintiffs are REIN VEERKAMP and KATHRYN VEERKAMP, purchasers of the subject residence. The present party defendants are Carriage Realty, Inc. and Katrin Utt, the listing broker and real estate agent respectively.

All other defendants have settled this action with plaintiffs and the settlements have been found to be in good faith by the court. The owner/seller of the subject property, Pierre Tagman, was never served as a defendant and has not appeared.

FACTS

During the later part of December 19, 1983, Mr. and Mrs. Veerkamp began the process of purchasing the residence located 3144 Barkentine Road, Rancho Palos Verdes, California. The seller of the property listed same with the defendant Carriage Realty and the sale of the property was handled by Carriage Realty's employee/agent Katrin Utt. It is important to note that before this sale and purchase, Carriage Realty had been the listing broker for this property for several years and, in fact, had been responsible for renting and/or leasing the premises for some time.

Landslide and soil problems indigenous to the Palos Verdes Peninsula had been well documented for some time prior to the later part of 1983 and were well known to the defendants. Such problems were so well known that they were matters of common knowledge in the real estate professional community.

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At no time during the transaction did defendants inform plaintiffs that there were any potential soils problems with respect to the property. Further, at that point in time, plaintiffs were not familiar with "expansive soils." Hence, plaintiffs were under the mistaken impression that the home they were purchasing had no inherent soils problem or, for that matter, any other problems.

During the course of their visits to the property during the transaction, plaintiffs did not notice, nor did defendants point out, any problems apparent with the property, with the exception of a hairline marking or crack in the blown ceiling in the livingroom. Furthermore, and equally important, defendants failed to apprise plaintiffs of the known potential risks associated with "expansive soils."

During the course of the entire transaction, defendants failed to inform plaintiffs that they should employ a geologist or soils engineer to study the property for purposes of identifying any existing or potential geological or structural problems. Because defendants failed to disclose that the property had potential geological or structural problems, no geological or engineering study was ordered, let alone contemplated. Further, as alluded to earlier, plaintiffs were not familiar with the area and did not know that it might be appropriate to secure a geological or engineering study.

It is undeniable that had the defendants recommended or even suggested, as they should have, that a geological or engineering survey be conducted, plaintiffs would have (1) seen

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to it that same was accomplished or, should the cost associated with such a study prove too costly, (2) declined to purchase the property.

Unfortunately, the naivete of plaintiffs regarding the property -- i.e., what "expansive soils" are, the problems oftentimes related thereto, and other, no less significant, unrelated problems -- dissolved in a matter of months of completion of the purchase. Specifically, since moving onto the property in question, plaintiffs have and continue to experience problems. Over time, plaintiffs observed other changes in the property. Sliding doors could not be closed. Windows could not be closed. Cracks began to appear throughout the house. The floor in the master bedroom began to sink at an angle. The floor in the kitchen began to slope toward the ocean. More wall and ceiling cracks appeared, the windows began to torque and crack. The exterior stucco began to crack at the foundation, roofline, and at some of the windows. Needless to say, a significant number of the cracks have expanded and continue to do so to a point dramatically beyond a fair definition of "hairline crack."

Defendants failed to investigate the property as required and failed to disclose material facts affecting the value and desirability of the property to the plaintiffs. Unbelievably, the defendants failed to disclose to the plaintiffs that the entire house structure at one time had been located in the Portuguese Bend slide area and had, as a complete unit been moved from that location and placed on a new foundation at 3144 Barkentine Road, Rancho Palos Verdes, California. Additionally

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the defendants failed to disclose to plaintiffs that the house so moved from the Portuguese Bend slide area to its present location was set down on fill which was known to the defendants to be highly or heavily expansive soil.

The defendants also failed to disclose to the plaintiffs that the fill on which the house was placed which was comprised of highly or heavily expansive soil was poorly or improperly compacted.

Further, defendants failed to disclose to the plaintiffs that the house had previously suffered, while at the 3144 Barkentine Road location, major structural damage to the breezeway and a bedroom as a result of fire.

The liability of the defendants centers around the breach of the standard of care applicable to the real estate agent/broker by defendants Carriage and Utt. The applicable law is stated appropriately in plaintiff's requested jury instructions filed herewith under separate cover.

Plaintiffs' damages exceed $500,000.00 inasmuch as the market value of the property has been destroyed. The present house needs to be raised and a new structure placed thereon after substantial earth, soil and foundation work is accomplished.

DATED: Jan 16, 199

Respectfully Submitted,

AGNEW & BRUSAVICH
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By _____
GERALD E. AGNEW, JR.

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EXHIBIT A19

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FRANK S. ZOLEZZI Clerk
Lynn A. Robinson

Attorneys for Defendants
ROBERT LUSIAN and A-1 BUILDING INSPECTION

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

REIN VEERKAMP, KATHRYN VEERKAMP, Plaintiffs, vs. PIERRE TAGMANN, et al., Defendants.	CASE NO.: SWC 83096 ORDER GRANTING MOTION FOR GOOD FAITH SETTLEMENT ~~[PROPOSED]~~
AND RELATED CROSS-ACTIONS	DATE: 11-21-90 TIME: 1:30 pm DEPT: 9 TRIAL DATE: December 10, 1990

The motion of Defendant's, ROBERT LUSIAN and A-1 BUILDING INSPECTION COMPANY, for an order that requests the settlement entered into by and between Plaintiffs REIN VEERKAMP and KATHYRN VEERKAMP and Defendants, ROBERT LUSIAN and A-1 BUILDING INSPECTION COMPANY, for the sum of $35,000.00 be adjudged in "good faith" and all existing cross-complaints for indemnity be barred, came on for

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regular hearing on November 13, 1990. Plaintiff appeared by counsel, Agnew & Brusvich, Defendants CARRIAGE REALTY & KAREN UTT, appeared by counsel Barbara Feinman; Defendants AGNES LIU, MARTIN CAHILL, ROBERT ROCKOFF and ROBERTS REALTY appeared by counsel Daniel Coonan; Defendants ROBERT LUSIAN and A-1 BUILDING INSPECTION appeared by counsel Jeffrey L. Krivis.

On proof made to the satisfaction of the court that the motion ought to be granted:

IT IS ORDERED that:

1) The settlement in the sum of $35,000.00 entered into between Plaintiff and Defendants, ROBERT LUSIAN and A-1 BUILDING INSPECTION, was made in "good faith"; and

2) All existing and future claims by Defendant, CARRIAGE REALTY, KAREN UTT, AGNES LIU, MARTIN CAHILL, ROBERT ROCKOFF and ROBERTS REALTY against Co-Defendants, ROBERT LUSIAN and A-1 BULDING INSPECTION COMPANY, rising out of the slae of real property giving rise to this lawsuit be forever barred.

Dated: JAN 9 1991

JUDGE OF THE SUPERIOR COURT

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EXHIBIT A20

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[illegible] ANTONIO DRIVE
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[illegible] CALIFORNIA [illegible]
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FILED
DEC 1[illegible] 1988
[illegible] COUNTY CLERK

Attorneys for Plaintiffs

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

KEVIN FINN and MADELEINE FINN, aka MADELEINE MARIN-FINN, Plaintiffs, vs. RONALD DETJEN; REALTY WORLD, a California corporation; MALVIN M. ALLISON; ELLEN G. F. ALLISON: HOUSE MASTER OF AMERICA, ROBERT ADAMS, and DOES 1 through 10, inclusive, Defendants.	CASE NO. COMPLAINT FOR: 1. BREACH OF CONTRACT 2. FRAUDULENT CONCEALMENT; 3. BREACH OF FIDUCIARY DUTY; 4. NEGLIGENT MISREPRESENTATION; 5. NEGLIGENCE

Plaintiffs Kevin Finn and Madeleine Finn allege as follows:

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PRELIMINARY ALLEGATIONS

1. Plaintiffs Kevin Finn and Madeleine Finn ("Finns") are, and at all times relevant to this action, were the owners of real property situated in Los Angeles County commonly known as 6447 Parklynn Drive, Rancho Palos Verdes, California and legally described as follows:

> Lot 15 in Tract No. 28457, in the City of Rancho Palos Verdes, County of Los Angeles, State of California, as per map recorded in Book 769, pages 32 & 33 of maps in the office of the County Recorder of Los Angeles County.

2. Plaintiffs are informed and believe and based thereon allege that defendants Malvin M. Allison and Ellen G. F. Allison, husband and wife ("Allisons"), are, and at all times relevant to this action were, individuals residing in the County of Los Angeles, State of California.

3. Plaintiffs are informed and believe and based thereon allege that at all times relevant to this action, defendant Realty World Corporation ("Realty World") was and is a Delaware corporation licensed to do business in the State of California and doing business in the County of Los Angeles, State of California.

4. Plaintiffs are informed and believe and based thereon allege that defendant Ronald Detjen ("Detjen") is an

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individual residing in the County of Los Angeles, State of California, and was at all times relevant to this action an employee of defendant Realty World. Plaintiffs are further informed and believe and based thereon allege that at all times relevant to this action, defendant Detjan was a licensed real estate broker of the State of California.

5. Plaintiffs are informed and believed and based thereon allege that at all times relevant to this action, defendant House Master of America ("House Master") was a California corporation licensed to do business in the State of California.

6. The true names and capacities of those defendants designated as Does 1 through 10 are unknown to plaintiffs, who therefore sue said defendants by such fictitious names. When the true names and capacities of Does 1 through 10, inclusive, have been ascertained, plaintiffs will amend this complaint accordingly.

7. Plaintiffs are informed and believe and based thereon allege that each of the fictitiously-named defendants is legally responsible in some manner for the damages herein alleged, and that plaintiffs' damages as herein alleged were proximately caused by the acts and omissions committed by said defendants.

8. Plaintiffs are informed and believe and based thereon allege that at all times relevant to this action, each of the defendants was the agent and/or employee of each of the other defendants and that in performing the acts herein alleged, each was acting within the course and scope of such agencies or

employment with the permission, consent and ratification of the other defendants.

FIRST CAUSE OF ACTION

(Breach of Contract by Plaintiffs Finns Against Defendants Ronald Detjen, Realty World Corporation, Malvin A. Allison, Ellen G. F. Allison, and Does 1 through 10, inclusive)

9. Plaintiffs reallege Paragraphs 1 through 8 of the Preliminary Allegations and incorporates them herein by reference as though set forth in full.

10. On or about August 26, 1985, plaintiffs as buyers and defendants Allisons as sellers entered into a written Real Estate Purchase Contract and Receipt for Deposit for the purchase and sale of a single-family residence located at 6447 Parklynn Drive, Rancho Palos Verdes, California.

11. At all times relevant to this action, plaintiffs performed each and every action and the things required to be performed in accordance with the terms and conditions of the agreement and have paid the consideration called for and have taken possession of the property and improvements thereon.

12. Defendants, and each of them, breached the subject agreement in that:

(a) Defendants failed to disclose that the said property was subject to land movement causing damage thereby, and that extensive repair had been made to the building, the

appurtenances and the slope located on the west end of the property;

(b) Defendants failed to disclose that the foundation of the subject property had sustained severe structural damage manifested by cracks, settling and crumbling of the foundation, and that substantial and extensive cosmetic work was made throughout the building in an effort to conceal cracks, settling and crumbling due to the settlement and displacement of the foundation;

(c) Defendants failed to disclose that structural modifications, repairs and alterations were made by defendants, and each of them, but were concealed by cosmetic repair work;

(d) Defendants failed to disclose such other and further defects as may be proved at the time of trial.

13. As a proximate result of the aforesaid breach by defendants, and each of them, plaintiffs have and will suffer general damages in an amount within the jurisdictional limits of this court.

14. As a further proximate result of the aforesaid breach by defendants, and each of them, plaintiffs sustained substantial compensable loss which include economic losses for repairs to their dwelling, diminished value of the property and improvements thereon and have incurred incidental expenses including, but not limited to, attorney's fees in amount which have not been fully ascertained but which will be shown according to proof at the time of trial.

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SECOND CAUSE OF ACTION

(For Fraudulent Concealment by Plaintiffs Finns Against Defendants Allisons Realty World, Detjan, and Does 1 through 10, inclusive)

15. Plaintiffs reallege Paragraphs 1 through 8 of the Preliminary Allegations and Paragraphs 9 through 14 of the First Cause of Action and incorporate them herein by reference as though set forth in full.

16. At all times herein mentioned, defendant Realty World was a dual broker of plaintiffs as buyers and defendants Allisons as sellers and at all times relevant to this action, and in doing the things and in making the representations herein alleged, was acting within the course and scope of said dual agency, and with the knowledge and consent of the other defendants.

17. At all times relevant to this action, defendant Ronald Detjan, as a dual broker for plaintiffs and defendants Allisons, in doing the things and in making the representations herein alleged, was acting within the course and scope of said agency, and with the knowledge and consent of the other defendants.

18. On or about November 13, 1985, defendants Allisons sold to plaintiffs a single family dwelling and appurtenances located at 6447 Parklynn Drive, Rancho Palos Verdes, California.

19. The disclosure requirements under California law

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mandate that where the seller knows of facts materially affecting the value or desirability of the property which are known or accessible only to him and also knows that such facts are not known to or within the reach of the diligent attention and observation of the buyer, the seller is under a duty to disclose them to the buyer.

20. At the time of and prior to the sale of said property, defendants Allisons, Realty World, Detjan and Does 1 through 10, and each of them, falsely and fraudulently represented to plaintiffs, among other things:

(a) That the subject property was in good condition and not subject to land movement;

(b) That there were no defects or problems relating to the foundation of the residence;

(c) That structural modification or other alterations or repairs had not been made by defendants or any former owners.

21. These representations made by defendants, and each of them, were in fact false. The true facts were:

(a) That the subject property was and is severely affected by land movement and has been heavily damaged thereby so that it will require extensive repairs, reinforcements, and improvements to correct these conditions and place the property in a free and clear condition;

(b) That the foundation of the subject property has sustained severe structural damage manifested by cracks, settling, and crumbling of the foundation and that the settlement and displacement of the foundation has caused severe

distortion of floors and walls throughout the structure, requiring extensive and costly structural repairs;

(c) That structural modifications and alterations or repairs were made by defendants but were concealed by substantial and extensive cosmetic repairs throughout the property made by defendants Allisons.

22. At the time of and prior to the sale of said property, defendants had knowledge of the active land movement, the severe cracking in the foundation, and the structural modifications or other alterations made to the single family residence as well as the fact that cosmetic repairs were made to the property to conceal the structural and foundational deficiencies. Although the defendants, and each of them, had knowledge of the above-described defects and resulting damage, defendants, and each of them, concealed these material facts from plaintiffs prior to and at the time of plaintiffs' purchase of said property.

23. Plaintiffs are informed and believe and thereon allege that when defendants, and each of them, made these representations, they knew them to be false; and defendants, and each of them, made the representations with the intent to deceive plaintiffs and to induce plaintiffs to act in the manner herein alleged in reliance thereon.

24. That the true facts concerning the structural and cosmetic repairs were not discovered until the middle of 1988 when an inspection of city files disclosed the existence of underlying instability and attempted repairs. Damage to the structure and slippage was first observed subsequent to October

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1987, and the first broken gas line was observed in February 1988.

25. The above-mentioned wrongful conduct of defendants was done by the officers, directors and managing agents of defendants, and each of them, acting within the scope of their employment. This wrongful conduct was authorized by, ratified by and done with the permission and consent of the officers, directors and managing agents of defendants.

26. Plaintiffs believed these representations of defendants, and each of them, to be true and in reliance on these representations, plaintiffs were induced to close escrow and thus purchase the subject property on or about November 13, 1985. Plaintiffs would not have closed escrow or purchased the property had they known the true facts.

27. As a direct and proximate result of such fraud, concealment and deceit, plaintiffs have been damaged in that they have been required to incur expenses in an amount which has not yet been ascertained, but which is within the jurisdictional limits of this court. When said sum has been ascertained, plaintiffs will amend their complaint accordingly or according to proof.

28. As a further direct and proximate result of the fraud, concealment and deceit of defendants, and each of them, plaintiffs have been damaged in that said single family residence has diminished in value even after all the above-mentioned repairs have been completed, in an amount that has not yet been ascertained, but which will be shown according to proof at the time of trial.

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29. As a further direct and proximate result of the fraud, concealment and deceit of defendants, and each of them, plaintiffs have suffered severe mental, emotional and physical pain, anxiety, humiliation, and anguish; and plaintiffs are entitled to general and special damages in a sum not yet ascertained, but which is reasonably believed to be within the jurisdictional limits of this court. When said sum has been ascertained, plaintiffs will amend their complaint accordingly or according to proof at the time of trial.

30. At all times relevant to this action and in doing the things alleged herein, defendants, and each of them, knew that the plaintiffs were unable to discover the above-mentioned defects prior to the sale of the property and upon moving into the single family residence and that plaintiffs were relying on defendants' representations that the property was free from defects and reasonably fit for its intended purpose. Nevertheless, in acting fraudulently, oppressively, maliciously, and outrageously toward plaintiffs with a conscious disregard for their known rights and with the intention of causing or wilfully disregarding the probability of causing unjust and cruel hardship to plaintiffs, defendants, and each of them, made false representations as to the condition of the property and structure. As a result of the intentional misrepresentation, deceit, and concealment of material facts known to defendants, and each of them, defendants intended to and thereby deprived plaintiffs of property rights and otherwise caused injuries to plaintiffs. The despicable conduct of defendants, and each of them, was intentional, oppressive and malicious and was carried

out by the defendants in a wilful and conscious disregard of the rights of plaintiffs. This conduct warrants the imposition of punitive damages in a sum commensurate with the wealth of defendants, and each of them.

THIRD CAUSE OF ACTION

(For Breach of Fiduciary Duty
by Plaintiffs Against Defendants
Realty World, Detjen, House Master of
America and Does 1 through 10, inclusive)

31. Plaintiffs reallege Paragraphs 1 through 8 of the Preliminary Allegations and Paragraphs 16 through 25 of the Second Cause of Action and incorporate them herein by reference as though set forth in full.

32. Plaintiffs are informed and believe and based thereon allege that defendants herein acted in a fiduciary capacity in inspecting the property before plaintiffs' purchase of it.

33. Plaintiffs entered into a contract with defendant House Master to inspect the subject property prior to the close of escrow. An inspection was performed on or about September 5, 1985.

34. Plaintiffs conditioned their purchase of said single-family residence based on obtaining a satisfactory inspection and report of the property from defendant House Master.

35. In the confidential inspection report, defendant

represented that the walks, patio, driveway, walls, fences, property grading and foundation grading were all in satisfactory condition. Plaintiffs are informed and believe and based thereon allege that this report is absolutely inaccurate, resulting from a careless examination constituting constructive fraud because the report was a positive assertion causing plaintiffs to purchase said single-family residence and appurtenances.

36. The above-mentioned wrongful conduct of defendants was done by the officers, directors and managing agents of defendants, and each of them, acting within the scope of their employment. This wrongful conduct was authorized by, ratified by and done with the permission and consent of the officers, directors and managing agents of defendants.

37. Plaintiffs are informed and believe and based thereon allege that defendants Realty World, Detjen, House Masters, and Does 1 through 10, and each of them, inspected the property before the purchase by plaintiffs.

38. Plaintiffs are informed and believe and based thereon allege that plaintiffs were misled by these defendants as to the condition of the property.

39. As a direct and proximate result of the fraudulent misrepresentation and constructive fraud alleged herein, plaintiffs have been damaged in that they have been required to incur expenses in an amount which has not yet been ascertained, but is within the jurisdictional limits of this court. Plaintiffs are informed and believe and based thereon allege that they will be required to make additional repairs at a cost

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which has not yet been ascertained, but which is within the jurisdictional limits of this court.

40. Plaintiffs are informed and believe and based thereon allege that as a direct and proximate result of the fraudulent misrepresentation and breach of fiduciary duty alleged herein, plaintiffs have been damaged in that the residence has diminished in value even after all the repairs have been completed in an amount which has not yet been ascertained but which will be shown according to proof at the time of trial.

41. As a further direct and proximate result of the defendants' tortious actions, plaintiffs have suffered severe mental, emotional and physical pain, anxiety, humiliation and anguish, and plaintiffs are entitled to general and special damages in a sum not yet ascertained. When said sum has been ascertained, plaintiffs will amend their Complaint accordingly or according to proof at the time of trial.

42. At all times relevant to this action, in doing the things alleged herein, defendants, and each of them, knew that the plaintiffs were unable to discover the above-mentioned defects prior to the sale of the property and upon moving into the home and that plaintiffs were relying on defendants' representation that the property was free from defects. Nevertheless, in acting fraudulently, oppressively, maliciously and outrageously towards plaintiffs with a conscious disregard for their known rights and with the intention of causing or wilfully disregarding the probability of causing unjust, cruel hardship to plaintiffs, defendants, and each of them, made false

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representations as to the condition of the property and structure. As a result of the intentional misrepresentation, deceit and concealment of material facts known to defendants, and each of them, defendants intended to and thereby deprived plaintiffs of property rights and otherwise caused injury to plaintiffs. The despicable conduct of defendants, and each of them, was intentional, oppressive and malicious and was carried out by the defendants with a wilful and conscious disregard of the rights of plaintiffs. This conduct warrants the imposition of punitive damages in a sum commensurate with the wealth of defendants, and each of them.

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FOURTH CAUSE OF ACTION

(For Negligent Misrepresentation
by Plaintiffs Against Defendants
Realty World, Detjen, Allisons
and Does 1 through 10, inclusive)

43. Plaintiffs reallege Paragraphs 1 through 8 of the Preliminary Allegations, Paragraphs 10 through 12 of the First Cause of Action, Paragraphs 16 through 25 of the Second Cause of Action and incorporate them herein by reference as though set forth in full.

44. Plaintiffs are informed and believe and based thereon allege that the defendants, and each of them, made statements to plaintiffs regarding the fitness of the single-family residence located at 6447 Parklynn Drive, Rancho Palos Verdes, California, representing that the residence was free

from defects and reasonably fit for its intended purpose. Specifically, defendants represented:

(a) That there were no defects or problems relating to the foundation of the residence;

(b) That there were no defects or problems relating to the soil stability of the property;

(c) That no structural modifications or other alterations or repairs had been made by defendants;

(d) That no alterations or repairs had been done to cosmetically conceal damage resulting from land movement;

(e) That no structural modifications or other alterations or repairs were made to conceal cracks, settling and crumbling due to the settlement and displacement of the foundation.

45. These representations made by defendants and Does 1 through 10, and each of them, were, in fact, false. The true facts were:

(a) That the subject property had sustained severe damage caused by soil instability required extensive repair and reinforcement including the construction of a retaining wall;

(b) That the subject property had sustained severe structural damage manifested by cracks, settling, crumbling of the foundation and that the settlement and displacement of the foundation caused distortion of the floors and walls throughout the structure that will require extensive and costly structural repairs;

(c) That substantial and extensive cosmetic

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repairs had been made by defendants to conceal damage caused by land movement;

(d) That substantial and extensive cosmetic repairs had been made by defendants to conceal severe structural damage manifested by cracks, settling and crumbling of the foundation.

46. As a direct and proximate result of the material representations made by defendants and Does 1 through 10, and each of them, plaintiffs relied on defendants' representations and closed escrow and thus purchased their home on or about November 13, 1985.

47. When defendants and Does 1 through 10, and each of them, made these false representations and concealments to plaintiffs, defendants, and each of them, did not have sufficient or reasonable grounds for believing the representations to be true. Defendants acted recklessly and without reasonable grounds for making the representations. Defendants, and each of them, made the misrepresentations with the intent to induce plaintiffs to take the actions herein alleged and with the intent to prevent plaintiffs from further inquiring into the condition of the subject property.

48. Plaintiffs are informed and believe and based thereon allege that as a direct and proximate result of the false representations and concealments of fact herein alleged, plaintiffs have suffered general and special damages herein, the exact amount which has not yet been ascertain but which will be shown according to proof at the time of trial.

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FIFTH CAUSE OF ACTION

(For Negligence by Plaintiffs
Against Defendants Realty World, Detjen,
and Does 1 through 10, inclusive)

49. Plaintiffs reallege Paragraphs 1 through 8 of the Preliminary Allegations, Paragraphs 10 through 12 of the First Cause of Action, Paragraphs 16 through 25 of the Second Cause of Action, Paragraphs 31 through 37 of the Third Cause of Action, Paragraphs 43 through 44 of the Fourth Cause of Action and incorporate them herein by reference as though set forth in full.

50. Defendants Realty World, Detjen and Does 1 through 50, inclusive, had an affirmative duty to conduct a reasonable, competent and diligent inspection of the residential property listed for sale and to disclose to plaintiffs all facts materially affecting the value and desirability of the property that such an investigation would have revealed.

51. Plaintiffs are informed and believe, and based thereon allege, that defendants and Does 1 through 10 negligently failed to diligently investigate and disclose reasonably discoverable defects in that:

(a) Defendants failed to properly investigate and to disclose to plaintiffs that the subject property was, and is, subject to land movement and soil instability causing damage thereby;

(b) Defendants failed to properly investigate and to disclose to plaintiffs that extensive repair had been

made to the building and slope located on the property;

(c) Defendants failed to properly investigate and to disclose to plaintiffs that the foundation of the subject property had sustained severe structural damage manifested by cracks, settling and crumbling of the foundation;

(d) Defendants failed to properly investigate and to disclose to plaintiffs that substantial and extensive cosmetic work was made throughout the building in an effort to conceal, cracks, settling and crumbling due to the settlement and displacement of the foundation;

(e) Defendants failed to properly investigate and to disclose to plaintiffs that structural modification repairs and alterations were made by defendants, and each of them, and were concealed by cosmetic repair work;

(f) Defendants failed to properly investigate and to disclose to plaintiffs such other and further defects as may be proven at the time of trial.

52. As a proximate result of the negligence of defendants, and each of them, plaintiffs were induced to and did purchase the subject property.

53. As a direct and proximate result of defendants' negligent inspection of he subject property and failure to disclose facts materially affecting the desirability of the property, plaintiffs have been damaged in that they have been required to incur expenses in an amount which has not yet been ascertained but which is within the jurisdictional limits of this court. When said sum has been ascertained, plaintiffs will amend their complaint accordingly or according to proof.

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PERONA, LANGER, LATORRA & BEAR
LAWYERS

54. As a further direct and proximate result of defendants' negligence, plaintiffs have been damaged in that said single-family residence has diminished in value even after all the above-mentioned repairs have been completed in an amount that has not yet been ascertained but which will be shown according to proof at the time of trial.

55. As a further direct and proximate result of defendants' negligence, plaintiffs have been damaged and have experienced great physical discomfort and emotional distress in an amount which has not yet been ascertained, but which will be shown according to proof at the time of trial.

SIXTH CAUSE OF ACTION

(For Negligence by Plaintiffs Against House Master and Does 1 through 50, Inclusive)

56. Plaintiffs reallege Paragraphs 1 through 8 of the Preliminary Allegations, Paragraphs 10 through 12 of the First Cause of Action, and Paragraphs 31 through 37 of the Third Cause of Action and Paragraphs 43 through 44 of the Fourth Cause of Action and incorporate them herein by reference as though set forth in full.

57. At all relevant times to this action, defendants House Master, Detjen and Does 1 through 10, and each of them, had a duty to conduct a diligent visual inspection of the property. Plaintiffs are informed and believe, and based thereon allege, that defendants House Master and Does 1 through 10 negligently failed to diligently investigate and disclose

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PERONA, LANGER, LATORRACA & BOYCE
LAWYERS

reasonably discoverable defects in that:

(a) Defendant House Master failed to properly investigate and to disclose that the soil was subject to movement and instability;

(b) Defendant House Master failed to properly investigate and to disclose that the foundation of the subject property had sustained severe structural damage manifested by cracks, settling and crumbling of the foundation;

(c) Defendant House Master failed to properly investigate and disclose to plaintiffs that substantial and extensive cosmetic work was made throughout the building in an effort to conceal cracks, settling and crumbling due to settlement and displacement of the foundation;

(d) Defendant House Master failed to properly investigate and to disclose to plaintiffs such other and further defects as may be proven at the time of trial.

58. As a proximate result of the negligence of defendants House Master and Does 1 through 10, and each of them, plaintiffs were induced to and did purchase the subject property.

59. As a direct and proximate result of defendant House Master's negligent inspection of the subject property and failure to disclose facts materially affecting the desirability of the property, plaintiffs have been damaged in that they have been required to incur expenses in an amount which has not yet been ascertained but which is within the jurisdictional limits of this court. When said sum has been ascertained, plaintiffs will amend their complaint accordingly or according to proof.

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PERONA, LANGER, LATORRACA & BEE
LAWYERS

60. As a further direct and proximate result of defendant's negligence, plaintiffs have been damaged in that their said single-family residence has diminished in value even after all the above-mentioned repairs have been completed in an amount that has not yet been ascertained but which will be shown according to proof at the time of trial.

61. As a further direct and proximate result of defendant's negligence, plaintiffs have been damaged and have experienced great physical discomfort and emotional distress in an amount which has not yet been ascertained but which will be shown according to proof at the time of trial.

WHEREFORE, plaintiffs pray for judgment as follows:

FOR THE FIRST CAUSE OF ACTION:

1. For general damages according to proof;

2. For special damages and consequential damages, including attorney's fees, in an amount within the jurisdictional limits of this court;

FOR THE SECOND AND THIRD CAUSES OF ACTION:

3. For general damages according to proof;

4. For special damages according to proof;

5. For exemplary and punitive damages in an amount commensurate with the wealth of defendants, and each of them, according to proof;

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FOR THE FOURTH, FIFTH, SIXTH, AND SEVENTH CAUSES OF ACTION:

6. For general and special damages according to proof;

FOR ALL CAUSES OF ACTION:

7. For costs of suit incurred herein;

8. For reasonable attorney's fees; and

9. For such further and other relief as the court may deem just and proper.

DATED: December ___, 1988.

MAJOR ALAN LANGER, A Member of
PERONA, LANGER, LaTORRACA & BECK
A Professional Corporation
Attorneys for Plaintiffs

PERONA LANGER LATORRACA & BECK LAWYERS

(SPACE BELOW FOR FILING STAMP ONLY)

HITCHCOCK, BOWMAN, SCHACHTER & BEVERLY
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
SUITE 1030 DEL AMO FINANCIAL CENTER
21515 HAWTHORNE BOULEVARD
TORRANCE, CALIFORNIA 90503-6579
540-2202
772-2143

FILED

MAR 21 1989

FRANK S. ZOLIN, COUNTY CLERK
BY B. CUTRONE, DEPUTY

Attorneys for Defendants and Cross-Complainants
Ronald Detjen and Realty World - South Bay

SUMMONS ISSUED

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

KEVIN FINN and MADELEINE FINN, aka MADELEINE MARIN-FINN, Plaintiffs, vs. RONALD DETJEN; REALTY WORLD, a California corporation; MALVIN M. ALLISON; ELLEN G. F. ALLISON; HOUSE MASTERS OF AMERICA, ROBERT ADAMS, and DOS 1 through 10, Inclusive, Defendants.	CASE NO. SWC 104241 CROSS-COMPLAINT (DECLARATORY RELIEF)
D.D.R.C., INC., dba REALTY WORLD - SOUTH BAY, RONALD DETJEN, Cross-Complainants, vs. MALVIN M. ALLISON, ELLEN G. F. ALLISON, HOUSE MASTERS OF AMERICA, ROBERT ADAMS, CARRIAGE REALTY, PEARL KAPERL, and DOES 1 through 10, Inclusive, Cross-Defendants.	

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FIRST COUNT

As a First Count against cross-defendants Malvin M. Allison, Ellen G. F. Allison, House Masters of America, Robert Adams, Carriage Realty, Pearl Kapel, and Does 1 through 10, inclusive, cross-complainants D.D.R.C., INC., dba Realty World - South Bay, and Ronald Detjen allege as follows:

1. At all times herein mentioned, cross-complainants D.D.R.C., Inc. was, and is, a corporation organized and existing under the laws of the State of California and was doing business under the fictitious business name of Realty World - South Bay (hereinafter referred to as "Realty World").

2. At all times herein mentioned, cross-complainants Ronald Detjen (hereinafter referred to as "Detjen" was, and is, a resident of the County of Los Angeles, State of California.

3. The true names and capacities, whether individual, corporate, associate or otherwise of defendants Does 1 through 10, inclusive, are unknown to cross-complainants who therefore sue said cross-defendants by such fictitious names. Cross-complainants will amend this complaint to show their true names and capacities when the same have been ascertained. Cross-complainants are informed and believe and on such information and belief allege that each of the fictitiously named cross-defendants is responsible in some manner for the occurrences herein alleged, and cross-complainants' damages as herein alleged were proximately caused by cross-defendants.

4. At all times herein mentioned, each of the cross-defendants was the agent, representative and employee of each of the other cross-defendants herein, and in doing the things

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herein alleged, was acting within the purpose and scope of said agency and employment.

5. Cross-complainants are informed and believe and on such information and belief allege that at all times herein mentioned that cross-defendants Malvin F. Allison and Ellen G. F. Allison (hereinafter referred to as "Allison") were residents of the County of Los Angeles, State of California, and are now residents of the County of Los Angeles, State of California.

6. Cross-complainants are informed and believe and on such information and belief allege that at all times herein mentioned, cross-defendant House Masters of America (hereinafter referred to as "House Masters") was, and is, a corporation organized and existing under the laws of the State of California and doing business in the County of Los Angeles, State of California.

7. Cross-complainants are informed and believe and on such information and belief allege that at all times herein mentioned that Robert Adams (hereinafter referred to as "Adams") was, and is, a resident of the County of Los Angeles, State of California, and was acting as an agent and employee and representative of House Masters.

8. On or about December 16, 1988, plaintiffs Kevin Finn and Madeleine Finn (aka Madeleine Marin-Finn) filed their Complaint against cross-complainants and certain cross-defendants herein seeking damages for breach of contract, fraudulent concealment, breach of fiduciary duty, negligent misrepresentation and negligence with respect to alleged damage to certain real property owned by plaintiffs. Cross-complainants contend

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that cross-defendants in said action concealed and misrepresented the condition and state of the real property acquired by plaintiffs from cross-defendants Malvin M. Allison and Ellen G. F. Allison, and that damages were allegedly sustained by plaintiffs.

11. In the event that plaintiffs have sustained damages as alleged in their Complaint, such damages were caused entirely or partly by cross-defendants in that (a) cross-defendants Allison were the owners of the real property and were in a superior position to these cross-complainants to cure the conditions alleged prior to the real property being conveyed by cross-defendants Allison; (b) that cross-defendants House Masters and Adams were employed to inspect the real property and to render a professional opinion as to the condition and nature of the real property; and (3) cross-defendants Carriage Realty and Kaperl were the real estate brokers/agents acting for and on behalf of sellers Allison and were in a superior position to cross-complainants to know the condition and nature of the real property.

12. An actual controversy has arisen and now exists between cross-complainants and cross-defendants, and each of them, in that cross-complainants contend, and cross-defendants deny, that:

A. As between cross-complainants and cross-defendants, responsibility, if any, for the damages claimed by plaintiffs rests entirely or partially on cross-defendants; and

B. As a result, cross-defendants are obligated to partially indemnify or fully indemnify cross-complainants for

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any sum which cross-complainants may be compelled to pay as a result of any damages, judgment or other award recovered by plaintiffs herein.

13. Cross-complainants seek a judicial determination of the respective rights and duties of the parties hereto with respect to the claims of plaintiffs and further seek and desire a judicial determination or declaration of the respective liabilities of each party hereto for such damages, if any, and further seek a declaration or determination of responsibility as to whether cross-defendants are to indemnify plaintiffs for any sum which cross-complainants may be compelled to pay herein.

14. Such a determination or declaration is necessary and appropriate at this time in order that cross-complainants may ascertain their rights and duties with respect to the claims of plaintiffs herein, and on the further grounds that the claims of plaintiffs and the claims of cross-complainants rise out of the same transaction and a determination of both in one proceeding is necessary and appropriate to avoid the multiplicity of actions that would result if cross-complainants were required to defend against the claim of plaintiffs and then bring a separate and distinct action.

WHEREFORE, cross-complainants pray for judgment as follows:

1. For a judicial determination of the responsibilities and liabilities of cross-defendants for the damages claimed by plaintiffs, if any are found to exist;

2. For a declaration of the amount for which cross-defendants are obligated to indemnify cross-complainants if

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cross-complainants are compelled to pay any sum as a result of any damages, judgment or other awards recovered by plaintiffs;

3. For cost of suit herein incurred; and

4. For such other and further relief as the Court may deem just and proper.

DATED: May 26, 1989

HITCHCOCK, BOWMAN, SCHACHTER & BEVERLY

By: Robert Schachter
Robert Schachter
Attorneys for Defendants and Cross-Complainants Ronald Detjen and Realty World - South Bay

Detjen.XC

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VERIFICATION

STATE OF CALIFORNIA, COUNTY OF

I have read the foregoing _____ and know its contents.

☒ CHECK APPLICABLE PARAGRAPH

☐ I am a party to this action. The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am ☐ an Officer ☐ a partner _____ ☐ a _____ of _____, a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. ☐ I am informed and believe and on that ground allege that the matters stated in the foregoing document are true. ☐ The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am one of the attorneys for _____, a party to this action. Such party is absent from the county of aforesaid where such attorneys have their offices, and I make this verification for and on behalf of that party for that reason. I am informed and believe and on that ground allege that the matters stated in the foregoing document are true.

Executed on _____, 19____, at _____, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

_____ Type or Print Name

_____ Signature

PROOF OF SERVICE

1013A (3) CCP Revised 5/1/88

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I am employed in the county of Los Angeles, State of California.

I am over the age of 18 and not a party to the within action; my business address is: 21515 Hawthorne Boulevard, Suite 1030, Torrance, CA 90530

On March 20, 1989, I served the foregoing document described as CROSS-COMPLAINT

_____ on interested parties in this action

☐ by placing the true copies thereof enclosed in sealed envelopes addressed as stated on the attached mailing list:

☒ by placing ☐ the original ☐ a true copy thereof enclosed in sealed envelopes addressed as follows:

Major Alan Langer, Esq.
Law Offices PERONA, LANGER,
LaTORRACA & BECK
300 San Antonio Dr.
Long Beach, CA 90807-0948

☒ BY MAIL

☐ *I deposited such envelope in the mail at _____, California. The envelope was mailed with postage thereon fully prepaid.

☒ As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Torrance California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

Executed on March 27, 1989, at Torrance, California.

☐ **(BY PERSONAL SERVICE) I delivered such envelope by hand to the offices of the addressee.

Executed on _____, 19____, at _____, California.

☒ (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

☐ (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

June Whities
Type or Print Name

June Whities
Signature

STUART'S EXBROOK TIMESAVER (REVISED 5/1/88)
NEW DISCOVERY LAW 2030 AND 2031 C.C.P.
May be used in California State or Federal Courts

*(BY MAIL SIGNATURE MUST BE OF PERSON DEPOSITING ENVELOPE IN MAIL SLOT, BOX OR BAG)

**(FOR PERSONAL SERVICE SIGNATURE MUST BE THAT OF MESSENGER)

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NAME, ADDRESS, AND TELEPHONE NUMBER OF ATTORNEY(S)
Major Alan Langer
PERONA, LANGER, LaTORRACA & BECK
300 San Antonio Drive
Long Beahc, CA 90807

ATTORNEY(S) FOR Plaintiffs

FILED
OCT 27 1989
FRANK S. ZOLIN, COUNTY CLERK
A. Jage
BY A. JUGE, DEPUTY

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

KEVIN FINN et al.

PLAINTIFF(S)

vs.

RONALD DETJEN; et al.

DEFENDANT(S)

CASE NUMBER

SWC 104241

AMENDMENT TO COMPLAINT
SEC. 474 C.C.P.

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Upon filing the complaint herein, plaintiff being ignorant of the true name of a defendant, and having designated said defendant in the complaint by a fictitious name, to-wit:

DOE 2

, and having discovered the true name of said defendant to be

CARRIAGE REALTY, INC.

hereby amends his complaint by inserting such true name in the place and stead of such fictitious name wherever it appears in said complaint.

Dated October 26, 1989

ATTORNEY FOR PLAINTIFF
MAJOR ALAN LANGER

75A486A (Rev. 4-69) 6-84
RC038

EXHIBIT A21

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MAJOR ALAN LANGER
PERONA, LANGER & BECK
300 San Antonio Drive
Long Beach, CA 90807
(213) 426-6155

Attorney(s) for Plaintiffs

FILED

DEC 06 1991

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGLESE
(SUPERIOR, MUNICIPAL, or JUSTICE)

Torrance Judicial District
(Name of Municipal or Justice Court District or of branch court, if any)

Plaintiff(s):
KEVIN FINN, et al.,

Defendant(s):
RONALD DETJEN, et al.,

(Abbreviated Title)

CASE NUMBER SWC 104241

REQUEST FOR DISMISSAL

TYPE OF ACTION

☐ Personal Injury, Property Damage and Wrongful Death:
☐ Motor Vehicle ☐ Other
☐ Domestic Relations ☐ Eminent Domain
☒ Other: (Specify) Complaint for Breach of Contract

TO THE CLERK: Please dismiss this action as follows: (Check applicable boxes.)

1. ☒ With prejudice ☐ Without prejudice
2. ☐ Entire action ☐ Complaint only ☐ Petition only ☐ Cross-complaint only
   ☒ Other: (Specify)*

*AS TO DEFENDANTS CARRIAGE REALTY, INC. AND PEARL KAPERL ONLY.

ENTERED
DEC 06 1991
SOUTHWEST DISTRICT

Dated: November 19, 1991

**If dismissal requested is of specified parties only, of specified causes of action only or of specified cross-complaints only, so state and identify the parties, causes of action or cross-complaints to be dismissed.

Attorney(s) for Plaintiffs

MAJOR ALAN LANGER
(Type or print attorney(s) name(s))

TO THE CLERK: Consent to the above dismissal is hereby given.**

Dated:

**When a cross-complaint (or Response (Marriage) seeking affirmative relief) is on file, the attorney(s) for the cross-complainant (respondent) must sign this consent when required by CCP 581(1), (2) or (5).

Attorney(s) for

(Type or print attorney(s) name(s))

(To be completed by clerk)

☐ Dismissal entered as requested on
☒ Dismissal entered on 12-6-91 as to only as above
☐ Dismissal not entered as requested for the following reason(s), and attorney(s) notified on

JAMES H. DEMPSEY, Clerk

Dated: DEC 13 1991

By R. LOVETT, Deputy

Form Adopted by Rule 982 of
The Judicial Council of California
Revised Effective July 1, 1972

REQUEST FOR DISMISSAL

CCP 581, etc.;
Cal. Rules of Court,
Rule 1233

9704384320

VERIFICATION

STATE OF CALIFORNIA, COUNTY OF

I, the undersigned, say (check applicable paragraph):

☐ I am a party to this action. I have read the above document and know its contents. The matters stated in it are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am an officer a partner _____ of _____ a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. I have read the above document and know its contents. I am informed and believe and on that ground allege that the matters stated in it are true.

☐ I am one of the attorneys for _____ a party to this action. Such party is absent from the county aforesaid where such attorneys have their office, and I make this verification for and on behalf of that party for that reason. I have read the above document and know its contents. I am informed and believe and on that ground allege that the matters stated in it are true.

Executed on _____, 19___, at _____ California

I declare under penalty of perjury that the above is true and correct.

_____
(Signature)

Subscribed and sworn to before me this _____ day of _____, 19___.

Notary Public in and for said County and State

ACKNOWLEDGMENT OF RECEIPT

Received copy of the above document on _____, 19___.

_____
(Signature)

PROOF OF SERVICE BY MAIL

I am a resident of the county aforesaid; I am over the age of 18 and not a party to the within action; my business address is 2211 W. Torrance Blvd. Torrance, CA. 90501

On December 5 1991, I served the above document on attorneys for interested parties in this action by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at Torrance, CA.

addressed as follows:

Major Langer, Esq.
Perona, Langer, LaTorraca & Beck
300 San Antonio Drive
Long Beach, CA. 90807

Owen Peterson, Esq.
21515 Hawthorne Blvd.
Ste. 1155
Torrance, CA. 90503

Robert Schachter, Es
Hitchcock, et al.
21515 Hawthorne Bl.
Ste. 1030
Torrance, CA. 90503

Jack Morgan, Esq.
Morgan, Cheroske & Reamer
23505 Crenshaw Blvd., Ste. 129
Torrance, CA. 90505

Executed on December 5, 1991 at Torrance, California.
(check applicable paragraph below)

☒ (State) I declare under penalty of perjury that the above is true and correct.

☐ (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

[signature]
(Signature)
ROBERT ALDEN WELBOURN

9704384327

ROBERT ALDEN WELBOURN
Attorney at Law
2211 W. Torrance Blvd.
Torrance, CA. 90501

320-7525

Attorney for Cross-Defendants
CARRIAGE REALTY and PEARL KAPERL

FILED

SEP 25 1991

JAMES H. DEMPSEY, CLERK

BY CHERRY SHUFFORD, DEPUTY

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

KEVIN FINN and MADELINE FINN aka MADELINE MARIN-FINN, Plaintiffs, vs. RONALD DETJEN, REALTY WORLD, a California corporation, et al. Defendants, RELATED CROSS-ACTIONS	Case No. SWC 104241 NOTICE OF COMMENCEMENT OF CASE UNDER CHAPTER 7 OF THE BANKRUPTCY CODE FOR CARRIAGE REALTY, INC.

PLEASE TAKE NOTICE that CARRIAGE REALTY, INC., a California corporation filed for Commencement of Bankruptcy Under Chapter 7 of the Bankruptcy Code (Corporation/Partnership No Asset Case) on August 8, 1991 in Case Number LA 91-86518RR.

The Trustee is Steven Earl Smith, Esq., 650 So. Grand Avenue, Ste. 600, Los Angeles, CA. 90017-3809, telephone number (213) 622-9012.

Further, Robert Alden Welbourn, as attorney of record for Carriage Realty, Inc. has been instructed to take no further legal action or otherwise appear in the above-entitled action.

A copy of the notice of bankruptcy is attached hereto and

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by reference made apart hereof.

Dated: September 24, 1991

ROBERT ALDEN WELBOURN
Attorney for Cross-Defendants
CARRIAGE REALTY and PEARL KAPERL

9704384323

M B9B

United States Bank[illegible]tcy Court P70000473 14

[illegible]S. BANKRUPTCY COURT
[illegible]CM 906, U.S. COURTHOUSE
[illegible] NO. SPRING ST.
[illegible]S ANGELES, CA 90012-4701

[illegible]ENTRAL DISTRICT OF CALIFORNIA [illegible]OS ANGELES

IN RE (NAME OF DEBTOR)
CARRIAGE REALTY, INC

NOTICE OF COMMENCEMENT OF CASE
UNDER CHAPTER 7 OF THE
BANKRUPTCY CODE,
MEETING OF CREDITORS, AND FIXING OF DATES
(Corporation/Partnership No Asset Case)

[illegible]SE NUMBER: [illegible] 91-86518RR

FILED: 8/08/91

SOC. SEC./TAX ID

ADDRESS OF DEBTOR
930 INDIAN PEAK ROAD
SUITE 225
ROLLING HILLS, CA 90274-3566

[illegible]ETING OF CREDITORS

[illegible]TE: SEP. 13, 1991
[illegible]UR: 10:30 A.M.
[illegible]: U. S. TRUSTEE HEARING ROOM
U. S. FEDERAL BUILDING
300 N. LOS ANGELES ST.,RM 3114
LOS ANGELES, CA

[illegible]BTOR'S ATTORNEY
[illegible]ANDREW D. FERINGA
[illegible]6315 PIUMA AVE

[illegible]CERRITOS, CA 90701-1529
[illegible]LEPHONE: 213-402-9104

TRUSTEE
STEVEN EARL SMITH, ESQ.
650 S. GRAND AVENUE
SUITE #600
LOS ANGELES, CA 90017-3809
TELEPHONE: 213-622-9012

AT THIS TIME THERE APPEAR TO BE NO ASSETS AVAILABLE FROM WHICH PAYMENT MAY BE MADE TO UNSECURED CREDITORS. DO NOT FILE A PROOF OF CLAIM UNTIL YOU RECEIVE NOTICE TO DO SO.

COMMENCEMENT OF CASE. A petition for liquidation under chapter 7 of the Bankruptcy Code has been filed in this court by or against the debtor named above, and an order for relief has been entered. You will not receive notice of all documents filed in this case. All documents filed with the court, including lists of the debtor's property and debts, are available for inspection at the office of the clerk of the bankruptcy court.

CREDITORS MAY NOT TAKE CERTAIN ACTIONS. A creditor is anyone to whom the debtor owes money or property. Under the Bankruptcy Code the debtor is granted certain protection against creditors. Common examples of prohibited actions by creditors are contacting the debtor to demand repayment, taking action against the debtor to collect money owed to creditors or to take property of the debtor, and starting or continuing foreclosure actions or repossessions. If unauthorized actions are taken by a creditor against a debtor, the court may penalize that creditor. A creditor who is considering taking action against the debtor or the property of the debtor should review section 362 of the Bankruptcy Code and may wish to seek legal advice. If the debtor is a partnership, remedies otherwise available against general partners are not necessarily affected by the commencement of this partnership case. The staff of the clerk of the bankruptcy court is not permitted to give legal advice.

MEETING OF CREDITORS. The debtor's representative, as specified in Bankruptcy Rule 9001(a)(5), is required to appear at the meeting of creditors on the date and at the place set forth above for the purpose of being examined under oath. Attendance by creditors at the meeting is welcomed, but not required. At the meeting, the creditors may elect a trustee other than the one named above, elect a committee of creditors, examine the debtor, and transact such other business as may properly come before the meeting. The meeting may be continued or adjourned from time to time by notice at the meeting, without further written notice to creditors.

LIQUIDATION OF THE DEBTOR'S PROPERTY. The trustee will collect the debtor's property, if any, and turn it into money. At this time, however, it appears from the schedules of the debtor that there are no assets from which any distribution can be paid to the creditors. If at a later date it appears that there are assets from which a distribution may be paid, the creditors will be notified and given an opportunity to file claims.

DO NOT FILE A PROOF OF CLAIM UNLESS YOU RECEIVE A COURT NOTICE TO DO SO

[illegible] THE COURT, FRANK E. GOODROE, CLERK, DATED AUG. 16, 1991

.S. BANKRUPTCY COURT
OOM 906, U.S. COURTHOUSE
12 NO. SPRING ST.
OS ANGELES, CA 90012-4701

United States Bankruptcy Court
CENTRAL DISTRICT OF CALIFORNIA LOS ANGELES

P70000473 14

NOTICE OF COMMENCEMENT OF CASE UNDER CHAPTER 7 OF THE BANKRUPTCY CODE, MEETING OF CREDITORS, AND FIXING OF DATES

(Corporation/Partnership No Asset Case)

IN RE (NAME OF DEBTOR)
CARRIAGE REALTY, INC

ASE NUMBER:
A 91-86518RR

FILED:
8/08/91

SOC. SEC./TAX ID

EETING OF CREDITORS

ATE: SEP. 13, 1991
OUR: 10.30 A.M.
D: U. S. TRUSTEE HEARING ROOM
U. S. FEDERAL BUILDING
300 N. LOS ANGELES ST.,RM 3114
LOS ANGELES, CA

ADDRESS OF DEBTOR
930 INDIAN PEAK ROAD
SUITE 228
ROLLING HILLS, CA 90274-3566

EBTOR'S ATTORNEY
ANDREW C. FERINGA
16318 PIUMA AVE

CERRITOS, CA 90701-1529
TELEPHONE: 213-402-9104

TRUSTEE
STEVEN EARL SMITH, ESQ.
660 S. GRAND AVENUE
SUITE #600
LOS ANGELES, CA 90017-3809
TELEPHONE: 213-622-9012

AT THIS TIME THERE APPEAR TO BE NO ASSETS AVAILABLE FROM WHICH PAYMENT MAY BE MADE TO UNSECURED CREDITORS. DO NOT FILE A PROOF OF CLAIM UNTIL YOU RECEIVE NOTICE TO DO SO.

COMMENCEMENT OF CASE. A petition for liquidation under chapter 7 of the Bankruptcy Code has been filed in this court by or against the debtor named above, and an order for relief has been entered. You will not receive notice of all documents filed in this case. All documents filed with the court, including lists of the debtor's property and debts, are available for inspection at the office of the clerk of the bankruptcy court.

CREDITORS MAY NOT TAKE CERTAIN ACTIONS. A creditor is anyone to whom the debtor owes money or property. Under the Bankruptcy Code, the debtor is granted certain protection against creditors. Common examples of prohibited actions by creditors are contacting the debtor to demand repayment, taking action against the debtor to collect money owed to creditors or to take property of the debtor, and starting or continuing foreclosure actions or repossessions. If unauthorized actions are taken by a creditor against a debtor, the court may penalize that creditor. A creditor who is considering taking action against the debtor or the property of the debtor should review section 362 of the Bankruptcy Code and may wish to seek legal advice. If the debtor is a partnership, remedies otherwise available against general partners are not necessarily affected by the commencement of this partnership case. The staff of the clerk of the bankruptcy court is not permitted to give legal advice.

MEETING OF CREDITORS. The debtor's representative, as specified in Bankruptcy Rule 9001(a)(5), is required to appear at the meeting of creditors on the date and at the place set forth above for the purpose of being examined under oath. Attendance by creditors at the meeting is welcomed, but not required. At the meeting, the creditors may elect a trustee other than the one named above, elect a committee of creditors, examine the debtor, and transact such other business as may properly come before the meeting. The meeting may be continued or adjourned from time to time by notice at the meeting, without further written notice to creditors.

LIQUIDATION OF THE DEBTOR'S PROPERTY. The trustee will collect the debtor's property, if any, and turn it into money. At this time, however, it appears from the schedules of the debtor that there are no assets from which any distribution can be paid to the creditors. If at a later date it appears that there are assets from which a distribution may be paid, the creditors will be notified and given an opportunity to file claims.

DO NOT FILE A PROOF OF CLAIM UNLESS YOU RECEIVE A COURT NOTICE TO DO SO

P THE COURT, FRANK E. GOODROE, CLERK, DATED AUG. 16, 1991

EXHIBIT A22

9704384326

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name and Address) TELEPHONE NO

[ ] Recording requested by and return to
BARGER & WOLEN
530 WEST SIXTH, 9TH FLOOR
LOS ANGELES, CALIFORNIA 90014

[X] ATTORNEY FOR [X] JUDGMENT CREDITOR [ ] ASSIGNEE OF RECORD

FOR RECORDER'S USE ONLY

FILED
LOS ANGELES SUPERIOR COURT
JUL 12 1993
JAMES H. DEMPSEY, CLERK
BY NELLY AU, DEPUTY

NAME OF COURT	SUPERIOR COURT OF CALIFORNIA
STREET ADDRESS	COUNTY OF LOS ANGELES
MAILING ADDRESS	111 NORTH HILL STREET
CITY AND ZIP CODE	LOS ANGELES, CALIFORNIA 90012
BRANCH NAME	CENTRAL
PLAINTIFF	EQUITABLE RELOCATION MANAGEMENT CORPORATION
DEFENDANT	CARRIAGE REALTY, A CORPORATION

CASE NUMBER
C-684995

WRIT OF
[X] **EXECUTION (Money Judgment)**
[ ] **POSSESSION OF** [ ] **Personal Property** [ ] **Real Property**
[ ] **SALE**

FOR COURT USE ONLY

RECEIVED
MARSHAL'S DIVISION
SAN PEDRO
1993 JAN 13 AM 8 26
BY
DEPUTY

1. **To the Sheriff or any Marshal or Constable of the County of:** LOS ANGELES

   You are directed to enforce the judgment described below with daily interest and your costs as provided by law.
2. **To any registered process server:** You are authorized to serve this writ only in accord with CCP 699.080 or CCP 715.040.
3. *(Name)*: EQUITABLE RELOCATION MANAGEMENT CORPORATION is the [X] judgment creditor [ ] assignee of record whose address is shown on this form above the court's name.
4. **Judgment debtor** *(name and last known address)*:
   CARRIAGE REALTY
   C/O RONALD FLORANCE, PRESIDENT
   930 INDIAN PEAK ROAD, #225
   ROLLING HILLS, CALIFORNIA 90274

   [ ] additional judgment debtors on reverse
5. **Judgment entered** on *(date)*: April 1, 1991
6. [ ] **Judgment renewed** on *(dates)*:
7. **Notice of sale** under this writ
   a. [X] has not been requested.
   b. [ ] has been requested *(see reverse)*.
8. [ ] Joint debtor information on reverse.
9. [ ] See reverse for information on real or personal property to be delivered under a writ of possession or sold under a writ of sale.
10. [ ] This writ is issued on a sister-state judgment.

11.	Total judgment	$ 15,485.83
12.	Costs after judgment (per filed order or memo CCP 685.090)	$ -0-
13.	Subtotal *(add 11 and 12)*	$ 15,485.83
14.	Credits	$ -0-
15.	Subtotal *(subtract 14 from 13)*	$ 15,485.83
16.	Interest after judgment (per filed affidavit CCP 685.050)	$ 2,272.27
17.	Fee for issuance of writ	$ 3.50
18.	Total *(add 15, 16, and 17)*	$ 17,761.60
19.	Levying officer: Add daily interest from date of writ *(at the legal rate on 15)* of	$ 4.30

20. [ ] The amounts called for in items 11–19 are different for each debtor. These amounts are stated for each debtor on Attachment 20.

(SEAL) SUPERIOR COURT, LOS ANGELES, CALIFORNIA

Issued on *(date)* December 15, 1992

JAMES H. DEMPSEY, County Clerk/Executive Officer
Clerk, by A.J. Morgan, Deputy

– NOTICE TO PERSON SERVED: SEE REVERSE FOR IMPORTANT INFORMATION –

(Continued on reverse)

9704384327 7

EXHIBIT A23

9704384328

222 N. Hill
Archives Rm 212
Microfilm

FOCUS - 22 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: HAUEISEN CHARLES E, et al v. CARRIAGE REALTY, et al

CIVIL CASE NUMBER: SWC 065991

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
HAUEISEN CHARLES E FILING DATE: 01/04/83	CARRIAGE REALTY	
HAUEISEN CHARLES E FILING DATE: 01/04/83	MCCLERNAN LEE	
HAUEISEN CHARLES E FILING DATE: 01/04/83	SMITH ELAINE	
HAUEISEN CHARLES E FILING DATE: 01/04/83	SMITH HOWARD F	
HAUEISEN MARGARET A FILING DATE: 01/04/83	SMITH ELAINE	
HAUEISEN CHARLES E FILING DATE: 06/10/83	SMITH ELAINE	AMENDMENT
HAUEISEN CHARLES E FILING DATE: 06/10/83	SMITH HOWARD F	AMENDMENT
SMITH ELAINE FILING DATE: 10/24/83	KALETA MARY	AMENDMENT

ENTER LEXDOC TO ORDER COPIES OF PLEADINGS AND RELATED FILINGS

FOCUS - 29 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: MONDOR CORA L, et al v. CARRIAGE REAL EST INC, et al

CIVIL CASE NUMBER: SWC 062421

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
MONDOR CORA L FILING DATE: 05/19/83	CARRIAGE REAL EST INC	AMENDMENT
MONDOR CORA L FILING DATE: 05/19/83	CARRIAGE REALTY	AMENDMENT
MONDOR CORA L FILING DATE: 05/19/83	CREAL STEVE	AMENDMENT
MONDOR CORA L FILING DATE: 05/19/83	KNOTT JOHN W	AMENDMENT
MONDOR CORA L FILING DATE: 05/19/83	MEYERS DEAN	AMENDMENT
MONDOR EDMOND J JR FILING DATE: 05/19/83	CARRIAGE REAL EST INC	AMENDMENT
KNOTT BLDR FILING DATE: 09/02/83	ARKENBERG ROBERT	AMENDMENT
KNOTT JOHN W FILING DATE: 09/02/83	ARKENBERG ROBERT	AMENDMENT
KNOTT JOHN W FILING DATE: 09/02/83	JUGE JULES A JR	AMENDMENT
KNOTT JOHN W FILING DATE: 09/02/83	WESTERN LAB	AMENDMENT
MONDOR CORA L FILING DATE: 09/02/83	KNOTT BLDR	AMENDMENT
MONDOR CORA L FILING DATE: 09/02/83	KNOTT JOHN W	AMENDMENT
MONDOR EDWARD J JR FILING DATE: 09/02/83	KNOTT JOHN W	AMENDMENT

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FOCUS - 26 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: KLEIN CHARLES L, et al v. BUTTERFIELD JOHN D, et al

CIVIL CASE NUMBER: SWC 069635

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
KLEIN CHARLES L FILING DATE: 10/06/83	BUTTERFIELD JOHN D	
KLEIN CHARLES L FILING DATE: 10/06/83	CAPITAL ACCUMULATION SYS	
KLEIN CHARLES L FILING DATE: 10/06/83	DANIELS PATRICK A	
KLEIN CHARLES L FILING DATE: 10/06/83	GIBBS ELAINE	
KLEIN CHARLES L FILING DATE: 10/06/83	MIKELSON LARRY D	
GIBBS ELAINE FILING DATE: 04/12/84	BUTTERFIELD JOHN D	AMENDMENT
GIBBS ELAINE FILING DATE: 04/12/84	CARRIAGE REALTY	AMENDMENT
GIBBS ELAINE FILING DATE: 04/12/84	DANIELS PATRICK A	AMENDMENT
GIBBS ELAINE FILING DATE: 04/12/84	KERBER ROBERT	AMENDMENT
GIBBS ELAINE FILING DATE: 04/12/84	MIKELSON LARRY D	AMENDMENT
KLEIN CHARLES L FILING DATE: 05/11/84	CAPITAL ACCUMULATION SYS	AMENDMENT

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FOCUS - 7 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: CAMPBELL PATTY J, et al v. LEWIS RICHARD, et al

CIVIL CASE NUMBER: SWC 069697

FILING DATE: 10/12/83

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
CAMPBELL PATTY J	LEWIS RICHARD	
CAMPBELL RICHARD	AMERICAN BANKERS MTG CO	
CAMPBELL RICHARD	CARRIAGE REALTY	
CAMPBELL RICHARD	CENTURY 21 PORT OF CALL REAL	
CAMPBELL RICHARD	ESAW GREG	
CAMPBELL RICHARD	FRANKSON ELENA	
CAMPBELL RICHARD	LEWIS KATHLEEN M	
CAMPBELL RICHARD	LEWIS RICHARD	
CAMPBELL RICHARD	MARINERS PK LTD	
CAMPBELL RICHARD	MEYERS FRED	
CAMPBELL RICHARD	NATIONAL FORECLOSURE SERV	
CAMPBELL RICHARD	NINE 960 WEST 5TH ST	
CAMPBELL RICHARD	PACIFIC FED SAV&LN ASSN	
CAMPBELL RICHARD	PORT OF CALL ESCROW	
CAMPBELL RICHARD	SHAEFFER HAROLD	
CAMPBELL RICHARD	STAN SHAW CORP	
CAMPBELL RICHARD	W S L FINAN CORP	
CAMPBELL RICHARD	WESTLANDS BK	
CAMPBELL RICHARD	WESTWOOD SAV&LN ASSN	

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9 7 0 4 7 8 4 3 2 2

FOCUS - 27 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: LADENSON ELAINE, et al v. CARRIAGE REALTY, et al

CIVIL CASE NUMBER: SWC 070913

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
LADENSON ELAINE FILING DATE: 12/28/83	CARRIAGE REALTY	
LADENSON ELAINE FILING DATE: 12/28/83	DELUCCIO AL	
LADENSON ELAINE FILING DATE: 12/28/83	FRONTIER REALTY	
LADENSON ELAINE FILING DATE: 12/28/83	GANNON SYLVIA	
LADENSON ELAINE FILING DATE: 12/28/83	ROSEN DENNIS NEAL	
DELUCCIO AL FILING DATE: 03/01/84	ROSEN DENNIS NEAL	AMENDMENT
ROSEN DENNIS NEAL FILING DATE: 03/01/84	FRONTIER REALTY	AMENDMENT
CARRIAGE REALTY FILING DATE: 04/09/84	ROSEN DENNIS NEAL	AMENDMENT
CRE INC FILING DATE: 04/09/84	DELUCCIO AL	AMENDMENT
CRE INC FILING DATE: 04/09/84	FRONTIER REALTY	AMENDMENT
CRE INC FILING DATE: 04/09/84	ROSEN DENNIS NEAL	AMENDMENT
GANNON SYLVIA FILING DATE: 04/09/84	ROSEN DENNIS NEAL	AMENDMENT
LADENSON ELAINE FILING DATE: 04/05/85	CERTIFIED HOME INSPECTORS	AMENDMENT
LADENSON ELAINE FILING DATE: 04/05/85	CLASS TERMITE&PEST CONT INC	AMENDMENT
LADENSON ELAINE FILING DATE: 04/05/85	DALY JOHN F	AMENDMENT
CLASS TERMITE&PEST CONT FILING DATE: 03/04/86	CARRIAGE REALTY	AMENDMENT
CLASS TERMITE&PEST CONT FILING DATE: 03/04/86	CRE INC	AMENDMENT
CLASS TERMITE&PEST CONT FILING DATE: 03/04/86	DELUCCIO AL	AMENDMENT
CLASS TERMITE&PEST CONT FILING DATE: 03/04/86	FRONTIER REALTY	AMENDMENT
CLASS TERMITE&PEST CONT FILING DATE: 03/04/86	GANNON SYLVIA	AMENDMENT

LADENSON ELAINE, et al v. CARRIAGE REALTY, et al

FOCUS

CLASS TERMITE&PEST CONT ROSEN DENNIS NEAL AMENDMENT
FILING DATE: 03/04/86

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FOCUS - 41 OF 43 CASES

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LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: WICK ARTHUR, et al v. RADFORD MARILYN, et al

CIVIL CASE NUMBER: C 487943

FILING DATE: 02/27/84

DISTRICT: CENTRAL (LOS ANGELES)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
WICK ARTHUR	RADFORD MARILYN	
WICK ARTHUR A	CARRIAGE REALTY	
WICK ARTHUR A	G E INV LTD	
WICK ARTHUR A	HALL GARY	
WICK ARTHUR A	HARDIE EVELYN	
WICK KATE S	RADFORD MARILYN	

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FOCUS - 20 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: FADIA VIJAY, et al v. BELL MELINDA K, et al

CIVIL CASE NUMBER: SWC 073710

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
FADIA VIJAY FILING DATE: 06/27/84	BELL MELINDA K	
FADIA VIJAY FILING DATE: 06/27/84	BELL ROBERT S	
FADIA VIJAY FILING DATE: 06/27/84	CARRIAGE REALTY	
FADIA VIJAY FILING DATE: 06/27/84	G E C C FINAN SERV	
FADIA VIJAY FILING DATE: 06/27/84	P S F S CRDT CORP	
FADIA VIJAY FILING DATE: 06/27/84	PIPKIN MARJORIE	
FADIA VIJAY FILING DATE: 10/09/84	BELL MELINDA K	AMENDMENT
FADIA VIJAY FILING DATE: 10/09/84	BELL ROBERT S	AMENDMENT
FADIA VIJAY FILING DATE: 10/09/84	CARRIAGE REALTY	AMENDMENT
FADIA VIJAY FILING DATE: 10/09/84	G E C C FINAN SERV	AMENDMENT
FADIA VIJAY FILING DATE: 10/09/84	P S F S CRDT CORP	AMENDMENT
FADIA VIJAY FILING DATE: 10/09/84	PIPKIN MARJORIE	AMENDMENT
P S F S CRDT CORP FILING DATE: 12/13/84	BELL MELINDA K	AMENDMENT
P S F S CRDT CORP FILING DATE: 12/13/84	BELL ROBERT S	AMENDMENT
P S F S CRDT CORP FILING DATE: 12/13/84	CARRIAGE REALTY	AMENDMENT
P S F S CRDT CORP FILING DATE: 12/13/84	PIPKIN MARJORIE	AMENDMENT
FADIA VIJAY FILING DATE: 04/11/88	PIPKIN MARJORIE	AMENDMENT

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FOCUS - 13 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: DANNY DOUGLAS, et al v. CARRIAGE REALTY, et al

CIVIL CASE NUMBER: SWC 075892

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
DANNY DOUGLAS FILING DATE: 11/13/84	CARRIAGE REALTY	
DANNY DOUGLAS FILING DATE: 11/13/84	KERBER MARY JANE	
DANNY DOUGLAS FILING DATE: 11/13/84	SHOFFEITT TERMITE CONT INC	
DANNY ELAINE FILING DATE: 11/13/84	KERBER MARY JANE	
DANNY DOUGLAS FILING DATE: 12/04/84	CARRIAGE REALTY	AMENDMENT
DANNY DOUGLAS FILING DATE: 12/04/84	FRIEND ED	AMENDMENT
DANNY DOUGLAS FILING DATE: 12/04/84	SHOFFEITT TERMITE CONT INC	AMENDMENT
DANNY ELAINE FILING DATE: 12/04/84	FRIEND ED	AMENDMENT
SHOFFEITT TERMITE CONT INC FILING DATE: 07/10/85	CARRIAGE REALTY	AMENDMENT
SHOFFEITT TERMITE CONT INC FILING DATE: 07/10/85	CRE INC	AMENDMENT
SHOFFEITT TERMITE CONT INC FILING DATE: 07/10/85	FRIEND ED	AMENDMENT

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FOCUS - 37 OF 43 CASES

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LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: TACOMA TONI v. CARRIAGE REALTY, et al

CIVIL CASE NUMBER: SWC 076460

FILING DATE: 01/08/85

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
TACOMA TONI	CARRIAGE REALTY	
TACOMA TONI	MOLLER SHARRA L	

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FOCUS - 21 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: GUTIERREZ BEATRICE, et al v. RAMIREZ DANIEL S, et al

CIVIL CASE NUMBER: SWC 078443

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
GUTIERREZ BEATRICE FILING DATE: 04/24/85	RAMIREZ DANIEL S	
GUTIERREZ JOSEPH FILING DATE: 04/24/85	CARRIAGE REALTY	
GUTIERREZ JOSEPH FILING DATE: 04/24/85	CRUZ COSME G	
GUTIERREZ JOSEPH FILING DATE: 04/24/85	KING HARBOR ESCROW INC	
GUTIERREZ JOSEPH FILING DATE: 04/24/85	MUNDER CHERYL	
GUTIERREZ JOSEPH FILING DATE: 04/24/85	RAMIREZ DAN	
GUTIERREZ JOSEPH FILING DATE: 04/24/85	RAMIREZ DANIEL S	
GUTIERREZ JOSEPH FILING DATE: 04/24/85	RAMIREZ DANNY	
CARRIAGE REALTY FILING DATE: 12/20/85	RAMIREZ DANIEL S	AMENDMENT
CRE INC FILING DATE: 12/20/85	CRUZ COSME G	AMENDMENT
CRE INC FILING DATE: 12/20/85	HAGERTHY RONALD	AMENDMENT
CRE INC FILING DATE: 12/20/85	HAGERTHY&CO	AMENDMENT
CRE INC FILING DATE: 12/20/85	KING HARBOR ESCROW INC	AMENDMENT
CRE INC FILING DATE: 12/20/85	MUNDER CHERYL	AMENDMENT
CRE INC FILING DATE: 12/20/85	RAMIREZ DANIEL S	AMENDMENT
CRE INC FILING DATE: 12/20/85	SNYDER WARREN	AMENDMENT
CRE INC FILING DATE: 12/20/85	SYNDER ENTRPRS LTD WARREN	AMENDMENT

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FOCUS - 11 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: CRUZ ROY GARZA v. CARRIAGE REALTY, et al

CIVIL CASE NUMBER: SWC 080559

FILING DATE: 08/23/85

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
CRUZ ROY GARZA	CARRIAGE REALTY	
CRUZ ROY GARZA	CARRIAGE REALTY INC	
CRUZ ROY GARZA	REINHARDT JOHN F	
CRUZ ROY GARZA	REINHARDT MICAELA	
CRUZ ROY GARZA	REYES ELIZABETH J	
CRUZ ROY GARZA	REYES HERMAN R	
CRUZ ROY GARZA	TROTIER PAT	
CRUZ ROY GARZA	W&B BLDR INC	
CRUZ ROY GARZA	WENNING CONSTANCE J	
CRUZ ROY GARZA	WENNING ROBERT M	
CRUZ ROY GARZA	WIESZOREK WILLIAM J	

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FOCUS - 36 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: SCHWARTZ JANET I, et al v. SHAW JOSEPH W, et al

CIVIL CASE NUMBER: SWC 081765

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
SCHWARTZ JANET I FILING DATE: 10/31/85	SHAW JOSEPH W	
SCHWARTZ JOSEPH D FILING DATE: 10/31/85	CARRIAGE REALTY	
SCHWARTZ JOSEPH D FILING DATE: 10/31/85	FOOKS PENNY	
SCHWARTZ JOSEPH D FILING DATE: 10/31/85	SHAW JOSEPH W	
SCHWARTZ JOSEPH D FILING DATE: 10/31/85	SHAW LINDA B	
CARRIAGE REALTY FILING DATE: 05/12/86	SCHWARTZ JOSEPH D	AMENDMENT
CRE INC FILING DATE: 05/12/86	KAPLAN MARTIN	AMENDMENT
CRE INC FILING DATE: 05/12/86	SCHWARTZ JANET I	AMENDMENT
CRE INC FILING DATE: 05/12/86	SCHWARTZ JOSEPH D	AMENDMENT
CRE INC FILING DATE: 05/12/86	SHANKS&SON TERMITE CONT INC	AMENDMENT
CRE INC FILING DATE: 05/12/86	SHAW JOSEPH W	AMENDMENT
CRE INC FILING DATE: 05/12/86	SHAW LINDA B	AMENDMENT
SHANKS&SON TERMITE CONT INC FILING DATE: 05/30/86	CARRIAGE REALTY	
SHANKS&SON TERMITE CONT INC FILING DATE: 05/30/86	CRE INC	
SHANKS&SON TERMITE CONT INC FILING DATE: 05/30/86	FOOKS PENNY	
SHANKS&SON TERMITE CONT INC FILING DATE: 05/30/86	KAPLAN MARTIN	
SHANKS&SON TERMITE CONT INC FILING DATE: 05/30/86	SCHWARTZ JANET I	AMENDMENT
SHANKS&SON TERMITE CONT INC FILING DATE: 05/30/86	SCHWARTZ JOSEPH D	AMENDMENT
SHANKS&SON TERMITE CONT INC FILING DATE: 05/30/86	SHAW JOSEPH W	
SHANKS&SON TERMITE CONT INC FILING DATE: 05/30/86	SHAW LINDA B	

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FOCUS - 31 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: NEVELN FRANCIS, et al v. CARRIAGE REALTY, et al

CIVIL CASE NUMBER: SWC 084055

FILING DATE: 03/17/86

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
NEVELN FRANCIS	CARRIAGE REALTY	
NEVELN FRANCIS	HASTEY RAY L	
NEVELN FRANCIS	HASTEY RUTH J	
NEVELN FRANCIS	MORRELL ANNETTE WISDOM	
NEVELN FRANCIS	MORRELL JAMES	
NEVELN MICHELE	HASTEY RAY L	

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FOCUS - 25 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: JEFFERSON BETTY WILSON, et al v. HAMILTON RICHARD E, et al

CIVIL CASE NUMBER: C 598789 Tranferred to Norwalk

DISTRICT: CENTRAL (LOS ANGELES)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
JEFFERSON BETTY WILSON FILING DATE: 05/06/86	HAMILTON RICHARD E	
JEFFERSON RONALD E FILING DATE: 05/06/86	HAMILTON MARCIA A	
JEFFERSON RONALD E FILING DATE: 05/06/86	HAMILTON RICHARD E	
JEFFERSON RONALD E FILING DATE: 09/25/86	HAMILTON RICHARD E JR	AMENDMENT
JEFFERSON RONALD E FILING DATE: 09/26/86	CARRIAGE REALTY	AMENDMENT
JEFFERSON RONALD E FILING DATE: 09/26/86	EMERY SOO KIM	AMENDMENT
JEFFERSON RONALD E FILING DATE: 09/26/86	FLORANCE RON	AMENDMENT
JEFFERSON RONALD E FILING DATE: 09/26/86	KERBER ROBERT	AMENDMENT
JEFFERSON RONALD E FILING DATE: 09/26/86	KIM SOO	AMENDMENT
JEFFERSON RONALD E FILING DATE: 10/02/86	TAUB SIMON	AMENDMENT

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9704384324

FOCUS - 32 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: PALTING GREGORIA, et al v. ZAL GHOLAMHOSSEIN, et al

CIVIL CASE NUMBER: SWC 088389

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY: PLAINTIFF	DEFENDANT	COMMENT
PALTING GREGORIA FILING DATE: 11/06/86	ZAL GHOLAMHOSSEIN	
PALTING MELCHOR FILING DATE: 11/06/86	CARRIAGE REALTY	
PALTING MELCHOR FILING DATE: 11/06/86	GEORGE BOB	
PALTING MELCHOR FILING DATE: 11/06/86	REMAX REALTORS	
PALTING MELCHOR FILING DATE: 11/06/86	VILLACORTE CARLOTTA	
PALTING MELCHOR FILING DATE: 11/06/86	ZAL GHOLAMHOSSEIN	
PALTING MELCHOR FILING DATE: 11/06/86	ZAL MAUREEN	
PALTING MELCHOR FILING DATE: 11/06/86	ZAL MOHAMMAD REZA	
PALTING MELCHOR FILING DATE: 01/20/87	CARRIAGE REALTY	AMENDMENT
PALTING MELCHOR FILING DATE: 01/20/87	REMAX REALTORS	AMENDMENT
PALTING MELCHOR FILING DATE: 01/20/87	VILLACORTE CARLOTTA	AMENDMENT
ZAL GHOLAMHOSSEIN FILING DATE: 10/14/87	BANK AMER	AMENDMENT
ZAL GHOLAMHOSSEIN FILING DATE: 10/14/87	CASTRO JOANN	AMENDMENT
ZAL GHOLAMHOSSEIN FILING DATE: 10/14/87	GEORGE ROBERT	AMENDMENT
ZAL GHOLAMHOSSEIN FILING DATE: 10/14/87	PALTING GREGORIA A	AMENDMENT
ZAL GHOLAMHOSSEIN FILING DATE: 10/14/87	PALTING MELCHOR N	AMENDMENT
ZAL GHOLAMHOSSEIN FILING DATE: 10/14/87	PICKENS DOROTHY	AMENDMENT
ZAL GHOLAMHOSSEIN FILING DATE: 10/14/87	REMAX SPRING	AMENDMENT
ZAL MAUREEN FILING DATE: 10/14/87	PALTING MELCHOR N	AMENDMENT
ZAL MOHAMMAD REZA FILING DATE: 10/14/87	PALTING MELCHOR N	AMENDMENT

ZAL GHOLAMHOSSEIN FILING DATE: 11/20/87	BANK AMER NT&SA	AMENDMENT
ZAL GHOLAMHOSSEIN FILING DATE: 11/20/87	PALTING GREGORIA A	AMENDMENT
ZAL GHOLAMHOSSEIN FILING DATE: 11/20/87	PALTING MELCHOR N	AMENDMENT
ZAL GHOLAMHOSSEIN FILING DATE: 11/20/87	PICKENS DOROTHY	AMENDMENT
ZAL MAUREEN FILING DATE: 11/20/87	PALTING MELCHOR N	AMENDMENT
ZAL MOHAMMAD REZA FILING DATE: 11/20/87	PALTING MELCHOR N	AMENDMENT

ENTER LEXDOC TO ORDER COPIES OF PLEADINGS AND RELATED FILINGS

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FOCUS - 23 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: HERNANDEZ FLORENTE v. CARRIAGE REALTY, et al

CIVIL CASE NUMBER: SWC 089283

FILING DATE: 12/22/86

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
HERNANDEZ FLORENTE	CARRIAGE REALTY	
HERNANDEZ FLORENTE	LANSITA ERLINDA	
HERNANDEZ FLORENTE	LANSITA LINDA	
HERNANDEZ FLORENTE	SALZETI BECKY	

ENTER LEXDOC TO ORDER COPIES OF PLEADINGS AND RELATED FILINGS

FOCUS - 33 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: PASAMONTE DIONISIA, et al v. VILLACORTE CARLOTA, et al

CIVIL CASE NUMBER: SOC 086883

FILING DATE: 03/20/87

DISTRICT: SOUTH (LONG BEACH)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
PASAMONTE DIONISIA	VILLACORTE CARLOTA	
PASAMONTE MARIANO	CARRIAGE REALTY	
PASAMONTE MARIANO	CHAN GRACE C	
PASAMONTE MARIANO	CHAN WILLIAM S	
PASAMONTE MARIANO	VILLACORTE CARLOTA	
PASAMONTE MARIANO	YANG TRINA	

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FOCUS - 15 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: DAVTIAN MADLEN, et al v. EQUITABLE RELOC MGMT, et al

CIVIL CASE NUMBER: SWC 091245

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
DAVTIAN MADLEN FILING DATE: 04/08/87	EQUITABLE RELOC MGMT	
DAVTIAN MADLEN FILING DATE: 04/08/87	KERBER ROBERT	
DAVTIAN MADLEN FILING DATE: 04/08/87	SMITH ROBERT	
EQUITABLE RELOCATION MGMT FILING DATE: 08/13/87	CARRIAGE REALTY	AMENDMENT

ENTER LEXDOC TO ORDER COPIES OF PLEADINGS AND RELATED FILINGS

FOCUS - 14 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: DARLING BARBARA A v. CARRIAGE REALTY INC, et al

CIVIL CASE NUMBER: C 644463

FILING DATE: 04/20/87

DISTRICT: CENTRAL (LOS ANGELES)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
DARLING BARBARA A	CARRIAGE REALTY INC	
DARLING BARBARA A	HARDEN VICKI	
DARLING BARBARA A	JONES ROBERT E	
DARLING BARBARA A	JONES SHIRLEY	
DARLING BARBARA A	KRAMER DONNA R	
DARLING BARBARA A	PABLOS DONNA M	
DARLING BARBARA A	PABLOS RAUL R	
DARLING BARBARA A	PORTERFIELD LARRY	
DARLING BARBARA A	PORTERFIELD REALTY INC	

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FOCUS - 6 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: CAMPA ALICE, et al v. LANSITA ERLINDA, et al

CIVIL CASE NUMBER: SCC 017720

FILING DATE: 06/12/87

DISTRICT: SOUTH CENTRAL (COMPTON)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
CAMPA ALICE	LANSITA ERLINDA	
CAMPA IGNACIO	CARRIAGE REALTY	
CAMPA IGNACIO	LANSITA ERLINDA	
CAMPA IGNACIO	LANSITA FELIPE	

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FOCUS - 10 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: COCO CATHY, et al v. BACHIERO KENNETH W, et al

CIVIL CASE NUMBER: SWC 092852

FILING DATE: 06/18/87

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
COCO CATHY	BACHIERO KENNETH W	
COCO PAUL	BACHIERO BETTY L	
COCO PAUL	BACHIERO KENNETH W	
COCO PAUL	CARRIAGE REALTY INC	
COCO PAUL	KERBER BOB	

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FOCUS - 16 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: DRAPEAU DANIEL D v. CARRIAGE REALTY, et al

CIVIL CASE NUMBER: SWC 093697

FILING DATE: 07/24/87

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
DRAPEAU DANIEL D	CARRIAGE REALTY	
DRAPEAU DANIEL D	DAVTIAN MADLEN	
DRAPEAU DANIEL D	EQUITABLE RELOCATION MGMT	
DRAPEAU DANIEL D	KERBER ROBERT	

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FOCUS - 2 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: ANVAR LIVING TRUST, et al v. TABATABAY KEWMARS, et al

CIVIL CASE NUMBER: SWC 094083

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
ANVAR LIVING TRUST FILING DATE: 08/24/87	TABATABAY KEWMARS	
ANVAR SAEID FILING DATE: 08/24/87	AMERICAN SAV&LN ASSN	
ANVAR SAEID FILING DATE: 08/24/87	CARRIAGE REALTY INC	
ANVAR SAEID FILING DATE: 08/24/87	GELLMAN MARTIN	
ANVAR SAEID FILING DATE: 08/24/87	HOOD&SCHMIDT INC	
ANVAR SAEID FILING DATE: 08/24/87	LOCKWOOD SIGNE&ASSOC	
ANVAR SAEID FILING DATE: 08/24/87	RANCHO PALOS VERDES CITY	
ANVAR SAEID FILING DATE: 08/24/87	SMITH GERALD	
ANVAR SAEID FILING DATE: 08/24/87	TABATABAY JINOUS	
ANVAR SAEID FILING DATE: 08/24/87	TABATABAY KEWMARS	
ANVAR SHOKOUKIEH FILING DATE: 08/24/87	TABATABAY KEWMARS	
TABATABAY JINOUS FILING DATE: 11/05/87	ANVAR SAEID	AMENDMENT
TABATABAY KEWMARS FILING DATE: 11/05/87	ANVAR LIVING TR	AMENDMENT
TABATABAY KEWMARS FILING DATE: 11/05/87	ANVAR SAEID	AMENDMENT
TABATABAY KEWMARS FILING DATE: 11/05/87	ANVAR SHOKOUKIEH	AMENDMENT

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FOCUS - 4 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: BAUGUESS GAYLE M, et al v. TERRA MAGNA CORP, et al

CIVIL CASE NUMBER: SCC 020870

FILING DATE: 06/29/88

DISTRICT: SOUTH CENTRAL (COMPTON)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
BAUGUESS GAYLE M	TERRA MAGNA CORP	
BAUGUESS KEITH D	CARRIAGE REALTY	
BAUGUESS KEITH D	CREI INC	
BAUGUESS KEITH D	RONO CARLOS C	
BAUGUESS KEITH D	TERRA MAGNA CORP	
GODANA CATHERINE C	TERRA MAGNA CORP	

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FOCUS - 1 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: ANDERSON BILLIE, et al v. BARKER ROD, et al

CIVIL CASE NUMBER: SWC 102042

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
ANDERSON BILLIE FILING DATE: 09/06/88	BARKER ROD	
ANDERSON BILLIE FILING DATE: 09/06/88	CARRIAGE REALTY	
ANDERSON BILLIE FILING DATE: 09/06/88	COMPLETE EXTERMINATING	
ANDERSON BILLIE FILING DATE: 09/06/88	HARRISON DEAN A	
ANDERSON BILLIE FILING DATE: 09/06/88	LANDMARK REALTY	
ANDERSON BILLIE FILING DATE: 10/28/88	BARKER ROD	AMENDMENT
ANDERSON BILLIE FILING DATE: 10/28/88	CARRIAGE REALTY	AMENDMENT
ANDERSON BILLIE FILING DATE: 10/28/88	COMPLETE EXTERMINATING	AMENDMENT
ANDERSON BILLIE FILING DATE: 10/28/88	HARRISON DEAN A	AMENDMENT
ANDERSON BILLIE FILING DATE: 10/28/88	LANDMARK REALTY	AMENDMENT
ANDERSON BILLIE FILING DATE: 11/16/88	ANDERSON BILLIE	AMENDMENT
HARRISON DEAN H FILING DATE: 08/14/89	HAYES JUNNE	AMENDMENT
HAYES JUNNE FILING DATE: 08/14/89	BARKER ROD	AMENDMENT
HAYES JUNNE FILING DATE: 08/14/89	HARRISON DEAN A	AMENDMENT
ANDERSON BILLIE FILING DATE: 08/30/89	BARKER ROD	AMENDMENT
ANDERSON BILLIE FILING DATE: 08/31/89	BARKER ROD	AMENDMENT
ANDERSON BILLIE FILING DATE: 09/13/89	HARRISON DEAN A	AMENDMENT
ANDERSON BILLIE FILING DATE: 09/28/89	BARKER ROD	AMENDMENT
ANDERSON BILLIE FILING DATE: 10/27/89	CARRIAGE REALTY	AMENDMENT
HARRISON DEAN A FILING DATE: 10/27/89	BARKER ROD	AMENDMENT

ANDERSON BILLIE, et al v. BARKER ROD, et al

FOCUS

HARRISON DEAN A FILING DATE: 10/27/89	CARRIAGE REALTY	AMENDMENT
HARRISON DEAN A FILING DATE: 10/27/89	COMPLETE EXTERMINATING	AMENDMENT
HARRISON DEAN A FILING DATE: 10/27/89	HARRISON DEAN A	AMENDMENT
HARRISON DEAN A FILING DATE: 10/27/89	HAYES JUNNE	AMENDMENT
HARRISON DEAN A FILING DATE: 10/27/89	LANDMARK REALTY	AMENDMENT
HARRISON DEAN A FILING DATE: 10/27/89	WHITNEY ROBERT E	AMENDMENT
HARRISON DEAN A FILING DATE: 11/02/89	BARKER ROD	AMENDMENT
HARRISON DEAN A FILING DATE: 11/02/89	CARRIAGE REALTY	AMENDMENT
HARRISON DEAN A FILING DATE: 11/02/89	COMPLETE EXTERMINATING	AMENDMENT
HARRISON DEAN A FILING DATE: 11/02/89	HARRISON DEAN A	AMENDMENT
HARRISON DEAN A FILING DATE: 11/02/89	HAYES JUNNE	AMENDMENT
HARRISON DEAN A FILING DATE: 11/02/89	LANDMARK REALTY	AMENDMENT
HARRISON DEAN A FILING DATE: 11/02/89	WHITNEY ROBERT E	AMENDMENT
ANDERSON BILLIE FILING DATE: 11/03/89	BARKER ROD	AMENDMENT
ANDERSON BILLIE FILING DATE: 12/05/89	HARRISON DEAN A	AMENDMENT
HARRISON DEAN A FILING DATE: 12/06/89	CARRIAGE REALTY	AMENDMENT
ANDERSON BILLIE FILING DATE: 01/09/90	BARKER ROD	AMENDMENT
HAYES JUNNE FILING DATE: 03/07/90	HARRISON DEAN A	AMENDMENT
ANDERSON BILLIE FILING DATE: 03/05/90	CARRIAGE REALTY	AMENDMENT
HARRISON DEAN A FILING DATE: 07/10/90	ANDERSON BILLIE	AMENDMENT
HARRISON DEAN A FILING DATE: 07/10/90	BARKER ROD	AMENDMENT
HARRISON DEAN A FILING DATE: 07/10/90	HAYES JUNNE	AMENDMENT
HAYES JUNNE FILING DATE: 07/10/90	BARKER ROD	AMENDMENT
HAYES JUNNE FILING DATE: 07/10/90	HARRISON DEAN A	AMENDMENT
HAYES JUNNE FILING DATE: 07/10/90	LANDMARK REALTY	AMENDMENT
HAYES JUNNE FILING DATE: 07/10/90	WHITNEY ROBERT E	AMENDMENT
HAYES JUNNE FILING DATE: 07/13/90	HARRISON DEAN A	AMENDMENT
HARRISON DEAN	BARKER ROD	AMENDMENT

FILING DATE: 07/17/90		
ANDERSON BILLIE	CARRIAGE REALTY	AMENDMENT
FILING DATE: 08/13/90		
HAYES JUNNE	LANDMARK REALTY	AMENDMENT
FILING DATE: 09/12/90		
HAYES JUNNE	WHITNEY ROBERT E	AMENDMENT
FILING DATE: 09/12/90		
ANDERSON BILLIE	HARRISON SHIRLEY	AMENDMENT
FILING DATE: 04/25/91		

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File missing

FOCUS - 34 OF 43 CASES

*** THIS DATA IS FOR INFORMATIONAL PURPOSES ONLY ***

LOS ANGELES COUNTY SUPERIOR COURT CIVIL CASE INDEX

CASE NAME: RESING MARLENE, et al v. HELMIG VICTOR, et al

CIVIL CASE NUMBER: SWC 102198

DISTRICT: SOUTHWEST (TORRANCE)

CASE TYPE: CIVIL

PARTY:

PLAINTIFF	DEFENDANT	COMMENT
RESING MARLENE FILING DATE: 09/16/88	HELMIG VICTOR	
RESING MERVYN FILING DATE: 09/16/88	CARRIAGE REALTY	
RESING MERVYN FILING DATE: 09/16/88	HELMIG PENNY	
RESING MERVYN FILING DATE: 09/16/88	HELMIG VICTOR	
RESING MERVYN FILING DATE: 09/16/88	WARRANTY ESCROW	
HELMIG VICTOR FILING DATE: 10/27/88	RESING MARLENE	AMENDMENT
HELMIG VICTOR FILING DATE: 10/27/88	RESING MERVYN	AMENDMENT
HELMIG VICTOR FILING DATE: 02/24/89	RESING MARLENE	AMENDMENT
HELMIG VICTOR FILING DATE: 02/24/89	RESING MERVYN	AMENDMENT
RESING MERVYN FILING DATE: 03/28/89	CARRIAGE REALTY INC	AMENDMENT
HELMIG VICTOR FILING DATE: 03/31/89	RESING MERVYN	AMENDMENT
HELMIG VICTOR FILING DATE: 03/31/89	RESING MRLENE	AMENDMENT
PALOS VERDES CITY FILING DATE: 03/31/89	ACTION GEOTECHNICAL CONSULT	AMENDMENT
PALOS VERDES CITY FILING DATE: 03/31/89	CARRIAGE REALTY	AMENDMENT
PALOS VERDES CITY FILING DATE: 03/31/89	HELMIG PENNY	AMENDMENT
PALOS VERDES CITY FILING DATE: 03/31/89	SOUTH BAY ENGR	AMENDMENT
PALOS VERDES CITY FILING DATE: 03/31/89	WARRANTY ESCROW	AMENDMENT
PALOS VERDES CITY-ET AL FILING DATE: 03/31/89	HELMIG VICTOR	AMENDMENT
RESING MERVYN FILING DATE: 03/31/89	PALOS VERDES EST CITY	AMENDMENT
RESING MERVYN FILING DATE: 04/26/89	HELMIG PENNY	AMENDMENT

RESING MERVYN FILING DATE: 04/26/89	HELMIG VICTOR	AMENDMENT
RESING MERVYN FILING DATE: 04/27/89	ACTION GEOTECH CONSULTANTS	AMENDMENT
RESING MERVYN FILING DATE: 08/07/89	PALOS VERDES EST CITY	AMENDMENT
CARRIAGE REALITY INC FILING DATE: 08/25/89	HELMIG PENNY	AMENDMENT
CARRIAGE REALITY INC FILING DATE: 08/25/89	HELMIG VICTOR	AMENDMENT
HELMIG VICTOR FILING DATE: 08/25/89	CARRIAGE REALITY INC	AMENDMENT
RESING MERVYN FILING DATE: 10/03/89	HELMIG PENNY	AMENDMENT
RESING MERVYN FILING DATE: 10/03/89	HELMIG VICTOR	AMENDMENT
RESING MERVYN FILING DATE: 12/22/89	BORMAN CONSTR MACK	AMENDMENT
RESING MERVYN FILING DATE: 12/22/89	COOPER MIKE	AMENDMENT
RESING MERVYN FILING DATE: 12/22/89	ROYAL POOLS	AMENDMENT
PALOS VERDES EST CITY FILING DATE: 01/16/90	SOUTH BAY ENGR CORP	AMENDMENT
RESING MERVYN FILING DATE: 02/16/90	ROYAL POOLS AMER	AMENDMENT
ROYAL POOLS FILING DATE: 02/16/90	HELMIG VICTOR	AMENDMENT
ROYAL POOLS AMER FILING DATE: 02/16/90	ACTION GEOTECH CONSULTANTS	AMENDMENT
ROYAL POOLS AMER FILING DATE: 02/16/90	BORMAN CONSTR MAC	AMENDMENT
ROYAL POOLS AMER FILING DATE: 02/16/90	BORMAN MAC	AMENDMENT
ROYAL POOLS AMER FILING DATE: 02/16/90	COOPER CONSTR MIKE	AMENDMENT
ROYAL POOLS AMER FILING DATE: 02/16/90	COOPER MIKE	AMENDMENT
ROYAL POOLS AMER FILING DATE: 02/16/90	HELMIG VICTOR	AMENDMENT
ROYAL POOLS AMER FILING DATE: 02/16/90	SOUTH BAY ENGR CORP	AMENDMENT
ROYAL POOLS AMER FILING DATE: 02/23/90	SOUTH BAY ENGR CORP	AMENDMENT
RESING MERVYN FILING DATE: 03/15/90	HELMIG VICTOR	AMENDMENT
RESING MERVYN FILING DATE: 01/18/91	SOUTH BAY ENGR CORP	AMENDMENT
RESING MERVYN FILING DATE: 11/05/92	ROYAL POOLS	AMENDMENT

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EXHIBIT A24

9704384331 1

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

CASE CLOSED

JAN 17 1992

FILE TRANSMITTED TO THE CLERK OF THE U. S. DISTRICT COURT.

9704384331 2

STEVEN E. SMITH
Attorney At Law
650 So. Grand Avenue
Suite 600
Los Angeles, CA 90017
(213) 622-9012

FILED
DEC 6 1991

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re CARRIAGE REALTY, INC

Debtor(s).

CASE NO. LA 91-86518-RR

REPORT OF TRUSTEE IN
CHAPTER 7 NO ASSET CASE

The undersigned, duly appointed Chapter 7 Trustee of the estate of the above-named debtor(s), reports that he has neither received any property nor paid any money on account of this estate; that he has made diligent inquiry into the whereabouts of property belonging to the estate; that he has no objections to the exemptions claimed; and that assets scheduled and not claimed exempt are encumbered beyond value, or are otherwise of negligible value and the Trustee asserts no interest in them.

WHEREFORE, the Trustee requests that this report be approved, that he be discharged from office, and his bond exonerated, and for all other applicable orders.

DATED: 12/06/91

STEVEN EARL SMITH
Chapter 7 Trustee

APPROVED BY ORDER OF THE U.S. BANKRUPTCY COURT AND THE SAID ESTATE IS HEREBY CLOSED.

DATED: JAN 17 1992

FRANK E. GOODROE
Clerk of the Court

9704384331 3

MARCY J. K. TIFFANY
United States Trustee
3101 Federal Building
300 North Los Angeles Street
Los Angeles, CA 90012
(213) 894-6387

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re:	) Chapter 7N
	)
CARRIAGE REALTY, INC	) Case No. LA 91-86518 RR
	)
	) NOTICE OF APPOINTMENT OF INTERIM
	) TRUSTEE AND FIXING OF BOND;
Debtor(s)	) ACCEPTANCE OF APPOINTMENT AS
	) INTERIM TRUSTEE
	)

Pursuant to 11 U.S.C. 701 and 11 U.S.C. 322

STEVEN E SMITH of LOS ANGELES, CALIFORNIA

is appointed Interim Trustee of the case of said debtor(s) and is hereby designated to preside at the meeting of creditors. This case is covered by the master blanket bond fixed in the amount of $100,000.00 and filed with the Court on behalf of said Interim Trustee.

Unless creditors during the Meeting of Creditors held pursuant to 11 U.S.C. 341(a) elect another trustee, the Interim Trustee appointed herein shall serve as trustee without further appointment or qualification, provided that the trustee is disinterested.

DATED: August 21, 1991

Marcy J.K. Tiffany
UNITED STATES TRUSTEE

I, the undersigned, affirm that to the best of my knowledge and belief, I am disinterested within the meaning of 11 U.S.C. 101(14), and on this basis, I hereby accept my appointment as Interim Trustee in the above case. I will immediately notify the United States Trustee if I become aware of any facts to the contrary.

DATED: 9/13/91

STEVEN E SMITH
Interim Trustee

9704343314

U.S. BANKRUPTCY COURT
ROOM 901, U.S. COURTHOUSE
312 NO. SPRING ST.
LOS ANGELES, CA 90012-4701

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA — LOS ANGELES

IN RE (NAME OF DEBTOR)
CARRIAGE REALTY, INC

FILED
AUG 16 1991

NOTICE OF COMMENCEMENT OF CASE UNDER CHAPTER 7 OF THE BANKRUPTCY CODE, MEETING OF CREDITORS, AND FIXING OF DATES

(Corporation/Partnership No Asset Case)

CASE NUMBER:
LA 91-86518RR

FILED:
8/08/91

SOC. SEC./TAX ID

ADDRESS OF DEBTOR
930 INDIAN PEAK ROAD
SUITE 225
ROLLING HILLS, CA 90274-3566

MEETING OF CREDITORS

DATE: SEP. 13, 1991
HOUR: 10.30 A.M.
AT: U. S. TRUSTEE HEARING ROOM
U. S. FEDERAL BUILDING
300 N. LOS ANGELES ST.,RM 3114
LOS ANGELES, CA

DEBTOR'S ATTORNEY
ANDREW O. FERINGA
16315 PIUMA AVE

CERRITOS, CA 90701-1529
TELEPHONE: 213-402-9104

TRUSTEE
STEVEN EARL SMITH, ESQ.
650 S. GRAND AVENUE
SUITE #600
LOS ANGELES, CA 90017-3809
TELEPHONE: 213-622-9012

9704843315

AT THIS TIME THERE APPEAR TO BE NO ASSETS AVAILABLE FROM WHICH PAYMENT MAY BE MADE TO UNSECURED CREDITORS DO NOT FILE A PROOF OF CLAIM UNTIL YOU RECEIVE NOTICE TO DO SO

COMMENCEMENT OF CASE. A petition for liquidation under chapter 7 of the Bankruptcy Code has been filed in this court by or against the debtor named above, and an order for relief has been entered. You will not receive notice of all documents filed in this case. All documents filed with the court, including lists of the debtor's property and debts, are available for inspection at the office of the clerk of the bankruptcy court.

CREDITORS MAY NOT TAKE CERTAIN ACTIONS. A creditor is anyone to whom the debtor owes money or property. Under the Bankruptcy Code, the debtor is granted certain protection against creditors. Common examples of prohibited actions by creditors are contacting the debtor to demand repayment, taking action against the debtor to collect money owed to creditors or to take property of the debtor, and starting or continuing foreclosure actions or repossessions. If unauthorized actions are taken by a creditor against a debtor, the court may penalize that creditor. A creditor who is considering taking action against the debtor or the property of the debtor should review section 362 of the Bankruptcy Code and may wish to seek legal advice. If the debtor is a partnership, remedies otherwise available against general partners are not necessarily affected by the commencement of this partnership case. The staff of the clerk of the bankruptcy court is not permitted to give legal advice.

MEETING OF CREDITORS. The debtor's representative, as specified in Bankruptcy Rule 9001(a)(5), is required to appear at the meeting of creditors on the date and at the place set forth above for the purpose of being examined under oath. Attendance by creditors at the meeting is welcomed, but not required. At the meeting, the creditors may elect a trustee other than the one named above, elect a committee of creditors, examine the debtor, and transact such other business as may properly come before the meeting. The meeting may be continued or adjourned from time to time by notice at the meeting, without further written notice to creditors.

LIQUIDATION OF THE DEBTOR'S PROPERTY. The trustee will collect the debtor's property, if any, and turn it into money. At this time, however, it appears from the schedules of the debtor that there are no assets from which any distribution can be paid to the creditors. If at a later date it appears that there are assets from which a distribution may be paid, the creditors will be notified and given an opportunity to file claims.

DO NOT FILE A PROOF OF CLAIM UNLESS YOU RECEIVE A COURT NOTICE TO DO SO

FOR THE COURT, FRANK E. GOODROE, CLERK, DATED AUG. 16, 1991

-BKY0890. CASE 9185518 BP-45105 TASK 08/14/91-00 NOTICES DATED 08/16/91 SENT TO THE FOLLOWING * 237898 OFFICE 900 PAGE 1

- DEBTOR	CARRIAGE REALTY, INC	930 INDIAN PEAK ROAD	SUITE 225	ROLLING HILLS	CA	902743566
- ATTY	ANDREW D. FERINGA	16315 PIUMA AVE		CERRITOS	CA	907011525
-SPECIAL $6	EMPLOYMENT DEVELOPMENT DEPT	TAX COMPLIANCE SECTION	800 CAPITOL MALL-MIC 97	SACRAMENTO	CA	958146607
-SPECIAL $1	LOS ANGELES COUNTY TREASURER &	TAX COLLECTOR-BANKRUPTCY UNIT	2615 SOUTH GRAND	LOS ANGELES	CA	900072688
-SPECIAL $3	LOS ANGELES CITY CLERK	ROOM 101	CITY HALL	LOS ANGELES	CA	900134801
-SPECIAL $5	OFFICE OF U.S. TRUSTEE	300 N LOS ANGELES STREET		LOS ANGELES	CA	900123308
-SPECIAL $5	LOS ANGELES COUNTY TREASURER &	TAX COLLECTOR	225 NORTH HILL STREET	LOS ANGELES	CA	900132700
-TRUSTEE	STEVEN EARL SMITH, ESQ	650 S. GRAND AVENUE	SUITE #800	LOS ANGELES	CA	900173809
-0000001	FRANCHISE TAX BOARD	HEADQUARTERS COMPLIANCE		SACRAMENTO	CA	95867
-0000002	IGNACIA & ALICE CAMPA	% DANIEL M. GRAHAM	23720 ARLINGTON AVE. #7	TORRANCE	CA	905016124
-0000003	EQUITABLE RELOCATION MGMT CORP	% BANGER & WOLEN	530 W. 6TH ST., 9TH FLOOR	LOS ANGELES	CA	900141203
-0000004	KEVIN & MADELINE FINN	% PERONA, LANGER, LATORRACA	300 SAN ANTONI DR	LONG BEACH	CA	908070848
-0000005	RICHARD GREENBURG	BURKLEY, MOORE, GREENBURG ET A	21515 HAWTHORNE BLVD., STE 450	TORRANCE	CA	905038531
-0000006	MERVYNS & MARLENE RESING	% BURKLEY, MOORE, GREENBERG ET	21515 HAWTHORNE BLVD., STE 450	TORRANCE	CA	905038531
-0000007	C.W. & ROBERTA SLEMAKER	% SPIERER, WOODWARD, WILLENS &	707 TORRANCE BLVD., 2ND FLOOR	REDONDO BEACH	CA	902773463
-0000008	THE TRAVELERS	DV83326-N	PO BOX 6350	BREA	CA	926226350
-0000009	THE TRAVELERS	% MICHAEL R. LEA	PO BOX 3776	ANAHEIM	CA	928033776
-0000010	ROBERT MERDUNN, ESQ	2211 W. TORRANCE BLVD		TORRANCE	CA	905012517

- NOTICING CHARGE IS $3.00 18 NOTICES

THE ABOVE REFERENCED NOTICE WAS MAILED TO EACH OF THE ABOVE ON 08/16/91. I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT. EXECUTED ON 08/16/91 BY

Paul A. Washington

9704384331 6

B 103
(Rev. 8/87)

BANKRUPTCY PETITION COVER SHEET

CASE NUMBER (Court Use Only)
LA 91-26 517-RR

INSTRUCTIONS: This form must be completed by the debtor or the debtor's attorney and submitted to the clerk of court upon the filing of the petition.

NAME OF DEBTOR (Last, First, Middle) CARRIAGE REALTY, INC	NAME OF JOINT DEBTOR (Spouse) (Last, First, Middle)
ALL OTHER NAMES, INCLUDING TRADE NAMES, USED BY THE DEBTOR IN THE LAST 6 YEARS NONE	ALL OTHER NAMES, INCLUDING TRADE NAMES, USED BY THE JOINT DEBTOR IN THE LAST 6 YEARS
SOCIAL SECURITY NO. AND/OR EMPLOYER'S TAX ID NO. 95-3748575	SOCIAL SECURITY NO. AND/OR EMPLOYER'S TAX ID NO.
ADDRESS OF DEBTOR (Street, City, State, and Zip Code) 930 INDIAN PEAK Rd Suite 225 Rolling Hills California 90274	ADDRESS OF JOINT DEBTOR (Street, City, State, and Zip Code)
NAME OF COUNTY Los Angeles	NAME OF COUNTY

CHECK PROPER BOXES

TYPE OF PETITION
- [x] Voluntary Petition
- [ ] Involuntary Petition

CHAPTER OF THE BANKRUPTCY CODE UNDER WHICH THE PETITION IS FILED (Check One Box)
- [x] Chapter 7
- [ ] Ch. 7 Broker
- [ ] Ch. 9
- [ ] Chapter 11
- [ ] Chapter 11 Railroad
- [ ] Chapter 12
- [ ] Chapter 13
- [ ] Sec. 304

NATURE OF DEBT
- [x] Business – Complete A, B, C below
- [ ] Non-business/Consumer

A. FORM OF ORGANIZATION (Check One Box)
- [ ] Individual
- [ ] Partnership
- [ ] Corporation Publicly Held
- [x] Corporation Closely Held

B. TYPE OF BUSINESS (Check One Box)
- [ ] Farmer
- [ ] Transportation
- [ ] Construction
- [ ] Professional
- [ ] Manufacture/Mining
- [x] Real Estate
- [ ] Retail/Wholesale
- [ ] Other Business

C. BRIEFLY DESCRIBE NATURE OF BUSINESS
REAL ESTATE OFFICE

DEBTOR'S ESTIMATES

ESTIMATED NUMBER OF CREDITORS

1-15	16-49	50-99	100-999	1000-over
[x]	[ ]	[ ]	[ ]	[ ]

- [x] No assets will be available for distribution to creditors
- [ ] Assets will be available for distribution to creditors

ESTIMATED ASSETS (IN THOUSANDS OF DOLLARS)

Under 50	50-99	100-499	500-999	1000-over
[x]	[ ]	[ ]	[ ]	[ ]

ESTIMATED NUMBER OF EMPLOYEES–CHAPTER 11 AND 12 ONLY

0	1-19	20-99	100-999	1000-over
[ ]	[ ]	[ ]	[ ]	[ ]

ESTIMATED LIABILITIES (IN THOUSANDS OF DOLLARS)

Under 50	50-99	100-499	500-999	1000-over
[ ]	[ ]	[x]	[ ]	[ ]

ESTIMATED NO. OF EQUITY SECURITY HOLDERS–CH. 11 & 12 ONLY

0	1-19	20-99	100-999	1000-over
[ ]	[ ]	[ ]	[ ]	[ ]

ATTORNEY FOR THE DEBTOR (Firm Name, Address, Tel. No.)
ANDREW O FERINGA, ESQ
16315 Piuma Avenue
Cerritos CA 90701
- [ ] No Attorney

ATTORNEY FOR THE PETITIONER (IF INVOLUNTARY PETITION) (Firm Name, Address, Tel. No.)

FILING FEE (Check One Box)
- [x] Filing Fee Attached
- [ ] Filing fee to be paid in installments by individuals only. Must attach signed application for the court's consideration indicating that the debtor is unable to pay fee except in installments. Rule 1006 (b)

RELATED BANKRUPTCY CASE (IF ANY)

DEBTOR		CASE NO.
DISTRICT	DIVISIONAL OFFICE	NAME OF JUDGE

DATE	PRINT NAME	SIGNATURE OF ATTORNEY (OR DEBTOR)
8/8/91	ANDREW O FERINGA	Andrew O Feringa

9704384317

(CLERK'S STAMP)

Name ANDREW O. FERINGA, ESQ. Bar No. 44469

Address 16315 Piuma Avenue

Cerritos, CA 90701

Telephone (213) 402-9104

Attorney or Assistant or Representative for Debtor(s)

UNITED STATES BANKRUPTCY COURT FOR THE

CENTRAL DISTRICT OF CALIFORNIA

In re

CARRIAGE REALTY, INC.

Debtor(s)

(Set forth here all names, including trade names, used by debtor(s) within last 5 years.)

Case No.

VOLUNTARY PETITION UNDER CHAPTER 7

Social Security No.

Social Security No.

Debtor's Employer's Tax Identification No.

(If this form is used for joint petitioners wherever the word "petitioner" or words referring to petitioners are used they shall be read as if in the plural.)

1. Petitioner's mailing address, including county, is 930 Indian Peak Road, Suite 225, Rolling Hills, Los Angeles County, California 90274

2. Petitioner has ☐ resided (or has ☐ had his domicile or has ☒ had his principal place of business or has ☐ had his principal assets) within this district for the preceeding 180 days (or for a longer portion of the preceeding 180 days than in any other district).

3. Petitioner is qualified to file this petition and is entitled to the benefits of title 11, United States Code as a voluntary debtor.

4. (If appropriate) ☐ A copy of petitioner's proposed plan, dated _____ is attached (or ☐ Petitioner intends to file a plan pursuant to Chapter 11 of title 11, United States Code.)

5. (If petitioner is a corporation) Exhibit "A" is attached to and made part of this petition.

6. (If petitioner is an individual whose debts are primarily consumer debts) Petitioner is aware that he (or she) may proceed under Chapter 7 or 13 of title 11, United States Code, understands the relief available under each such Chapter, and chooses to proceed under Chapter 7 of such title.

7. (If petitioner is an individual whose debts are primarily consumer debts and such petitioner is represented by an attorney) A declaration or an affidavit in the form of Exhibit "B" is attached to and made a part of this petition.

WHEREFORE petitioner prays for relief in accordance with chapter 7 (or chapter 11) of title 11, United States Code.

Signed: Andrew O. Feringa
Attorney for Petitioner

Address: 16315 Piuma Avenue
Cerritos, CA 90701

Petitioner signs if not represented by attorney

Petitioner

Petitioner

I, (We), Ronald Florance and _____ the petitioner(s) named (or the president or other officer or authorized agent of the corporation named as petitioner, or a member or an authorized agent of the partnership named as petitioner) in the foregoing petition, do hereby declare, under penalty of perjury, that the statements contained therein are true and correct, (and that the filing of this Petition on behalf of the corporation (or partnership) has been authorized).

Executed on August 7, 19 1991

Ronald Florance
CARRIAGE REALTY, INC.
By: Ronald Florance
Petitioner

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EXHIBIT "A"

(If petitioner is a corporation, this Exhibit "A" shall be completed and attached to the Petition pursuant to paragraph 5 thereof.)

(CLERK'S STAMP)

Name ANDREW O. FERINGA, ESQ. Bar No. 44469

Address 16315 Piuma Avenue

Cerritos, CA 90701

Telephone (213) 402-9104

Attorney or Assistant or Representative for Debtor(s)

UNITED STATES BANKRUPTCY COURT FOR THE

CENTRAL **DISTRICT OF** CALIFORNIA

In re

CARRIAGE REALTY, INC.

Debtor(s)

(Set forth here all names including trade names used by debtor(s) within last 6 years.)

Social Security No. _____

Social Security No. _____

Debtor's Employer's Tax Identification No. _____

EXHIBIT "A"

For Court Use Only

Date Petition Filed _____

Case No. _____

Bankruptcy Judge _____

(If this form is used for joint petitioners whenever the word "petitioner" or words referring to petitioners are used they shall be read as if in the plural.)

1. Petitioner's employer's identification number is _____
2. If any of the petitioner's securities are registered under section 12 of the Securities Exchange Act of 1934, SEC file number is ---
3. The following financial data is the latest available information and refers to petitioner's condition on 7-31-91
   a. Total assets: $ .00
   b. Total liabilities: $

		Approximate Number of Holders
Secured debt, excluding that listed below	$	
Debt securities held by more than 100 holders	$	
Secured	$	
Unsecured	$	
Other liabilities, excluding contingent or unliquidated claims	$	
Number of shares of common stock 100		

4. Brief description of petitioner's business:
   Residental real estate sales
5. (If presently available, supply the following information) The name of any person who directly or indirectly owns, controls, or holds, with power to vote, 20% or more of the voting securities of petitioner is Ronald Florance
6. (If presently available, supply the following information) The names of all corporations 20% or more of the outstanding voting securities of which are directly or indirectly owned, controlled or held, with power to vote, by petitioner are
   Palos Verdes Investment Corporation

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EXHIBIT "B"

Petitioner is an individual whose debts are primarily consumer debts and such petitioner is represented by an attorney, this Exhibit "B" shall be completed and attached to the petition pursuant to paragraph 7 thereof.

(CLERK'S STAMP)

Name ANDREW O. FERINGA, ESQ. Bar No. 44469

Address 16315 Piuma Avenue

Cerritos, CA 90701

Telephone (213) 402-9104

Attorney for Debtor(s)

UNITED STATES BANKRUPTCY COURT FOR THE

CENTRAL **DISTRICT OF** CALIFORNIA

In re

CARRIAGE REALTY, INC.

Debtor(s)

(Set forth here all names, including trade names, used by debtor(s) within last 6 years.)

Social Security No. _____

Social Security No. _____

Debtor's Employer's Tax Identification No. _____

EXHIBIT "B"

For Court Use Only

Date Petition Filed _____

Case No. _____

Bankruptcy Judge _____

(If this form is used for joint petitioners wherever the word "petitioner" or words referring to petitioners are used they shall be read as if in the plural.)

I, ANDREW O. FERINGA, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that he (or she) may proceed under chapter 7 or 13 of title 11, United States Code, and have explained the relief available under each such chapter.

Executed on August 7, 1991

Signature [signature]

Attorney for Petitioner

ANDREW O. FERINGA

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(CLERK'S STAMP)

Name ANDREW O. FERINGA, ESQ. Bar No. 44469

Address 16315 Piuma Avenue

Cerritos, CA 90701

Telephone (213) 402-9104

Attorney or Assistant or Representative for Debtor(s)

UNITED STATES BANKRUPTCY COURT FOR THE

CENTRAL **DISTRICT OF** CALIFORNIA

In re

CARRIAGE REALTY, INC.

Debtor(s)

Set forth here all names including trade names used by debtor(s) within last 6 years.

Social Security No.

Social Security No.

Debtor's Employer's Tax Identification No.

Case No.

NOTICE OF AVAILABLE CHAPTERS

(If this form is used for joint petitioners wherever the word "petitioner" or words referring to petitioners are used they shall be read as if in the plural.)

1. Section 342(b) of 11 U.S. Code ("The Bankruptcy Code") states:
"Prior to the commencement of a case under this title by an individual whose debts are primarily consumer debts, the clerk shall give written notice to such individual that indicates each chapter of this title under which such individual may proceed."
2. If your debts are primarily consumer ones (as opposed to business debts) and they do not exceed $100,000.00 unsecured or $350,000.00 secured (11 U.S.C. §109(e)), you are eligible to file under Chapter 13 and to use future income to pay all or a portion of your existing debts.
3. You are also eligible to file under Chapter 11 ($200.00 filing fees) for debt reorganization.
4. You are not eligible to file under Chaper 9.
5. You are eligible to file under Chapter 7 ("straight bankruptcy") whereby debts are eliminated and your non-exempt assets are liquidated by the trustee for the benefit of your creditors.
6. All general filing eligibility is subject to 11 U.S.C. §§109(f), 727(a)(8) and (9), and 707(b). **Consult your attorney.**

I HAVE READ THE ABOVE "NOTICE OF AVAILABLE CHAPTERS".

Clerk of Court

Signature of Debtor

CARRIAGE REALTY, INC.
BY: Ronald Florance

Signature of Debtor (if Joint Petition)

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(CLERK'S STAMP)

Name ANDREW O. FERINGA, ESQ. Bar No. 44469

Address 16315 Piuma Avenue

Cerritos, CA 90701

Telephone (213) 402-9104

Attorney or Assistant or Representative for Debtor(s)

UNITED STATES BANKRUPTCY COURT FOR THE

CENTRAL **DISTRICT OF** CALIFORNIA

In re

CARRIAGE REALTY, INC.

Debtor(s)

Case No. _____

SCHEDULES

Social Security No _____

Social Security No _____

Debtor's Employer's Tax Identification No _____

(If this form is used by joint debtors wherever the question requires separate answers for Husband (H), Wife (W), or Joint (J) insert the appropriate symbol in column headed H, W, or J. If the word "debtor" or words referring to debtor are used they shall be read as if in the plural.)

SCHEDULE A — STATEMENT OF ALL LIABILITIES OF DEBTOR

Schedules A-1, A-2 and A-3 must include all the claims against the debtor or debtor's property as of the date of the filing of the petition by or against debtor.

SCHEDULE A-1 — Creditors having priority

1. Nature of claim	2. Name of creditor and complete mailing address including zip code	3. Specify when claim was incurred and the consideration therefor, when claim is subject to setoff, evidenced by a judgment, negotiable instrument or other writing, or incurred as partner or joint contractor, so indicate, specify name of any partner or joint contractor on any debt	4. Indicate if claim is contingent, unliquidated, or disputed	5. H W or J	6. Amount of Claim
a. Wages, salaries and commissions, including vacation, severance and sick leave pay owing to employees, not exceeding $2000 to each, earned within 90 days before filing of petition or cessation of business, if earlier specify date					$
b. Contributions to employee benefit plans for services rendered within 180 days before filing of petition or cessation of business, if earlier specify date					
c. Deposits by individuals, not exceeding $900 for each such purchase, lease, or rental of property, or services for personal, family or household use that were not delivered or performed					
d. Taxes owing, itemize by type of tax and taxing authority					
(1) To the United States					
(2) To any state	Franchise Tax Board Sacramento, CA	1991 Franchise tax			$800.00
(3) To any other taxing authority					

Total $800.00

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SCHEDULE A-2 — Creditors Holding Security

1. Name of creditor and complete mailing address including zip code	2. Description of security and date when obtained by creditor	3. Specify when claim was incurred and the consideration therefor; when claim is subject to setoff, evidenced by a judgment, negotiable instrument, or other other writing, or incurred as partner or joint contractor, so indicate; specify name or any partner or joint contractor on any debt	4. Indicate if claim is contingent, unliquidated, or disputed	5. H W or J	6. Market Value	7. Amount of claim without deduction of value of security
					$	$
None of the above claims are contingent, unliquidated, or disputed unless otherwise stated.				Total	$ .00	$ .00

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SCHEDULE A-3 — Creditors Having Unsecured Claims Without Priority

1. Name of creditor (including last known holder of any negotiable instrument) and complete mailing address including zip code	2. Specify when claim was incurred and the consideration therefor, when claim is contingent, unliquidated, disputed, subject to setoff, evidenced by a judgment, negotiable instrument, or other writing or incurred as partner or joint contractor, so indicate, specify name of any partner or joint contractor on any debt	3. Indicate if claim is contingent, unliquidated, or disputed	4. H W or J	5. Amount of Claim
Ignacia & Alice Campa c/o Daniel M. Graham 23720 Arlington Ave. #7 Torrance, CA 90501	1987	Unliquidated		$ 53,500.00 +
Equitable Relocation Mgmt Corp. c/o Barger & Wolen 530 W. 6th St., 9th Floor Los Angeles, CA 90014	1990	Unliquidated		15,485.83
Kevin & Madeline Finn c/o Perona, Langer, LaTorraca & Beck 300 San Antonio Dr. Long Beach, CA 90807-0948	1989	Unliquidated		Unspecified
Richard Greenburg Burkley, Moore, Greenburg & Lyman 21515 Hawthorne Blvd., Suite 450 Torrance, CA 90503	1991	Unliquidated		Unspecified
Mervyn & Marlene Resing c/o Burkley, Moore, Greenberg & Lyman 215 Hawthorne Blvd. #450 Torrance, CA 90503	1989	Unliquidated		250,000.00
C.M. & Roberta Slemaker c/o Spierer, Woodward, Willens & Dennis 707 Torrance Blvd., 2nd Floor Redondo Beach, CA 90277	1985	Unliquidated		500,000.00+
The Travelers DV63326-N P.O. Box 6350 Brea, CA 92622-6350	1985	Unliquidated		6,041.09
The Travelers DN275138-E P.O. Box 6350 Brea, CA 92622-6350	1985	Unliquidated		12,634.12
The Travelers c/o Michael R. Lea P.O. Box 3776 Anaheim, CA 92803-3776	1985	Unliquidated		Duplicate
Robert Webourn, Esq. 2211 W. Torrance Blvd. Torrance, CA 90501	1991	Unliquidated		3,963.45

None of the above claims are contingent, unliquidated, or disputed unless otherwise stated.

Total $ 841,624.49

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SCHEDULE B — STATEMENT OF ALL PROPERTY OF DEBTOR

Schedules B-1, B-2, B-3, and B-4 must include all property of the debtor as of the date of the filing of the petition by or against debtor.

SCHEDULE B-1 — Real Property

Description and location of all real property in which debtor has an interest (including equitable and future interests, interests in estates by the entirety, community property, life estates, leaseholds, and rights and powers exercisable for his (her) own benefit)	Nature of interest (specify all deeds and written instruments relating thereto)	H W or J	Market value of debtor's interest without deduction for secured claims listed in Schedule A-2 or exemptions claimed in Schedule B-4
			$
		Total	$ .00

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SCHEDULE B-2 — Personal Property

Type of Property	Description and Location	H W or J	Market value of debtor's interest without deduction for secured claims listed in Schedule A-2 or exemptions claimed in Schedule B-4
a. Cash on hand			$
b. Deposits of money with banking institutions, savings and loan associations, brokerage houses, credit unions, public utility companies, landlords, and others			
c. Household goods, supplies, and furnishings			
d. Books, pictures, and other art objects, stamp, coin, and other collections			
e. Wearing apparel, jewelry, firearms, sports equipment, and other personal possessions			
f. Automobiles, trucks, trailers, and other vehicles			
g. Boats, motors, and their accessories			
h. Livestock, poultry, and other animals			
i. Farming equipment, supplies and implements			
j. Office equipment, furnishings and supplies			
k. Machinery, fixtures, equipment and supplies (other than those listed in items i and j) used in business			

Schedule B-2 Sub-Total $ .00

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SCHEDULE B-2 — Personal Property (Cont'd.)

Type of Property	Description and Location	H W or J	Market value of debtor's interest without deduction for secured claims listed in Schedule A-2 or exemptions claimed in Schedule B-4
	Schedule B-2 Sub-Total Forward		$
l. Inventory			
m. Tangible personal property of any other description			
n. Patents, copyrights, licenses, franchises, and other general intangibles (specify all documents and writings relating thereto)			
o. Government and corporate bonds and other negotiable and nonnegotiable instruments			
p. Other liquidated debts owing debtor			
q. Contingent and unliquidated claims of every nature, including counterclaims of the debtor (give estimated value of each)			
r. Interests in insurance policies (name insurance company of each policy and itemize surrender or refund values of each)			
s. Annuities (itemize and name of each issuer)			
t. Stock and interests in incorporated and unincorporated companies (itemize each separately)			
u. Interests in partnerships			
v. Equitable and future interests, life estates and rights or powers exercisable for the benefit of the debtor (other than those listed in Schedule B-1) (specify all written instruments relating thereto)			
	Total		$ .00

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SCHEDULE B-3 — Property Not Otherwise Scheduled

Type of Property	Description and Location	H W or J	Market value of debtor's interest without deduction for secured claims listed in Schedule A-2 or exemptions claimed in Schedule B-4
			$
a. Property transferred under assignment for benefit of creditors within 120 days prior to filing of petition (specify date of assignment, name and address of assignee, amount realized therefrom by the assignee, and disposition of proceeds so far as known to debtor)			
b. Property of any kind not otherwise scheduled			
	Cash deposit held in trust by harbor Escrow, San Pedro Office, jointly owned with Equitable Relocation Management Corp.		2,500.00
		Total	$2500.00

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SCHEDULE B-4 — Property claimed as exempt

Debtor selects the following property as exempt pursuant to 11 U.S.C. § 522(d) OR the laws of the State of California

Type of Property	Location, description, and, so far as relevant, to the claim of exemption, present use of property	Specify Statute creating the exemption	H W or J	VALUE CLAIMED EXEMPT
Grub Stake		CCP § 703.140		$ 7500.00

Total $ 7500.00

OFFICIAL FORM NO. 6, SCHEDULE B-4, Rev. 10-84

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SUMMARY OF DEBTS AND PROPERTY

(From the Statements of the Debtor in Schedules A and B)

SCHEDULE	DEBTS	FOR JOINT CASES HUSBAND (H)	WIFE (W)	TOTAL
A-1/a, b	Wages, etc. having priority	$	$	$
A-1/c	Deposits of money			
A-1/d (1)	Taxes owing United States			
A-1/d (2)	Taxes owing States			800.00
A-1/d (3)	Taxes owing other taxing authorities			
A-2	Secured claims			
A-3	Unsecured claims without priority			841,624.49
	Schedule A Total	$	$	$ 842,424.49
	PROPERTY			
B-1	Real property (total value)	$	$	$
B-2/a	Cash on hand			
B-2/b	Deposits			
B-2/c	Household goods			
B-2/d	Books, pictures, and collections			
B-2/e	Wearing apparel and personal possessions			
B-2/f	Automobiles and other vehicles			
B-2/g	Boats, motors, and accessories			
B-2/h	Livestock and other animals			
B-2/i	Farming supplies and implements			
B-2/j	Office equipment and supplies			
B-2/k	Machinery, equipment, and supplies used in business			
B-2/l	Inventory			
B-2/m	Other tangible personal property			
B-2/n	Patents and other general intangibles			
B-2/o	Bonds and other instruments			
B-2/p	Other liquidated debts			
B-2/q	Contingent and unliquidated claims			
B-2/r	Interests in insurance policies			
B-2/s	Annuities			
B-2/t	Interests in corporations and unincorporated companies			
B-2/u	Interests in partnerships			
B-2/v	Equitable and future interests, rights, and powers in personalty			
B-3/a	Property assigned for benefit of creditors			
B-3/b	Property not otherwise scheduled			
B-4	Amount of property claimed as exempt $ 7,500.00 — **Total of Schedule B-1 thru B-3**	$	$	$ .00

UNSWORN DECLARATION UNDER PENALTY OF PERJURY OF INDIVIDUAL TO SCHEDULES A AND B

I _____ declare under penalty of perjury that I have read the foregoing schedules, consisting of _____ sheets, and that they are true and correct to the best of my knowledge, information and belief.

Executed on _____, 19___ Signature _____ Petitioner

UNSWORN DECLARATION UNDER PENALTY OF PERJURY OF INDIVIDUALS TO SCHEDULES A AND B (JOINT PETITION)

We _____ and _____ declare under penalty of perjury that we have read the foregoing schedules, consisting of _____ sheets, and that they are true and correct to the best of our knowledge, information and belief.

Executed on _____, 19___

Signature _____ Petitioner Signature _____ Petitioner

UNSWORN DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF CORPORATION OR PARTNERSHIP TO SCHEDULES A AND B

I Ronald Florance (the President or other officer or an authorized agent of the corporation) (or a member or an authorized agent of the partnership), named as debtor in this case, declare under penalty of perjury that I have read the foregoing schedules, consisting of ___ sheets, and that they are true and correct to the best of my knowledge, information and belief.

Executed on August 7, 19 91 Signature Ronald Florance Petitioner

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(CLERK'S STAMP)

Name ANDREW O. FERINGA, ESQ. Bar No. 44469

Address 16315 Piuma Avenue

Cerritos, CA 90701

Telephone (213) 402-9104

Attorney or Assistant or Representative for Debtor(s)

UNITED STATES BANKRUPTCY COURT FOR THE

CENTRAL **DISTRICT OF** CALIFORNIA

In re

CARRIAGE REALTY, INC.

Debtor(s)

(Set forth here all names, including trade names, used by debtor(s) within last 6 years.)

Case No. _____

STATEMENT OF FINANCIAL AFFAIRS FOR DEBTOR(S) ENGAGED IN BUSINESS

Social Security No. _____

Social Security No. _____

Debtor's Employer's Tax Identification No. _____

(If this form is used by joint debtors wherever questions require separate answers for Husband (H), Wife (W) or Joint (J) precede the answer with the appropriate symbol. If the word "debtor" or words referring to debtor are used they shall be read as if in the plural.)

(Each question shall be answered or the failure to answer explained. If the answer is "none" or "not applicable" so state. If additional space is needed for the answer to any question, a separate sheet, properly identified and made a part hereof, should be used and attached.

If the debtor is a partnership or a corporation, the question shall be deemed to be addressed to, and shall be answered on behalf of, the partnership or corporation; and the statement shall be certified by a member of the partnership or by a duly authorized officer of the corporation.

The term, "original petition," used in the following questions, shall mean the petition filed under Rule 1002, 1003, or 1004.)

1. Nature, Location, and Name of Business.

a. Under what name and where do you carry on your business?

Carriage Realty, Inc.
930 Indian Peak Road, Suite 225, Rolling Hills, CA 90274

b. In what business are you engaged? (If business operations have been terminated, give the date of termination.)

Terminated business on October 1, 1988

c. When did you commence the business? July 2, 1982

d. Where else and under what other names have you carried on business within the 6 years immediately preceding the filing of the original petition herein? (Give the street addresses, the names of any partners, joint adventurers, or other associates, the nature of the business, and the periods for which it was carried on.)

430 Silver Spur Road
Rolling Hills, CA 90274

2. Books and Records.

a. By whom, or under whose supervision, have your books of account and records been kept during the 6 years immediately preceding the filing of the original petition herein? (Give names, addresses, and periods of time.)

Kevin Pierik
2614 Euclid St. #C, Santa Monica CA 90405

b. By whom have your books of account and records been audited during the 6 years immediately preceding the filing of the original petition herein? (Give names, addresses and dates of audit.)

None.

c. In whose possession are your books of account and records? (Give names and addresses.)

Carriage Realty, Inc.
930 Indian Peak Rd. Suite 225, Rolling Hills, CA 90274

d. If any of these books or records are not available, explain.

e. Have any books of account or records relating to your affairs been destroyed, lost, or otherwise disposed of within the 2 years immediately preceding the filing of the original petition herein? (If so, give particulars, including date of destruction, loss, or disposition, and reason therefor.)

No.

OFFICIAL FORM NO. 8 STATEMENT OF FINANCIAL AFFAIRS FOR DEBTOR(S) ENGAGED IN BUSINESS ... 1984 WOLCOTTS, INC.

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3. Financial Statements.

Have you issued any written statements within the 2 years immediately preceding the filing of the original petition herein? (Give dates, and the name and addresses of the persons to whom issued, including mercantile and trade agencies.)

No

4. Inventories. NOT APPLICABLE

a. When was the last inventory of your property taken?

b. By whom, or under whose supervision, was this inventory taken?

c. What was the amount, in dollars, of the inventory? (State whether the inventory was taken at cost, market, or otherwise.)

d. When was the next prior inventory of your property taken?

e. By whom, or under whose supervision, was this inventory taken?

f. What was the amount, in dollars, of the inventory? (State whether the inventory was taken at cost, market, or otherwise.)

g. In whose possession are the records of the two inventories above referred to? (Give names and addresses.)

5. Income Other than from Operation of Business.

What amount of income, other than from operation of your business, have you received during each of the 2 years immediately preceding the filing of the original petition herein? (Give particulars, including each source, and the amount received therefrom.)

None

6. Tax Returns and Refunds.

a. In whose possession are copies of your federal, state and municipal income tax returns for the 3 years immediately preceding the filing of the original petition herein?

Carriage Realty, Inc.

b. What tax refunds (income or other) have you received during the 2 years immediately preceding the filing of the original petition herein?

None.

c. To what tax refunds (income or other), if any, are you, or may you be, entitled? (Give particulars, including information as to any refund payable jointly to you and your spouse or any other person.)

None

7. Financial Accounts, Certificates of Deposit and Safe Deposit Boxes.

a. What accounts or certificates of deposit or shares in banks, savings and loan, thrift, building and loan and homestead associations, credit unions, brokerage houses, pension funds and the like have you maintained, alone or together with any other person, and in your own or any other name within the 2 years immediately preceding the filing of the original petition herein? (Give the name and address of each institution, the name and number under which the account or certificate is maintained, and the name and address of every other person authorized to make withdrawals from such account.)

None.

b. What safe deposit box or boxes or other depository or depositories have you kept or used for your securities, cash or other valuables within the 2 years immediately preceding the filing of the original petition herein? (Give the name and address of the bank or other depository, the name in which each box or other depository was kept, the name and address of every other person who had the right of access thereto, a brief description of the contents thereof, and, if the box has been surrendered, state when surrendered, or, if transferred, when transferred, and the name and address of the transferee.)

None.

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8. Property held for Another Person.

What property do you hold for any other person? (Give name and address of each person, and describe the property, or value thereof, and all writings relating thereto.)

None.

9. Property held by Another.

Is any other person holding anything of value in which you have an interest? (Give name and address, location and description of the property, and circumstances of the holding.)

None.

10. Prior Bankruptcy Proceedings.

What cases under the Bankruptcy Act or title 11, United States Code, have previously been brought by or against you? (State the location of the bankruptcy court, the nature and number of each case, the date when it was filed, and whether a discharge was granted or denied, the case was dismissed, or a composition, arrangement, or plan was confirmed.)

None.

11. Receiverships, General Assignments, and other modes of Liquidation.

a. Was any of your property, at the time of the filing of the original petition herein, in the hands of a receiver, trustee, or other liquidating agent? (If so, give a brief description of the property, and the name and address of the receiver, trustee, or other agent, and, if the agent was appointed in a court proceeding, the name and location of the court, the title and number of the case, and the nature thereof.)

None.

b. Have you made any assignment of your property for the benefit of your creditors, or any general settlement with your creditors, within 2 years immediately preceding the filing of the original petition herein? (If so, give dates, the name and address of the assignee, and a brief statement of the terms of assignment or settlement.)

None.

12. Suits, Executions and Attachments.

a. Were you a party to any suit pending at the time of the filing of the original petition herein? (If so, give the name and location of the court and the title and nature of the proceeding.)

Yes, see schedule A-3

b. Were you a party to any suit terminated within the year immediately preceding the filing of the original petition herein? (If so, give the name and location of the court, the title and nature of the proceeding, and the result.)

No.

c. Has any of your property been attached, garnished, or seized under any legal or equitable process within the year immediately preceding the filing of the original petition herein? (If so, describe the property seized or person garnished, and at whose suit.)

No.

13. (a) Payment of Loans, Installment Purchases and Other Debts.

What payments in whole or in part have you made during the year immediately preceding the filing of the original petition herein on any of the following: (1) loans, (2) installment purchases of goods and services, and (3) other debts? (Give the names and addresses of the persons receiving payment, the amounts of the loans or other debts and the purchase price of the goods and services, the dates of the original transactions, the amounts and dates of payments, and, if any of the payees are your relatives or insiders, the relationship; if the debtor is a partnership and any of the payees is or was a partner or a relative of a partner, state the relationship; if the debtor is a corporation and any of the payees is or was an officer, director, or stockholder, or a relative of an officer, director, or stockholder, state the relationship.)

None.

9704384333

13. (b) Setoffs.

What debts have you owned to any creditor, including any bank, which were setoff by that creditor against a debt or deposit owing by the creditor to you during the year immediately preceding the filing of the original petition herein? (Give the names and addresses of the persons setting off such debts, the dates of the setoffs, the amounts of the debts owing by you and to you and, if any of the creditors are your relatives or insiders, state the relationship.)

None.

14. Transfers of Property.

a. Have you made any gifts, other than ordinary and usual presents to family members and charitable donations, during the year immediately preceding the filing of the original petition herein? (If so, give names and addresses of donees and dates, description, and value of gifts.)

None.

b. Have you made any other transfer, absolute or for the purpose of security, or any other disposition which was not in the ordinary course of business during the year immediately preceding the filing of the original petition herein? (Give a description of the property, the date of the transfer or disposition, to whom transferred or how disposed of, and state whether the transferee is a relative, partner, shareholder, officer, director or insider, the consideration, if any, received for the property, and the disposition of such consideration.)

None.

15. Accounts and Other Receivables.

Have you assigned, either absolutely or as security, any of your accounts or other receivables during the year immediately preceding the filing of the original petition herein? (If so, give the names and addresses of assignees.)

None.

16. Repossessions and Returns.

Has any property been returned to, or repossessed by, the seller, lessor, or a secured party during the year immediately preceding the filing of the original petition herein? (If so, give particulars, including the name and address of the party getting the property and its description and value.)

None.

17. Business Leases.

If you are a tenant of busines sproperty, what is the name and addrss of your landlord, the amount of your rental, the date to which rent had been paid at the time of the filing of the original petition herein, and the amount of security held by the landlord?

None.

18. Losses.

a. Have you suffered any losses from fire, theft, or gambling during the year immediately preceding or since the filing of the original petition herein? (If so, give particulars, including dates, names, and places, and the amounts of money or value and general description of property lost.)

None

b. Was the loss covered in whole or in part by insurance? (If so, give particulars.)

not applicable

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19. Withdrawals.

a. If you are an individual proprietor of your business, what personal withdrawals of any kind have you made from the business during the year immediately preceding the filing of the original petition herein?

None.

b. If the debtor is a partnership or corporation, what withdrawals, in any form (including compensation, bonuses or loans), have been made or received by any member of the partnership, or by any officer, director, insider, managing executive, or shareholder of the corporation, during the year immediately preceding the filing of the original petition herein? (Give the name and designation or relationship to the debtor of each person, the dates and amounts of withdrawals, and the nature or purpose thereof.)

None.

20. Payments or Transfers to Attorneys.

a. Have you consulted an attorney during the year immediately preceding or since the filing of the original petition herein? (Give date, name and address.)

Yes, Andrew O. Feringa, Esq.
16315 Piuma Ave., Cerritos, CA 90701

b. Have you during the year immediately preceding or since the filing of the original petition herein, paid any money or transferred any property to the attorney or to any other person on his behalf? (If so, give particulars, including amount paid or value of property transferred and date of payment or transfer.)

No.

c. Have you, either during the year immediately preceding or since the filing of the original petition herein, agreed to pay any money or transfer any property to an attorney-at-law, or to any other person on his behalf? (If so, give particulars, including amount and terms of obligation.)

No.

(IF THE DEBTOR IS A PARTNERSHIP OR A CORPORATION, THE FOLLOWING ADDITIONAL QUESTIONS SHOULD BE ANSWERED.)

21. Members of Partnership; Officers, Directors, Managers, and Principal Stockholders of Corporation.

a. What is the name and address of each member of the partnership, or the name, title, and address of each officer, director, insider, and managing executive, and of each stockholder holding 20% or more of the issued outstanding stock of the corporation?

Ronald Florance, 930 Indian Peak Road, Suite 225, Rolling Hills, CA 90274

b. During the year immediately preceding the filing of the original petition herein, has any member withdrawn from the partnership, or any officer, director, insider, or managing executive of the corporation terminated his relationship, or any stockholder holding 20% or more of the issued stock disposed of more than 50% of its holdings? (If so, give name and address and reason for withdrawal, termination, or disposition, if known.)

No.

c. Has any person acquired or disposed of 20% or more of the stock of the corporation during the year immediately preceding the filing of the petition? (If so, give name and address and particulars.)

No.

(I/We), RONALD FLORANCE and _____ declare, under penalty of perjury that I/we have read the answers contained in the foregoing statement of financial affairs and that they are true and correct to the best of my/our knowledge, information, and belief.

Executed on August 7, 1991

Ronald Florance
Petitioner

CARRIAGE REALTY, INC.
By: RONALD FLORANCE
Petitioner (Spouse, if necessary) or position or relationship to debtor*

* Person declaring for partnership or corporation should indicate position or relationship to debtor.

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9704384335

(CLERK'S STAMP)

Name ANDREW O. FERINGA, ESQ. Bar No. 44469

Address 16315 Piuma Avenue

Cerritos, CA 90701

Telephone (213) 402-9104
Attorney for Debtor(s)

UNITED STATES BANKRUPTCY COURT FOR THE

CENTRAL **DISTRICT OF** CALIFORNIA

In re

CARRIAGE REALTY, INC.

Debtor(s)

(Set forth here all names, including trade names, used by debtor(s) within last 6 years)

STATEMENT OF ATTORNEY FOR PETITIONER PURSUANT TO BANKRUPTCY RULE 2016(b)

CHAPTER PROCEEDING

Case No.

Social Security No.
Social Security No.
Debtor's Employer's Tax Identification No.

9704384336

The undersigned, pursuant to Rule 2016(b), Bankruptcy Rules, states that:

(1) The undersigned is the attorney for the debtor(s) in this case.

(2) The compensation paid or agreed to be paid by the debtor(s) to the undersigned is:
(a) for legal services rendered or to be rendered in contemplation of and in connection with this case . . . . . $ 750.00
(b) prior to filing this statement, debtor(s) have paid . . . . . $ 750.00
(c) the unpaid balance due and payable is . . . . . $ .00

(3) $ 120.00 of the filing fee in this case has been paid.

(4) The services rendered or to be rendered include the following:
(a) Analysis of the financial situation, and rendering advice and assistance to the debtor(s) in determining whether to file a petition under Title 11, United States Code.
(b) Preparation and filing of the petition, schedules of assets and liabilities, statement of affairs, and other documents required by the court.
(c) Representation of the debtor(s) at the first meeting of creditors.

(5) The source of payments made by the debtor(s) to the undersigned was from earnings, wages and compensation for services performed, and *

(6) The source of payments to be made by the debtor(s) to the undersigned for the unpaid balance remaining, if any, will be from earnings, wages and compensation for for services performed, and

(7) The undersigned have not shared or agreed to share, with any other person, other than with members of their law firm or corporation, any compensation paid or to be paid except as follows:

Dated August 7, 1991

Andrew O. Feringa

Attorneys for Debtor(s)

*If a fee is paid by transfer of property or if security is taken, give details here and in appropriate Section of Schedules or Statement of Affairs.

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(CLERK'S STAMP)

Name ANDREW O. FERINGA, ESQ. Bar No. 44469

Address 16315 Piuma Avenue

Cerritos, CA 90701

Telephone (213) 402-9104

Attorney for Debtor(s)

UNITED STATES BANKRUPTCY COURT FOR THE

CENTRAL **DISTRICT OF** CALIFORNIA

In re

..ARRIAGE REALTY, INC.

Debtor(s)

(Set forth here all names, including trade names, used by debtor(s) within last 6 years)

Case No. _____

SCHEDULE OF CURRENT INCOME AND CURRENT EXPENDITURES

(PRIMARILY BUSINESS DEBTS)

Social Security No. _____

Social Security No. _____

Debtor's Employer's Tax Identification No. _____

(If this form is used for joint petitioners information provided should reflect income and expenses for both petitioners)

INCOME

ESTIMATED AVERAGE FUTURE MONTHLY INCOME CONSISTING OF

BUSINESS CLOSED

TOTAL ESTIMATED FUTURE MONTHLY INCOME $ _____ (1)

EXPENSES

ESTIMATED AVERAGE FUTURE MONTHLY EXPENSES CONSISTING OF

Sub-Total $

EXPENSES (Cont'd.)

Sub-Total Forward $

TOTAL ESTIMATED FUTURE MONTHLY EXPENSES $ _____ (2)

SUMMARY

EXCESS (DEFICIENCY) OF ESTIMATED FUTURE MONTHLY INCOME OVER (UNDER) ESTIMATED FUTURE MONTHLY EXPENSES

(1) MINUS (2) = $ _____

IF APPLICABLE AMOUNT PROPOSED TO BE PAID EACH MONTH UNDER PLAN FOR ☐ CHAPTER 11 or ☐ CHAPTER 13 $ _____

Dated 8-7-91 Debtor [signature] Debtor _____

SCHEDULE OF CURRENT INCOME AND CURRENT EXPENDITURES (PRIMARILY BUSINESS DEBTS) Rev. 10/84

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9 7 0 4 3 8 4 3 3 3 7

INFORMATION REQUIRED BY LOCAL RULE 104
UNITED STATES BANKRUPTCY COURT, CENTRAL DISTRICT OF CALIFORNIA

1. A petition under the Bankruptcy Act of 1898 or the Bankruptcy Reform Act of 1978 has previously been filed by or against the debtor, his/her spouse, an affiliate of the debtor, any copartnership or joint venture of which debtor is or formerly was a general or limited partner, or member, or any corporation of which the debtor is a director, officer, or person in control, as follows: (Set forth the complete number and title of such of prior proceeding, date filed, nature thereof, the Bankruptcy Judge and court to whom assigned, whether still pending and, if not, the disposition thereof. If none, so indicate.)

None

2. (If petitioner is a partnership or joint venture) A petition under the Bankruptcy Act of 1898 or the Bankruptcy Reform Act of 1978 has previously been filed by or against the debtor or an affiliate of the debtor, or a general partner in the debtor, a relative of the general partner, general partner of, or person in control of the debtor, partnership in which the debtor is a general partner, general partner of the debtor, or person in control of the debtor as follows: (Set forth the complete number and title of such prior proceeding, date filed, nature of the proceeding, the Bankruptcy Judge and court to whom assigned, whether still pending and, if not, the disposition thereof. If none, so indicate.)

None

3. (If petitioner is a corporation) A petition under the Bankruptcy Act of 1898 or the Bankruptcy Act of 1978 has previously been filed by or against the debtor, or any of its affiliates or subsidiaries, a director of the debtor, an officer of the debtor, a person in control of the debtor, a partnership in which the debtor is general partner, a general partner of the debtor, a relative of the general partner, director, officer, or person in control of the debtor, or any persons, firms or corporations owning 20% or more of its voting stock as follows: (Set forth the complete number and title of such prior proceeding, date filed, nature of proceeding, the Bankruptcy Judge and court to whom assigned, whether still pending, and if not, the disposition thereof. If none, so indicate.)

None

4. (If petitioner is an individual) A petition under the Bankruptcy Reform Act, including amendments thereof, has been filed by or against the debtor within the last 180 days: (Set forth the complete number and title of such prior proceeding, date filed, nature of proceeding, the Bankruptcy Judge and court to whom assigned, whether still pending, and if not, the disposition thereof. If none, so indicate.)

None.

I declare, under penalty of perjury, that the foregoing is true and correct.

Executed at Cerritos, California

Dated August 7, 1991

Ronald Florance
Debtor
CARRIAGE REALTY, INC. by
Ronald Florance
Joint Debtor

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9704384338

(CLERK'S STAMP)

Name ANDREW O. FERINGA, ESQ. Bar No. 44469

Address 16315 Piuma Avenue

Cerritos, CA 90701

Telephone (213) 402-9104

Attorney for Debtor(s)

UNITED STATES BANKRUPTCY COURT FOR THE

CENTRAL **DISTRICT OF** CALIFORNIA

In re

CARRIAGE REALTY, INC.

Debtor(s)

Case No.

DEBTOR'S CONSOLIDATED STATEMENT OF INTENTIONS
(11 U.S.C. § 521)

Social Security No.

Social Security No.

Debtor's Employer's Tax Identification No.

(If this form is used for joint petitioners wherever the word "petitioner" or words referring to petitioners are used they shall be read as if in the plural.)

CHECK ONE:

☒ There are no consumer debts listed in the schedule of assets and liabilities which are secured by property

☐ Yes, the schedule of assets and liabilities includes consumer debts which are secured by property of the estate. The debtor(s) do(es) hereby state and represent the disposition of the property

ITEM	CREDITOR	CLAIMED AS EXEMPT		CHECK ONE COLUMN IF APPLICABLE				
		YES	NO	SURRENDER TO CREDITOR	RETAIN	REDEEM 11 USC § 722	REAFFIRM 11 USC § 524(c)	OTHER

DECLARATION: The undersigned certified under penalty of perjury that a copy of this intention was served on each secured creditor and the trustee assigned to this case

Dated August 7, 1991

CARRIAGE REALTY, INC. DEBTOR

Dated

By: Ronald Florance

DEBTOR JOINT PETITIONER

Dated August 7, 1991

Andrew O. Feringa ATTORNEY

NOTE: This statement must be filed in duplicate with the Clerk of Court within 30 days of filing the case or on or before the first meeting of creditors, whichever is earlier

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9704384339

ANDREW O. FERINGA BAR NO. 44469
Attorney at Law
16315 Piuma Avenue
Cerritos, CA 90701
(213) 402-9104

Attorney for Debtor,
CARRIAGE REALTY, INC.

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

IN RE: CARRIAGE REALTY, INC. Debtor.	CASE NO.

VERIFICATION OF CREDITOR MATRIX

The above named debtor, and debtor's attorney if applicable, do hereby certify under penalty of perjury that the attached Master Mailing List of creditors, consisting of 2 sheets is complete, correct and consistent with the debtor's schedules pursuant to Local Bankruptcy Rule 105(6) and we assume all responsibility for errors and omissions.

Dated: August 8, 1991

Debtor

Attorney
Andrew O. Feringa

9704384330

CARRIAGE REALTY, INC.
930 Indian Peak Road
Suite 225
Rolling Hills, CA 90274

Andrew O. Feringa
Attorney at Law
16315 Piuma Avenue
Cerritos, CA 90701

Ignacia & Alice Campa
c/o Daniel M. Graham
23720 Arlington Ave. #7
Torrance, CA 90501

Equitable Relocation Mgmt. Corp.
c/o Barger & Wolen
530 W. 6th St., 9th Floor
Los Angeles, CA 90014

Kevin & Madeline Finn
c/o Perona, Langer, LaTorraca
300 San Antonio Dr.
Long Beach, CA 90807-0948

Franchise Tax Board
Sacramento, CA

Richard Greenburg
Burkely, Moore, Greenburg
21515 Hawthorne Blvd., #450
Torrance, CA 90503

Mervyn & Marlyn Resing
c/o Burkley, Moore, Greenberg
21515 Torrance Blvd. #450
Torrance, CA 90503

C.M. & Roberta Slemaker
c/o Spierer, Woodward, Willens
707 Torrance Blvd., 2nd Floor
Redondo Beach, CA 90277

97043843341

The Travelers
DV63326-N
P.O. Box 6350
Brea, CA 92622-6350

The Travelers
DN275138-E
P.O. Box 6350
Brea, CA 92622-6350

The Travelers
c/o Michael R. Lea
P.O. Box 3776
Anaheim, CA 92803-3776

Robert Webourn, Esq.
2211 W. Torrance Blvd.
Torrance, CA 90501

9704384342

EXHIBIT A25

9704384343

ORIGINAL

JEFFREY L. SUMPTER (State Bar No. 118363)
DANNING, GILL, DIAMOND & KOLLITZ
a partnership composed
of professional corporations
1800 Century Park East, 7th Floor
Los Angeles, California 90067
(310) 277-0077

Attorneys for Chapter 7 Trustee

FILED
FEB 7 1994
Clerk, U.S. Bankruptcy Court
Central District of California

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re PALOS VERDES INVESTMENT CORPORATION, Debtor.	Bk. No. LA 92-58812-KM [Chapter 7] WITHDRAWAL OF CLAIMS OF FRANCHISE TAX BOARD [No Hearing Required]

TO THE FRANCHISE TAX BOARD AND OTHER PARTIES IN INTEREST:

Pursuant to the Court's order entered on February 1, 1994 approving the Trustee's motion for authority to compromise and pay claim of Franchise Tax Board in the above-captioned case, and pursuant to the attached acknowledgment of full satisfaction, withdrawal and waiver of its claims, the claims of the Franchise Tax Board in the above-referenced case are hereby withdrawn.

Dated: February 4, 1994

DANNING, GILL, DIAMOND & KOLLITZ

By: Jeffrey L. Sumpter
Jeffrey L. Sumpter
Attorneys for Chapter 7 Trustee

b:\jls\9258812.006

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9704384334

Scott Arnold
February 3, 1994
Page 2

The Franchise Tax Board, in exchange for the $25,000 to be paid to the Franchise Tax Board pursuant to the Order Approving Trustee's Motion for Authority to Compromise and Pay Claim of Franchise Tax Board entered in the above-referenced bankruptcy case of Palos Verdes Investment Corporation, Debtor, Bankruptcy No. LA 92-58812-KM, entered on February 1, 1994, hereby acknowledges full and complete satisfaction of and withdraws and waives its claims against the above-referenced bankruptcy estate of Palos Verdes Investment Corporation, Debtor.

Dated: 2/3/94

Ron Dotta
Authorized Agent on behalf of
Franchise Tax Board

9704384345

DECLARATION OF SERVICE BY MAIL

[U.S. District Court, Central District, Local Rule 5(b) (3)]

I, BEVERLY LEW, declare that:

I am a resident of the County of Los Angeles, State of California, and am employed by the firm of DANNING, GILL, DIAMOND & KOLLITZ, A Partnership Composed of Professional Corporations, 1800 Century Park East, Seventh Floor, Los Angeles, California 90067-1510. I am over the age of 18 years and not a party to the within action. On February 4, 1994, at the direction of JEFFREY L. SUMPTER of said firm and a member of the Bar of the United States District Court for the Central District of California, I served the within WITHDRAWAL OF CLAIMS OF FRANCHISE TAX BOARD, on the parties and the United States Trustee, by mailing, via first class mail, with postage thereon fully prepaid, a true copy thereof to said party at his last known address, to wit:

Marcy J.K. Tiffany
United States Trustee
221 N. Figueroa St., #800
Los Angeles, CA 90012

Franchise Tax Board (Claimant)
Attn: Ron Dotta
Special Procedures-Bankruptcy Unit
9750 Business Park Dr., #120
Sacramento, CA 95827

Paul Halperin, Esq. (Interested party)
Levene & Eisenberg
1901 Ave. of the Stars, #1600
Los Angeles, CA 90067-6080

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Los Angeles, California on February 4, 1994.

BJL

BEVERLY LEW

b\jla\9258812.006

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ORIGINAL

JEFFREY L. SUMPTER (State Bar No. 118363)
DANNING, GILL, DIAMOND & KOLLITZ
a partnership composed
of professional corporations
1800 Century Park East, 7th Floor
Los Angeles, California 90067
(310) 277-0077

Attorneys for Richard K. Diamond
Chapter 7 Trustee

U.S. BANKRUPTCY COURT
FILED
DEC 29 1993
Frank L. Gibbons, Clerk of Court
CENTRAL DISTRICT OF CALIFORNIA
Deputy Clerk

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re PALOS VERDES INVESTMENT CORPORATION, Debtor.	Bk. No. LA 92-58812-KM [Chapter 7] NOTICE OF MOTION AND TRUSTEE'S MOTION FOR AUTHORITY TO COMPROMISE AND PAY CLAIM OF FRANCHISE TAX BOARD; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF RICHARD K. DIAMOND [No Hearing Necessary, Local Bankruptcy Rule 111(7)]

TO THE DEBTOR, CREDITORS, UNITED STATES TRUSTEE AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE that the Trustee, Richard K. Diamond, proposes to compromise the claim of the Franchise Tax Board of the State of California (the "Board") and pay such claim in the compromised amount.

The Trustee has been advised that the Board asserts a priority tax claim in the amount of approximately $400,000.00 representing an assessment under dispute pre-petition. The Debtor continues to dispute the Board's claim. The Board has

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agreed to accept $25,000.00 as a full and complete compromise and satisfaction of its claims against the estate. Ronald M. Florance, an affiliate of the Debtor, has offered to pay the estate $25,000 to fund the compromise payment to the Board. The advance from Mr. Florance would be credited as against his offer to purchase assets of the estate or would be repaid from the sale proceeds in the event another party purchases the assets of the estate at the Trustee's upcoming sale. However, Mr. Florance has agreed to subordinate the repayment of his $25,000 advance to the reasonable administrative fees, costs and expenses of the Trustee and of professionals of the Trustee in connection with this settlement and the sale of estate assets in this case, up to $15,000. The Trustee presently has received and accepted an offer of $135,000 from Byron and Marlene Lasky for estate assets, subject to overbid and Court approval. Mr. Florance has represented that he intends to overbid the offer of Mr. and Mrs. Lasky at the upcoming sale and, subject to approval of the compromise herein or similar limitation on the Board's claim to $25,000 or less, has guaranteed the Trustee's receipt of the $135,000 offered by them. Mr. Florance has offered to fund the compromise provided that the compromise is approved by the Court prior to the Trustee's sale of estate assets, which is now scheduled for January 21, 1994. However, the estate reserves the right to fund the compromise from the sale of estate assets, if consummated.

By this Motion, the Trustee seeks authority to compromise and pay the Board's claim as described herein. This Motion is based on these moving papers and the accompanying

memorandum of points and authorities and declaration of the Chapter 7 Trustee.

Objections hereto and requests of hearing before the Court, if any, shall be in writing and filed with the Clerk of the Bankruptcy Court and served upon Richard K. Diamond, Trustee at 1800 Century Park East, Seventh Floor, Los Angeles, California 90067-1510 and upon the Office of the United States Trustee, 221 North Figueroa Street, Suite 800, Los Angeles, California 90012, within twenty (20) days of the date of the mailing of this notice. Any objections not timely filed and properly served will be deemed waived and as consent to the relief requested by the Trustee herein. Pursuant to Local Bankruptcy Rule 111(7)(a), if no written objection and request for hearing is served as set forth herein, the Court may enter its order granting the Motion without a hearing.

Accordingly, the Trustee respectfully requests that this Court enter its order approving the compromise with the Board as described herein and authorizing the Trustee to consummate such transactions and execute such documents as are necessary to effectuate the same and granting such other further relief as the Court deems just and proper.

Dated: December 23, 1993 DANNING, GILL, DIAMOND & KOLLITZ

By: _____
JEFFREY L. SUMPTER
Attorneys for Richard K. Diamond
Chapter 7 Trustee

MAILING DATE: December 23, 1993

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MEMORANDUM OF POINTS AND AUTHORITIES

I.

INTRODUCTION

By this Motion, the Trustee of this Chapter 7 case seeks approval of a compromise of claims of the Franchise Tax Board of the State of California (the "Board"). The compromise provides a mechanism for the liquidation and payment of a large disputed priority tax claim, and will pave the way for an efficient administration of the case.

II.

BACKGROUND

The Chapter 7 debtor herein, Palos Verdes Investment Corporation (the "Debtor"), was engaged in the business of investing in real estate development. Before the commencement of this case with the filing of a voluntary Chapter 7 petition in December of 1992, the Board sought to assess substantial taxes against the Debtor by way of a notice of determination. The Debtor disputed the assessment and negotiations toward compromise has apparently been underway for some time. The Trustee has been advised that the Board filed a priority claim in this case in the amount of over $400,000.00. The Trustee understands that the Debtor disputes the entire amount of this claim.

The Board, the Trustee and affiliates of the Debtor have negotiated a compromise of the Board's disputed claim. After appropriate investigation, the Trustee has determined that a settlement is in the best interests of the estate and the creditors of the estate.

III.

THE COMPROMISE

The terms of the compromise and settlement are as follows:

1. Ronald M. Florance, the shareholder of the Debtor and a creditor herein, shall contribute $25,000.00 to the estate to fund the settlement if the settlement is approved by the Court prior to the Trustee's sale of estate assets which is presently scheduled for January 21, 1993 at 10:00 a.m. Alternatively, the estate would fund the compromise from the sale of estate assets, if consummated.

2. The Trustee shall pay the Board $25,000.00 from the foregoing funds.

3. The Board shall accept the $25,000.00 payment from the Trustee in full and complete compromise and satisfaction of all of its claims against the estate.

4. Mr. Florance will receive full credit for his $25,000 advance to the estate, if made, in connection with the Trustee's sale of estate assets, if Mr. Florance is ultimately the purchaser of the estate's assets set for sale by the Trustee on January 21, 1994. In the event another party acquires the assets of the estate, the $25,000 contribution by Mr. Florance, if made, will be returned to Mr. Florance. However, Mr. Florance has agreed to subordinate the repayment of his $25,000 advance to reasonable administrative fees, costs and expenses of the Trustee and of professionals of the Trustee in connection with this settlement and the sale of estate assets in this case up to $15,000. Subject to the approval of this settlement or similar

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limitations of the Board's claim to $25,000 or less, Mr. Florance has guaranteed that the Trustee will receive at least $135,000 for the assets.

The Trustee's sale of assets of the estate is pursuant to a separate motion.

IV.

DISCUSSION

A. The Standards for Approval of a Settlement.

Bankruptcy Rule 9019(a) provides that, after notice and hearing, a court may approve a trustee's proposed settlement of a claim. The decision of whether a compromise should be accepted or rejected lies within the sound discretion of the court. In re Ericson, 6 B.R. 1002, 1005 (D. Minn. 1980) (affirming bankruptcy court's approval of debtor's compromise); In re Carson, 82 B.R. 847, 852 (Bankr. S.D. Ohio 1987) (approving debtor's compromise of employment discrimination claim); In re Mobile Air Drilling Co., Inc., 52 B.R. 605, 607 (Bankr. N.D. Ohio 1985) (approving trustee's compromise of his objection to creditor's proof of claim). Generally, courts favor compromise as compromises are a "'normal part of the process of reorganization.'" In re New York, New Haven and Hartford R.R. Co, 632 F.2d 955, 959 (2d Cir. 1980), quoting Case v. Los Angeles Lumber Products Co., 308 U.S. 106 (1938).

In ruling on proposed settlements, the standard that courts applied under the former Bankruptcy Act is the same standard as courts should apply under the Bankruptcy Code. In re Carla Leather, Inc., 44 B.R. 457, 466 (Bankr. S.D. N.Y. 1984).

The Supreme Court set forth that standard in Protective Committee v. Anderson, 390 U.S. 414 (1968), in which the Supreme Court held that a court must find that a settlement is "fair and equitable" in order to approve the settlement. Such a finding is to be based on:

> "[an] educated estimate of the complexity, expense, and likely duration of . . . litigation, the possible difficulties of collecting on any judgment which might be obtained, and all other factors relevant to a full and fair assessment of the wisdom of the proposed compromise."

Protective Committee, 390 U.S. at 425. In In re A & C Properties, the Ninth Circuit Court of Appeals stated the standard as follows:

> In determining the fairness, reasonableness and adequacy of a proposed settlement agreement, the court must consider:
>
> '(a) the probability of success in the litigation;
>
> (b) the difficulties, if any, to be encountered in the matter of collection;
>
> (c) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it;
>
> (d) the paramount interest of the creditors and a proper deference to their reasonable views. . . .'

In re A & C Properties, 784 F.2d 1377, 1381 (9th Cir. 1986), quoting In re Flight Transportation Corp. Securities Litigation, 730 F.2d 1128, 1135 (8th Cir. 1984), cert. denied sub nom Reavis & McGrath v. Antinore, 469 U.S. 1207 (1985).

In ruling on a compromise, however, a court should not substitute its own judgment for that of the debtor. In re Carla Leather, Inc., 44 B.R. at 465. The court's task is not to determine whether the settlement was the best that the debtor could have obtained. Cosoff v. Rodman (In re W.T. Grant Company), 699 F.2d 599, 608 and 613 (2d. Cir. 1983), cert. denied, 464 U.S. 822 (1983). Rather the court should "canvass the issues and see whether the settlement 'falls below the lowest point in the range of reasonableness.'" Id. at 608, quoting Newman v. Stein, 464 F.2d 689, 693 (2d Cir. 1972), cert. denied sub nom Benson v. Newman, 409 U.S. 1039 (1972); In re Bell and Beckwith, 87 B.R. 472, 474 (N.D. Ohio 1987). The Court need not, and should not, conduct a "mini-trial" on the merits of the underlying cause of action. In re Blair, 538 F.2d 849 (9th Cir. 1976); In re Walsh Construction, Inc., 669 F.2d 1325 (9th Cir. 1982).

B. The Settlement Agreement Satisfies The Requirements For Approval of a Compromise of Controversy.

The Settlement Agreement meets all of the requirements set forth in In re A&C Properties for the approval of the settlement of a compromise as fair, reasonable and adequate.

In light of the magnitude of the claim, $25,000 is an eminently reasonable settlement figure. Litigation of a claim dispute involving a complex state income tax issue could easily consume a substantial portion of the settlement in legal fees. Such a dispute would require time-consuming litigation which would greatly complicate the administration of this estate and

potentially postpone the sale of assets and distributions to creditors, as Mr. Florance has offered to acquire assets of the estate, but only if this compromise is approved beforehand. Mr. Florance is an affiliate of and directly or indirectly controls the entities holding a substantial amount of the claims against the estate, other than the claims of the Board. Mr. Florance's support of the settlement, to the extent of funding the necessary payment to the Board, demonstrates the reasonable support of substantially all interested parties for the compromise.

Based on the foregoing, the Trustee has concluded and requests that the Court also conclude that the proposed compromise fulfills the factors for approval of a compromise set forth in applicable case law.

CONCLUSION

Based upon the foregoing, the Trustee respectfully requests that this Court enter its order approving the settlement as described herein, authorizing the Trustee to takes such actions and execute such documents as are necessary to implement the same and granting such other and further relief as the Court deems just and proper.

Dated: December 23, 1993

DANNING, GILL, DIAMOND & KOLLITZ

By: _____
JEFFREY L. SUMPTER
Attorneys for Richard K. Diamond
Chapter 7 Trustee

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DECLARATION OF RICHARD K. DIAMOND

I, Richard K. Diamond, hereby declare that:

1. I am the Chapter 7 Trustee in the bankruptcy case of Palos Verdes Investment Corporation, Debtor, Bk. No. LA 92-58812-KM. The statements made herein are from facts within my personal knowledge, unless otherwise stated upon information and belief, and as to such statements, I believe them to be true and if called as a witness, I could and would competently testify thereto.

2. I have reviewed the motion filed herewith and the compromise with the Franchise Tax Board of California described therein. I believe that good cause exists for Court approval of the Compromise and believe from my analysis of the pleadings, examination of relevant records and discussions with counsel for the parties that the compromise is reasonable under the circumstances outlined in the motion filed herewith.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed in Los Angeles, California on December 28, 1993.

RICHARD K. DIAMOND

DECLARATION OF SERVICE BY MAIL

[U.S. District Court, Central District, Local Rule 5(b) (3)]

I, BEVERLY LEW, declare that:

I am a resident of the County of Los Angeles, State of California, and am employed by the firm of DANNING, GILL, DIAMOND & KOLLITZ, A Partnership Composed of Professional Corporations, 1800 Century Park East, Seventh Floor, Los Angeles, California 90067-1510. I am over the age of 18 years and not a party to the within action. On the 28th day of December, 1993, at the direction of JEFFREY L. SUMPTER of said firm and a member of the Bar of the United States District Court for the Central District of California, I served the within NOTICE OF MOTION AND TRUSTEE'S MOTION FOR AUTHORITY TO COMPROMISE AND PAY CLAIM OF FRANCHISE TAX BOARD; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF RICHARD K. DIAMOND, on the parties and the United States Trustee, by mailing, via first class mail, with postage thereon fully prepaid, a true copy thereof to said party at his last known address, to wit:

SEE ATTACHED RIDER

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Los Angeles, California on the 28th day of December, 1993.

BEVERLY LEW

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Service List

Marcy J.K. Tiffany
United States Trustee
221 N. Figueroa St., #800
Los Angeles, CA 90012

Debtor
Palos Verdes Investment Corporation
930 Indian Peak Road #225
Rolling Hills, CA 90274

Debtor's counsel
Levene & Eisenberg
A Professional Corporation
1901 Avenue of the Stars, Suite 1600
Los Angeles, CA 90067

Interested parties
Bennett L. Silverman
Gibson, Dunn & Crutcher
333 South Grand Avenue
Los Angeles, CA 90017-3197

Special Procedures Section
Internal Revenue Service
P.O. Box 1431 Room 4062
Los Angeles, CA 90053

Franchise Tax Board
Compliance Section
Sacramento, CA 95867

Employment Development Dept.
Tax Collection Section
P.O. Box 2847
Sacramento, CA 95812

County Tax Collector
Elko County
571 Idaho St., Rm. 101
Elko, NV 89801

The Florance Family Trust
R. Florance
1025 Via Mirable
Palos Verdes Estates, CA 90274

Franchise Tax Board
c/o Kendall E. Kinyon, Esq.
P.O. Box 1468
San Francisco, CA 95812-1468

Lodema Coffman
Stewart Title
501 S. Grand Ave., #200
Los Angeles, CA 90017

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JEFFREY L. SUMPTER (State Bar No. 118363)
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Los Angeles, California 90067
(310) 277-0077

Attorneys for Richard K. Diamond
Chapter 7 Trustee

U.S. BANKRUPTCY COURT
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UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re PALOS VERDES INVESTMENT CORPORATION, Debtor.	Bk. No. LA 92-58812-KM [Chapter 7] DECLARATION OF JEFFREY L. SUMPTER IN SUPPORT OF TRUSTEE'S MOTION FOR AUTHORITY TO COMPROMISE AND PAY CLAIM OF FRANCHISE TAX BOARD [No Hearing Required, Local Bankruptcy Rule 111(7)]

I, Jeffrey L. Sumpter, hereby declare that:

1. I am an attorney at law, duly licensed to practice before the above-captioned Bankruptcy Court and before the courts of the State of California. I am an associate at the law firm of Danning, Gill, Diamond & Kollitz, counsel for Richard K. Diamond, Chapter 7 Trustee in the above-captioned bankruptcy case. The statements made herein are from facts within my own personal knowledge, unless otherwise stated upon information and belief, and as to such statements, I believe them to be true, and if called as a witness, I could and would competently testify thereto.

2. Attached hereto as Exhibit "1" is a true and correct copy of the Notice of Motion and Trustee's Motion for Authority to Compromise and Pay Claim of Franchise Tax Board, along with the proof of service relative thereto. The foregoing pleading was filed on December 29, 1993 and served on the United States Trustee, Debtor, Debtor's counsel, creditors and other interested parties in this case on December 28, 1993. Neither I nor the Trustee have received any objections or other response to the Trustee's Motion as directed therein and in the Notice regarding the Motion as required by Local Bankruptcy Rule 111(7)(a). Accordingly, more than 20 days having passed since the date of service of the foregoing Notice and Motion, and no objections having been served to date, and good cause for approval of the proposed compromise being set forth in detail therein, it is hereby requested on behalf of the Trustee that the Court approve the Motion pursuant to the order lodged concurrently herewith.

3. As set forth in the Motion, the Franchise Tax Board has offered to resolve their claim in this case, which has been estimated at in excess of $400,000, in exchange for $25,000 cash. As set forth in detail in the Motion, the Trustee is presently in process of selling estate assets, the proceeds of which would be used to fund the payment of $25,000 to the Franchise Tax Board as proposed by the compromise, or alternatively, Ronald M. Florance, an affiliate of the Debtor, has offered to contribute the $25,000, if needed, to fund the compromise and has guaranteed that the estate will receive at least $135,000 for the upcoming sale of estate assets.

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Mr. Florance has offered to purchase the estate assets, conditioned upon the Court's approval of the compromise.

4. In light of the magnitude of the claim, $25,000 in exchange for the satisfaction of the tax claim which could potentially exceed $400,000, is reasonable under the circumstances. Further, since the claim is disputed, fees and expenses for having to litigate the matter, along with the risk of loss the Trustee were required to litigate the matter and the prompt resolution of the claim, are additional factors in support of the Trustee's proposed compromise.

I declare under penalty of perjury the the foregoing is true and correct.

Executed at Los Angeles, California on January 20, 1994.

Jeffrey L. Sumpter

COPY

JEFFREY L. SUMPTER (State Bar No. 118363)
DANNING, GILL, DIAMOND & KOLLITZ
a partnership composed
of professional corporations
1800 Century Park East, 7th Floor
Los Angeles, California 90067
(310) 277-0077

Attorneys for Richard K. Diamond
Chapter 7 Trustee

U.S. BANKRUPTCY COURT
FILED
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Frank E. Gaudino, Clerk of Court
CENTRAL DISTRICT OF CALIFORNIA
Deputy Clerk

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re PALOS VERDES INVESTMENT CORPORATION, Debtor.	Bk. No. LA 92-58812-KM [Chapter 7] NOTICE OF MOTION AND TRUSTEE'S MOTION FOR AUTHORITY TO COMPROMISE AND PAY CLAIM OF FRANCHISE TAX BOARD; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF RICHARD K. DIAMOND [No Hearing Necessary, Local Bankruptcy Rule 111(7)]

TO THE DEBTOR, CREDITORS, UNITED STATES TRUSTEE AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE that the Trustee, Richard K. Diamond, proposes to compromise the claim of the Franchise Tax Board of the State of California (the "Board") and pay such claim in the compromised amount.

The Trustee has been advised that the Board asserts a priority tax claim in the amount of approximately $400,000.00 representing an assessment under dispute pre-petition. The Debtor continues to dispute the Board's claim. The Board has

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EXHIBIT 1

agreed to accept $25,000.00 as a full and complete compromise and satisfaction of its claims against the estate. Ronald M. Florance, an affiliate of the Debtor, has offered to pay the estate $25,000 to fund the compromise payment to the Board. The advance from Mr. Florance would be credited as against his offer to purchase assets of the estate or would be repaid from the sale proceeds in the event another party purchases the assets of the estate at the Trustee's upcoming sale. However, Mr. Florance has agreed to subordinate the repayment of his $25,000 advance to the reasonable administrative fees, costs and expenses of the Trustee and of professionals of the Trustee in connection with this settlement and the sale of estate assets in this case, up to $15,000. The Trustee presently has received and accepted an offer of $135,000 from Byron and Marlene Lasky for estate assets, subject to overbid and Court approval. Mr. Florance has represented that he intends to overbid the offer of Mr. and Mrs. Lasky at the upcoming sale and, subject to approval of the compromise herein or similar limitation on the Board's claim to $25,000 or less, has guaranteed the Trustee's receipt of the $135,000 offered by them. Mr. Florance has offered to fund the compromise provided that the compromise is approved by the Court prior to the Trustee's sale of estate assets, which is now scheduled for January 21, 1994. However, the estate reserves the right to fund the compromise from the sale of estate assets, if consummated.

By this Motion, the Trustee seeks authority to compromise and pay the Board's claim as described herein. This Motion is based on these moving papers and the accompanying

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memorandum of points and authorities and declaration of the Chapter 7 Trustee.

Objections hereto and requests of hearing before the Court, if any, shall be in writing and filed with the Clerk of the Bankruptcy Court and served upon Richard K. Diamond, Trustee at 1800 Century Park East, Seventh Floor, Los Angeles, California 90067-1510 and upon the Office of the United States Trustee, 221 North Figueroa Street, Suite 800, Los Angeles, California 90012, within twenty (20) days of the date of the mailing of this notice. Any objections not timely filed and properly served will be deemed waived and as consent to the relief requested by the Trustee herein. Pursuant to Local Bankruptcy Rule 111(7)(a), if no written objection and request for hearing is served as set forth herein, the Court may enter its order granting the Motion without a hearing.

Accordingly, the Trustee respectfully requests that this Court enter its order approving the compromise with the Board as described herein and authorizing the Trustee to consummate such transactions and execute such documents as are necessary to effectuate the same and granting such other further relief as the Court deems just and proper.

Dated: December 23, 1993 DANNING, GILL, DIAMOND & KOLLITZ

By: _____
JEFFREY L. SUMPTER
Attorneys for Richard K. Diamond
Chapter 7 Trustee

MAILING DATE: December 23, 1993

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MEMORANDUM OF POINTS AND AUTHORITIES

I.

INTRODUCTION

By this Motion, the Trustee of this Chapter 7 case seeks approval of a compromise of claims of the Franchise Tax Board of the State of California (the "Board"). The compromise provides a mechanism for the liquidation and payment of a large disputed priority tax claim, and will pave the way for an efficient administration of the case.

II.

BACKGROUND

The Chapter 7 debtor herein, Palos Verdes Investment Corporation (the "Debtor"), was engaged in the business of investing in real estate development. Before the commencement of this case with the filing of a voluntary Chapter 7 petition in December of 1992, the Board sought to assess substantial taxes against the Debtor by way of a notice of determination. The Debtor disputed the assessment and negotiations toward compromise has apparently been underway for some time. The Trustee has been advised that the Board filed a priority claim in this case in the amount of over $400,000.00. The Trustee understands that the Debtor disputes the entire amount of this claim.

The Board, the Trustee and affiliates of the Debtor have negotiated a compromise of the Board's disputed claim. After appropriate investigation, the Trustee has determined that a settlement is in the best interests of the estate and the creditors of the estate.

III.

THE COMPROMISE

The terms of the compromise and settlement are as follows:

1. Ronald M. Florance, the shareholder of the Debtor and a creditor herein, shall contribute $25,000.00 to the estate to fund the settlement if the settlement is approved by the Court prior to the Trustee's sale of estate assets which is presently scheduled for January 21, 1993 at 10:00 a.m. Alternatively, the estate would fund the compromise from the sale of estate assets, if consummated.

2. The Trustee shall pay the Board $25,000.00 from the foregoing funds.

3. The Board shall accept the $25,000.00 payment from the Trustee in full and complete compromise and satisfaction of all of its claims against the estate.

4. Mr. Florance will receive full credit for his $25,000 advance to the estate, if made, in connection with the Trustee's sale of estate assets, if Mr. Florance is ultimately the purchaser of the estate's assets set for sale by the Trustee on January 21, 1994. In the event another party acquires the assets of the estate, the $25,000 contribution by Mr. Florance, if made, will be returned to Mr. Florance. However, Mr. Florance has agreed to subordinate the repayment of his $25,000 advance to reasonable administrative fees, costs and expenses of the Trustee and of professionals of the Trustee in connection with this settlement and the sale of estate assets in this case up to $15,000. Subject to the approval of this settlement or similar

limitations of the Board's claim to $25,000 or less, Mr. Florance has guaranteed that the Trustee will receive at least $135,000 for the assets.

The Trustee's sale of assets of the estate is pursuant to a separate motion.

IV.

DISCUSSION

A. The Standards for Approval of a Settlement.

Bankruptcy Rule 9019(a) provides that, after notice and hearing, a court may approve a trustee's proposed settlement of a claim. The decision of whether a compromise should be accepted or rejected lies within the sound discretion of the court. In re Ericson, 6 B.R. 1002, 1005 (D. Minn. 1980) (affirming bankruptcy court's approval of debtor's compromise); In re Carson, 82 B.R. 847, 852 (Bankr. S.D. Ohio 1987) (approving debtor's compromise of employment discrimination claim); In re Mobile Air Drilling Co., Inc., 52 B.R. 605, 607 (Bankr. N.D. Ohio 1985) (approving trustee's compromise of his objection to creditor's proof of claim). Generally, courts favor compromise as compromises are a "'normal part of the process of reorganization.'" In re New York, New Haven and Hartford R.R. Co, 632 F.2d 955, 959 (2d Cir. 1980), quoting Case v. Los Angeles Lumber Products Co., 308 U.S. 106 (1938).

In ruling on proposed settlements, the standard that courts applied under the former Bankruptcy Act is the same standard as courts should apply under the Bankruptcy Code. In re Carla Leather, Inc., 44 B.R. 457, 466 (Bankr. S.D. N.Y. 1984).

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The Supreme Court set forth that standard in Protective Committee v. Anderson, 390 U.S. 414 (1968), in which the Supreme Court held that a court must find that a settlement is "fair and equitable" in order to approve the settlement. Such a finding is to be based on:

> "[an] educated estimate of the complexity, expense, and likely duration of . . . litigation, the possible difficulties of collecting on any judgment which might be obtained, and all other factors relevant to a full and fair assessment of the wisdom of the proposed compromise."

Protective Committee, 390 U.S. at 425. In In re A & C Properties, the Ninth Circuit Court of Appeals stated the standard as follows:

> In determining the fairness, reasonableness and adequacy of a proposed settlement agreement, the court must consider:
>
> '(a) the probability of success in the litigation;
>
> (b) the difficulties, if any, to be encountered in the matter of collection;
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> (c) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it;
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> (d) the paramount interest of the creditors and a proper deference to their reasonable views. . . .'

In re A & C Properties, 784 F.2d 1377, 1381 (9th Cir. 1986), quoting In re Flight Transportation Corp. Securities Litigation, 730 F.2d 1128, 1135 (8th Cir. 1984), cert. denied sub nom Reavis & McGrath v. Antinore, 469 U.S. 1207 (1985).

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In ruling on a compromise, however, a court should not substitute its own judgment for that of the debtor. In re Carla Leather, Inc., 44 B.R. at 465. The court's task is not to determine whether the settlement was the best that the debtor could have obtained. Cosoff v. Rodman (In re W.T. Grant Company), 699 F.2d 599, 608 and 613 (2d. Cir. 1983), cert. denied, 464 U.S. 822 (1983). Rather the court should "canvass the issues and see whether the settlement 'falls below the lowest point in the range of reasonableness.'" Id. at 608, quoting Newman v. Stein, 464 F.2d 689, 693 (2d Cir. 1972), cert. denied sub nom Benson v. Newman, 409 U.S. 1039 (1972); In re Bell and Beckwith, 87 B.R. 472, 474 (N.D. Ohio 1987). The Court need not, and should not, conduct a "mini-trial" on the merits of the underlying cause of action. In re Blair, 538 F.2d 849 (9th Cir. 1976); In re Walsh Construction, Inc., 669 F.2d 1325 (9th Cir. 1982).

B. The Settlement Agreement Satisfies The Requirements For Approval of a Compromise of Controversy.

The Settlement Agreement meets all of the requirements set forth in In re A&C Properties for the approval of the settlement of a compromise as fair, reasonable and adequate.

In light of the magnitude of the claim, $25,000 is an eminently reasonable settlement figure. Litigation of a claim dispute involving a complex state income tax issue could easily consume a substantial portion of the settlement in legal fees. Such a dispute would require time-consuming litigation which would greatly complicate the administration of this estate and

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potentially postpone the sale of assets and distributions to creditors, as Mr. Florance has offered to acquire assets of the estate, but only if this compromise is approved beforehand. Mr. Florance is an affiliate of and directly or indirectly controls the entities holding a substantial amount of the claims against the estate, other than the claims of the Board. Mr. Florance's support of the settlement, to the extent of funding the necessary payment to the Board, demonstrates the reasonable support of substantially all interested parties for the compromise.

Based on the foregoing, the Trustee has concluded and requests that the Court also conclude that the proposed compromise fulfills the factors for approval of a compromise set forth in applicable case law.

CONCLUSION

Based upon the foregoing, the Trustee respectfully requests that this Court enter its order approving the settlement as described herein, authorizing the Trustee to takes such actions and execute such documents as are necessary to implement the same and granting such other and further relief as the Court deems just and proper.

Dated: December [illegible], 1993 DANNING, GILL, DIAMOND & KOLLITZ

By: _____
JEFFREY L. SUMPTER
Attorneys for Richard K. Diamond
Chapter 7 Trustee

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DECLARATION OF RICHARD K. DIAMOND

I, Richard K. Diamond, hereby declare that:

1. I am the Chapter 7 Trustee in the bankruptcy case of Palos Verdes Investment Corporation, Debtor, Bk. No. LA 92-58812-KM. The statements made herein are from facts within my personal knowledge, unless otherwise stated upon information and belief, and as to such statements, I believe them to be true and if called as a witness, I could and would competently testify thereto.

2. I have reviewed the motion filed herewith and the compromise with the Franchise Tax Board of California described therein. I believe that good cause exists for Court approval of the Compromise and believe from my analysis of the pleadings, examination of relevant records and discussions with counsel for the parties that the compromise is reasonable under the circumstances outlined in the motion filed herewith.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed in Los Angeles, California on December 28, 1993.

RICHARD K. DIAMOND

9704384371

DECLARATION OF SERVICE BY MAIL

[U.S. District Court, Central District, Local Rule 5(b) (3)]

I, BEVERLY LEW, declare that:

I am a resident of the County of Los Angeles, State of California, and am employed by the firm of DANNING, GILL, DIAMOND & KOLLITZ, A Partnership Composed of Professional Corporations, 1800 Century Park East, Seventh Floor, Los Angeles, California 90067-1510. I am over the age of 18 years and not a party to the within action. On the ___ day of December, 1993, at the direction of JEFFREY L. SUMPTER of said firm and a member of the Bar of the United States District Court for the Central District of California, I served the within NOTICE OF MOTION AND TRUSTEE'S MOTION FOR AUTHORITY TO COMPROMISE AND PAY CLAIM OF FRANCHISE TAX BOARD; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATION OF RICHARD K. DIAMOND, on the parties and the United States Trustee, by mailing, via first class mail, with postage thereon fully prepaid, a true copy thereof to said party at his last known address, to wit:

SEE ATTACHED RIDER

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Los Angeles, California on the ___ day of December, 1993.

_____
BEVERLY LEW

Service List

Marcy J.K. Tiffany
United States Trustee
221 N. Figueroa St., #800
Los Angeles, CA 90012

Debtor
Palos Verdes Investment Corporation
930 Indian Peak Road #225
Rolling Hills, CA 90274

Debtor's counsel
Levene & Eisenberg
A Professional Corporation
1901 Avenue of the Stars, Suite 1600
Los Angeles, CA 90067

Interested parties
Bennett L. Silverman
Gibson, Dunn & Crutcher
333 South Grand Avenue
Los Angeles, CA 90017-3197

Special Procedures Section
Internal Revenue Service
P.O. Box 1431 Room 4062
Los Angeles, CA 90053

Franchise Tax Board
Compliance Section
Sacramento, CA 95867

Employment Development Dept.
Tax Collection Section
P.O. Box 2847
Sacramento, CA 95812

County Tax Collector
Elko County
571 Idaho St., Rm. 101
Elko, NV 89801

The Florance Family Trust
R. Florance
1025 Via Mirable
Palos Verdes Estates, CA 90274

Franchise Tax Board
c/o Kendall E. Kinyon, Esq.
P.O. Box 1468
San Francisco, CA 95812-1468

Lodema Coffman
Stewart Title
501 S. Grand Ave., #200
Los Angeles, CA 90017

97043843373

DECLARATION OF SERVICE BY MAIL

[U.S. District Court, Central District, Local Rule 5(b) (3)]

I, BEVERLY LEW, declare that:

I am a resident of the County of Los Angeles, State of California, and am employed by the firm of DANNING, GILL, DIAMOND & KOLLITZ, A Partnership Composed of Professional Corporations, 1800 Century Park East, Seventh Floor, Los Angeles, California 90067-1510. I am over the age of 18 years and not a party to the within action. On the 20th day of January, 1994, at the direction of JEFFREY L. SUMPTER of said firm and a member of the Bar of the United States District Court for the Central District of California, I served the within DECLARATION OF JEFFREY L. SUMPTER IN SUPPORT OF TRUSTEE'S MOTION FOR AUTHORITY TO COMPROMISE AND PAY CLAIM OF FRANCHISE TAX BOARD, on the parties and the United States Trustee, by mailing, via first class mail, with postage thereon fully prepaid, a true copy thereof to said party at his last known address, to wit:

SEE ATTACHED RIDER

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Los Angeles, California on the 20th day of January, 1994.

BEVERLY LEW

b:\ja\9258812.005

RIDER TO DECLARATION OF SERVICE BY MAIL

Marcy J.K. Tiffany
United States Trustee
221 N. Figueroa St., #800
Los Angeles, CA 90012

Debtor
Palos Verdes Investment Corporation
930 Indian Peak Road #225
Rolling Hills, CA 90274

Debtor's counsel
Lawrence Halperin, Esq.
Levene & Eisenberg
1901 Avenue of the Stars, #1600
Los Angeles, CA 90067

Interested party
Bennett L. Silverman
Gibson, Dunn & Crutcher
333 South Grand Avenue
Los Angeles, CA 90017-3197

97043843375

ORIGINAL

JEFFREY L. SUMPTER (State Bar No. 118363)
DANNING, GILL, DIAMOND & KOLLITZ
a partnership composed
of professional corporations
1800 Century Park East, 7th Floor
Los Angeles, California 90067
(310) 277-0077

Attorneys for Richard K. Diamond
Chapter 7 Trustee

ENTERED
FEB 1994

FILED
JAN 28 1994
BANKRUPTCY COURT
DISTRICT OF CALIFORNIA
Deputy Clerk

ENTERED
FEB 1 - 1994

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re PALOS VERDES INVESTMENT CORPORATION, Debtor.	Bk. No. LA 92-58812-KM [Chapter 7] ORDER APPROVING TRUSTEE'S MOTION FOR AUTHORITY TO COMPROMISE AND PAY CLAIM OF FRANCHISE TAX BOARD [No Hearing Required, Local Bankruptcy Rule 111(7)]

The matter of the Trustee's Motion for Authority to Compromise and Pay Claim of Franchise Tax Board ("Motion") has come before the Court for review and determination, the Honorable Kathleen P. March, United States Bankruptcy Judge presiding. The Court having reviewed and considered the Trustee's Motion, notice thereof and declaration of the Trustee and his counsel in support thereof and the Court noting that no opposition was filed and served relative thereto, and good cause appearing therefor after due and proper notice, it is hereby:

ORDERED:

1. Due and proper notice of the Motion was given to all persons entitled thereto.

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2. The Motion is hereby granted in its entirety.

3. The Trustee is hereby authorized to take all actions in the Trustee's discretion to consummate the compromise approved hereby.

4. The Court retains jurisdiction over the parties to the compromise in order to interpret and enforce the terms of the compromise.

Dated: Jan. 28, 1994

KATHLEEN P. MARCH
UNITED STATES BANKRUPTCY JUDGE

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DECLARATION OF SERVICE BY MAIL

[U.S. District Court, Central District, Local Rule 5(b) (3)]

I, BEVERLY LEW, declare that:

I am a resident of the County of Los Angeles, State of California, and am employed by the firm of DANNING, GILL, DIAMOND & KOLLITZ, A Partnership Composed of Professional Corporations, 1800 Century Park East, Seventh Floor, Los Angeles, California 90067-1510. I am over the age of 18 years and not a party to the within action. On the 20th day of January, 1994, at the direction of JEFFREY L. SUMPTER of said firm and a member of the Bar of the United States District Court for the Central District of California, I served the within (proposed) ORDER APPROVING TRUSTEE'S MOTION FOR AUTHORITY TO COMPROMISE AND PAY CLAIM OF FRANCHISE TAX BOARD, on the parties and the United States Trustee, by mailing, via first class mail, with postage thereon fully prepaid, a true copy thereof to said party at his last known address, to wit:

SEE ATTACHED RIDER

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Los Angeles, California on the 20th day of January, 1994.

BEVERLY LEW

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RIDER TO DECLARATION OF SERVICE BY MAIL

Marcy J.K. Tiffany
United States Trustee
221 N. Figueroa St., #800
Los Angeles, CA 90012

Debtor
Palos Verdes Investment Corporation
930 Indian Peak Road, #225
Rolling Hills, CA 90274

Debtor's counsel
Paul Halperin, Esq.
Levene & Eisenberg
1901 Avenue of the Stars, #1600
Los Angeles, CA 90067

Interested party
Bennett L. Silverman
Gibson, Dunn & Crutcher
333 South Grand Avenue
Los Angeles, CA 90017-3197

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re PALOS VERDES INVESTMENT CORPORATION, Debtor.	CASE NO. LA 92-58812-KM [Chapter 7] NOTICE OF ENTRY OF ORDER AND CERTIFICATE OF MAILING

TO:

ALL PARTIES IN INTEREST ON THE ATTACHED SERVICE LIST

You are hereby notified, pursuant to Bankruptcy Rule 9022 and Local Bankruptcy Rule 116(1)(a)(v) that an order or judgment entitled ORDER APPROVING TRUSTEE'S MOTION FOR AUTHORITY TO COMPROMISE AND PAY CLAIM OF FRANCHISE TAX BOARD was entered on ~~1.31.94~~ 2.1.94

I hereby certify that I mailed a copy of this notice and a true copy of the Order to the above-named persons on 2.1.94.

Dated: 2.1.94

FRANK E. GOODROE, CLERK

By [signature]
Deputy Clerk

NOTICE OF ENTRY OF ORDER

RIDER

Marcy J.K. Tiffany
United States Trustee
221 N. Figueroa St., #800
Los Angeles, CA 90012

Debtor
Palos Verdes Investment Corporation
930 Indian Peak Road #225
Rolling Hills, CA 90274

Debtor's counsel
Lawrence Halperin, Esq.
Levene & Eisenberg
1901 Avenue of the Stars, #1600
Los Angeles, CA 90067

Interested party
Bennett L. Silverman
Gibson, Dunn & Crutcher
333 South Grand Avenue
Los Angeles, CA 90017-3197

Attys. for Chapter 7 Trustee
Jeffrey L. Sumpter, Esq.
Danning, Gill, Diamond & Kollitz
1800 Century Park East, Seventh Fl.
Los Angeles, CA 90067-1510

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ORIGINAL

RICHARD K. DIAMOND (State Bar No. 70634)
1800 Century Park East, 7Th Floor
Los Angeles, California 90067-1510
(310) 277-0077

Chapter 7 Trustee

FILED
DEC - 9 1993
CLERK, U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

ENTERED
DEC 13 1993
CLERK, U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LODGED
DEC 7 1993

In re PALOS VERDES INVESTMENT CORPORATION, Debtor.	Bk. No. LA 92-58812-KM [Chapter 7] ORDER AUTHORIZING EMPLOYMENT OF DANNING, GILL, DIAMOND & KOLLITZ AS COUNSEL TO THE CHAPTER 7 TRUSTEE [NO HEARING REQUIRED]

The Court having read and considered the Application of Trustee to Employ Counsel filed by Richard K. Diamond, the Chapter 7 Trustee herein (the "Trustee"), and it appears satisfactorily therefrom for the reasons stated therein that it is necessary that the Trustee employ counsel, that the proposed law firm represents no interest adverse to the debtor, the estate or any creditor in the matters upon which the law firm is to be engaged, that notice of the Trustee's Application is appropriate under the circumstances, and that the employment of Danning, Gill, Diamond & Kollitz would be in the best interest of the estate, and good cause appearing therefor, it is hereby:

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ORDERED that the Trustee herein be, and hereby is, authorized to employ Danning, Gill, Diamond & Kollitz as his attorney for the purposes set forth in the Application, and generally, effective as of November 5, 1993. Compensation will be awarded by the Court upon appropriate application, and after notice and a hearing.

DATED: Dec 9, 1993

KATHLEEN P. MARCH
UNITED STATES BANKRUPTCY JUDGE

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ORIGINAL

RICHARD K. DIAMOND (State Bar No. 70634)
1800 Century Park East, 7th Floor
Los Angeles, California 90067-1510
(310) 277-0077

Chapter 7 Trustee

U.S. BANKRUPTCY COURT FILED DEC 7 1993 LOS ANGELES, CA

RECEIVED OFC. OF THE U.S. TRUSTEE DEC 2 4 16 PM '93

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re PALOS VERDES INVESTMENT CORPORATION, Debtor.	Bk. No. LA 92-58812-KM [Chapter 7] APPLICATION OF TRUSTEE TO EMPLOY COUNSEL; DECLARATION OF JEFFREY L. SUMPTER; COMMENTS OF THE UNITED STATES TRUSTEE [NO HEARING REQUIRED]

TO THE HONORABLE KATHLEEN P. MARCH, UNITED STATES BANKRUPTCY JUDGE:

Richard K. Diamond, the Chapter 7 Trustee ("Applicant") in the above-captioned proceeding, represents as follows:

1. This case was commenced on December 23, 1992 by the filing of a voluntary petition for relief under Chapter 7 of the Bankruptcy Code.

2. Applicant was appointed as the Interim Chapter 7 Trustee herein on or about January 12, 1993, and is now the duly appointed, qualified and acting Chapter 7 Trustee herein. Applicant is the principal of a professional corporation which is a partner in the law firm of Danning, Gill, Diamond & Kollitz

("the Firm"). Each member and associate of the Firm is an attorney at law, duly admitted to practice in the State of California, and before the above-entitled Court.

3. The Trustee has been advised that the estate has claims against Byron and Marlene Lasky ("Laskys") relative to a personal guaranty by the Laskys and loan transactions, among other claims. The principal amount claimed to be owed by the Laskys on the guaranty is approximately $1.821 million. The Trustee has received an offer from the Laskys to pay the estate $135,000 in exchange for the estate's waiver of claims against them. The Trustee has also been advised that the Debtor, through its principal, may dispute the Laskys' proposed resolution of the claims. The Laskys have requested the Trustee's immediate action regarding the resolution of the claims and the Trustee has accordingly requested that the firm of Danning, Gill, Diamond & Kollitz (the "Firm") take prompt action in representing the Trustee regarding this case. The Firm has promptly commenced services on behalf of the Trustee, subject to Court approval of the employment of the Firm. Other and further representation of the Trustee may be required in order to resolve other disputed claims in this case and relative to other legal matters which may arise during the pendency of this case. The Trustee requests that the employment of the Firm be effective as of November 5, 1993.

4. The Firm is experienced in debtor/creditor matters, including the representation of various interested parties, including trustees that appear in bankruptcy cases, and it is

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well able to perform the legal services required in this case. The breadth of its experience and length of service in the legal community is set forth in the Firm's resume attached as Exhibit "1" to the attached Declaration.

5. The estate does not presently have any funds on hand to pay fees and costs of administration and creditors.

6. The members of the Firm have practiced in the bankruptcy courts for many years, and the Firm has handled virtually every type of matter that can arise in the context of a bankruptcy. The Firm has been retained as attorney for trustees in thousands of different cases. Other lawyers and law firms often refer cases to the Firm because of its reputation as a "bankruptcy firm", with expertise in bankruptcy matters.

7. The Firm and each of the members and associates who will work on this case are familiar with the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules, and shall comply with them.

8. Applicant made the determination to employ the Firm as counsel to the Chapter 7 Trustee for a number of reasons:

(a) Employment of the Firm would most promote the expeditious and efficient administration of the estate. Since the Firm is already acquainted with many of the basic facts and problems of this case, the Firm can perform the required legal services more quickly and efficiently than could outside counsel, and at a lower cost to the estate.

(b) Furthermore, the synergism which exists by virtue of Applicant having an office in the same space as the Firm greatly simplifies and expedites the resolution of the

myriad of issues which must be addressed by Applicant and his proposed counsel in this case.

(c) Applicant has an arrangement with the firm such that the firm will represent Applicant in cases he is administering which require bankruptcy counsel, whether those cases are contingent, large or small, easy or difficult, profitable or unprofitable. The Firm believes that it can afford to handle such matters because, on the average, the risk of loss is lessened by the results over the long haul. Due to the contingent nature of cases which Applicant administers, Applicant frequently has had difficulty obtaining competent counsel to represent him on a contingency basis, but for his understanding with the firm of Danning, Gill, Diamond & Kollitz. Applicant's arrangement with the firm allows him to expeditiously administer virtually all cases in which he is appointed as Trustee, contingent or otherwise.

9. The Firm, pursuant to Bankruptcy Code Sections 330 and 331, petition the Court upon notice to creditors and interested parties for an allowance of fees and reimbursable costs not more frequently than every 120 days. Danning, Gill, Diamond & Kollitz will accept such fees as may be awarded by the Court. It expects that its compensation will be based upon a combination of factors, including without limitation, its customary fees charged to clients which pay Danning, Gill, Diamond & Kollitz monthly, as those fees are adjusted from time to time, experience and reputation of counsel, time expended, results achieved, novelty and difficulty of matters undertaken, including time limitations imposed, preclusion from other

employment, desirability of the case, and nature and length of the professional relationship and awards in similar cases. There will be no written employment agreement separate from this application and the order to be obtained hereon, and the only source of payment or compensation will be the estate.

10. To the best of his knowledge and as supported by the Declaration of Jeffrey L. Sumpter attached hereto, Applicant believes and alleges that the Firm has no interest adverse to the Debtor, creditors or to the estate, and is disinterested as that term is defined in 11 U.S.C. §§ 101(14) and 327(a), that the Firm has no pre-petition claim against the estate, that the Firm has no connection with the Debtor, insiders of the Debtor or insiders of insiders, and that the Firm never represented, is not representing nor intends to represent any related debtor in any court.

WHEREFORE, Applicant prays for an Order of this Court authorizing him to employ Danning, Gill, Diamond & Kollitz, as counsel to the Chapter 7 Trustee, effective as of November 5, 1993, as an administrative expense of the Chapter 7 estate and for such other and further relief as is just and proper.

Dated: December 2, 1993

RICHARD K. DIAMOND
Chapter 7 Trustee

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DECLARATION OF JEFFREY L. SUMPTER

I, Jeffrey L. Sumpter, declare that:

1. I am an attorney at law, duly admitted to practice in the State of California and before the above-entitled Court. I am an associate in the law firm of DANNING, GILL, DIAMOND & KOLLITZ, a partnership composed of professional corporations (the "Firm"), and each member and associate thereof is an attorney at law, duly admitted to practice in the State of California, and before the above-entitled court. I have personal knowledge of the statements made herein, except as to those matters stated upon information and belief, and as to such matters, I believe them to be true, and if called as a witness, I could and would testify competently thereto.

2. The law firm of DANNING, GILL, DIAMOND & KOLLITZ specializes in practice before the Bankruptcy Court, and is competent to perform the services required by the Trustee ("Applicant") in connection with this Chapter 7 case.

3. The members of the Firm have practiced in the bankruptcy courts for many years, and the Firm has handled all types of matters that can arise in the context of a bankruptcy, insolvency and corporate reorganizations. Other lawyers and law firms often refer cases to the Firm because of its reputation as a firm with expertise in bankruptcy and insolvency matters.

4. The Firm and each of the members and associates who will work on this case are familiar with the Bankruptcy Code, the Bankruptcy Rules, and the Local Bankruptcy Rules, and shall comply with them.

5. To the best of my knowledge, after inquiry, the Firm is a disinterested person within the meaning of 11 U.S.C. § 101(14). The Firm has no connection with the Debtors, creditors or any other party in interest or their respective attorneys and accountants. The Firm does not have a pre-petition claim against the Debtor. It is not a creditor, an equity security holder or an insider [as defined in 11 U.S.C. § 101(30)] of the Debtor and has no connection with any such person or entity or any affiliate of any such person or entity.

6. The Firm is not and has never been an investment banker or the attorney for any investment banker for any security of the Debtor.

7. To the best of my knowledge, after inquiry, neither the Firm, nor any of its employees, members, or their principals, is or has ever been a director, officer or employee of the Debtor or any investment banker described in 11 U.S.C. § 101(14)(B) or (C).

8. The Firm does not have an interest materially adverse to the interests of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with or interest in the Debtor or any investment banker specified in 11 U.S.C. § 101(14)(B) or (C), or for any other reason.

9. The Firm has not, does not and does not intend to represent any related debtor in a bankruptcy case in this or any other court.

10. The Firm will apply for compensation not more frequently than once every 120 days, after notice and a hearing,

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as required by the Bankruptcy Code. The Firm will accept as compensation such sum as the court deems reasonable. The Firm expects that its compensation will be based upon a combination of factors, including, without limitation, its customary hourly fees charged to clients that pay the Firm monthly, as those fees are adjusted from time to time, experience and reputation of counsel, time expended, results achieved, novelty and difficulty of matters undertaken, including time limitations imposed, preclusion from other employment, undesirability of the case, the nature and length of the professional relationship and awards in similar cases.

11. Attached hereto as Exhibit "2" and incorporated herein by reference is a schedule of the hourly rates regularly charged by the Firm to its regularly paying clients. These rates may change from time to time. The hourly rates in effect as this case progresses will be one of the factors upon which the Firm will base its request for compensation. The Firm's resume is on file with the Office of the United States Trustee and is attached hereto as Exhibit "1" and incorporated herein by this reference.

12. Attached hereto as Exhibit "3" and incorporated herein by reference is a list of the Firm's rate of reimbursement for expenses incurred.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Los Angeles, California, this 2nd day of December, 1993.

JEFFREY L. SUMPTER

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COMMENTS OF THE UNITED STATES TRUSTEE

[ ] THE UNITED STATES TRUSTEE TAKES NO POSITION.

[X] THE UNITED STATES TRUSTEE HAS NO OBJECTION.

[ ] THE UNITED STATES TRUSTEE OBJECTS AND REQUESTS A HEARING.

[ ] AN OBJECTION IS RAISED AS SET FORTH BELOW.

COMMENTS:

Dated: December 3, 1993 UNITED STATES TRUSTEE

By: _____
LINDA [illegible]

Case Name: PALOS VERDES INVESTMENT CORPORATION

Case Number: LA 92-58812-KM

Type of Document: APPLICATION OF TRUSTEE TO EMPLOY COUNSEL

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ATTORNEY BIOGRAPHIES

Applicant and each of its partners and associates specialize in the areas of insolvency, commercial law and reorganization. Relevant biographical data as to those partners and associates of the firm, based upon whose services compensation is sought herein, are as follows:

A. David A. Gill, a Professional Corporation. Mr. Gill was admitted to the California Bar in 1962. His educational background is as follows: University of California at Los Angeles (B.A. 1958); Stanford University (J.D. 1961). Author: "Personal Bankruptcy and Wage Earner Plans," University of California--Continuing Education of the Bar, 1971. He is a member of the San Fernando Valley, Century City, Los Angeles County (Chairman of the Commercial Law and Bankruptcy Section 1984-85), and American (Member, Consumer Bankruptcy and Business Bankruptcy Committees, Section on Corporation, Banking and Business Law, 1976-date) Bar Associations, and the State Bar of California (Member, Subcommittee on Debtor-Creditor Relations and Bankruptcy, 1976-1982). He has lectured on various bankruptcy-related matters. Mr. Gill has specialized in the representation of both debtors and creditors in reorganization, and in administration, and is qualified and serves frequently as a trustee and receiver in the United States District Court, United States Bankruptcy Court and the Superior Court of the State of California.

B. Richard K. Diamond, a Professional Corporation. Mr. Diamond was admitted to the California Bar in 1976. His educational background is as follows: University of California, Berkeley (A.B. 1973); University of California, Los Angeles (J.D. 1976). Phi Beta Kappa; Order of the Coif. He is a member of the San Fernando Valley, Century City and Los Angeles County (Member, Bankruptcy Committee, Section of Commercial Law and Bankruptcy) Bar Associations and the State Bar of California. Mr. Diamond has specialized in reorganization and insolvency matters, with an emphasis on appellate matters, during the period of his practice.

C. Howard Kollitz, a Professional Corporation. Mr. Kollitz was admitted to the California Bar in 1974. His educational background is as follows: University of California at Los Angeles (A.B. 1969; J.D. 1973). He is a member of the Century City, Los Angeles County and American Bar Associations, and the State Bar of California. Mr. Kollitz has specialized in reorganization and insolvency matters on behalf of debtors during the period of his practice.

D. John J. Bingham, Jr., a Professional Corporation. Mr. Bingham was admitted to the California Bar in 1977. His educational background is as follows: University of Southern California (B.A. 1968); Southwestern University (J.D. 1977). He is a member of the Los Angeles County, American and Federal Bar Associations, and the State Bar of California. Mr. Bingham is particularly experienced in the areas of landlord/tenant relations, with particular reference to rights of same in connection with bankruptcy and reorganization cases.

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E. Steven E. Smith, a Professional Corporation. Mr. Smith was admitted to the California Bar in 1980. His educational background is as follows: University of Southern California (B.A. 1977); Loyola Law School (J.D. 1980). Mr. Smith is a member of the Federal, California and American Bar Associations, and the State Bar of California. He has practiced in the areas of commercial and insolvency law with particular reference to debtor and creditor rights and the rights of franchisers and franchisees in bankruptcy cases.

F. Curtis B. Danning, a Professional Corporation. Mr. Danning, who is of counsel to the firm, was admitted to the California Bar in 1953. His educational background is as follows: University of California at Berkeley (A.B. 1942); University of California at Los Angeles (LL.B. 1952). He is a member of the San Fernando Valley, Century City, Los Angeles County and American Bar Associations, and the State Bar of California. Mr. Danning has specialized in administration of insolvency estates and is a recognized authority on the subject. He has served frequently on appointment by the District Court, Bankruptcy Court and the Superior Court of the State of California, and has substantial experience in representation of debtors and creditors.

G. James J. Joseph, a Professional Corporation. Mr. Joseph, who is of counsel to the firm, was admitted to the California Bar in 1972. His educational background is as follows: Reed College (B.A. 1969); Phi Beta Kappa; University of California at Berkeley (Boalt Hall) (J.D. 1972). Mr. Joseph has specialized in insolvency matters during the period of his practice, and is qualified as a trustee and receiver in the United States District Court, United States Bankruptcy Court, and Superior Court of the State of California. He is a member of the State Bar of California.

H. Steven J. Kahn, who is of counsel to the firm, was admitted to the California Bar in 1977. His educational background is as follows: University of California at Los Angeles (B.A. 1973, cum laude); University of California School of Law (J.D. 1977). Recipient, American Jurisprudence Award for Bankruptcy. Co-Author: "Contractual Revisions to Medical Malpractice Liability," Law & Contemporary Problems, Vol. 49. No. 2, Spring, 1982. Judge Pro Tem, 1984--. Member Los Angeles County (Member, Executive Committee, Prejudgment Remedies Section, 1984-1985) and American Bar Associations; State Bar of California; Los Angeles Trial Lawyers Association; Financial Lawyers Conference.

I. Michael S. Abrams was admitted to the California Bar in 1981. He received his J.D. degree from Northwestern University of Law, Chicago in 1981; graduated magna cum laude; Editorial Board, Northwestern University Law Review; Order of the Coif; Dean's List. Received his Master of Business Administration degree from University of Chicago Graduate School of Business in 1977. Received his B.A. from University of Pennsylvania in 1975. Graduated cum laude. Member: California Bar; American Bar Association (Member, Section on Business Law). He specializes in corporate reorganizations, including bankruptcy proceedings and debt restructuring, loan transactions, securities and mergers and acquisitions.

EXHIBIT "1"

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J. Jeffrey L. Sumpter was admitted to the California Bar in 1985. His educational background is as follows: Western Michigan University (B.B.A. 1978, magna cum laude); University of the Pacific-McGeorge School of Law (J.D. 1984). Order of the Coif. Mr. Sumpter is a certified public accountant and a member of the Los Angeles County and American Bar Associations, the State Bar of California, the Financial Lawyers Conference and the Bankruptcy Study Group. He has had extensive experience in the representation of Chapter 7 and Chapter 11 Trustees in their administration of cases.

K. Sandra W. Lavigna was admitted to the California bar in 1985. She holds degrees from Miami University (B.A. 1963), Northwestern University (M.A. 1964), and the University of California at Los Angeles (J.D. 1984). Ms. Lavigna is a member of the Los Angeles County and American Bar Associations, the State Bar of California, the Financial Lawyers Conference and the Bankruptcy Study Group, and Women Lawyers Association of Los Angeles.

L. Janet A. Shapiro was admitted to the Illinois bar in 1985 and the California bar in 1986. Her educational background is as follows: University of California at Los Angeles (B.A., 1979); University of Chicago (M.A., 1980); De Paul University (J.D., 1984). Member, Editorial Board, 1986-1989 and Managing Editor, 1989--, California Bankruptcy Journal. Ms. Shapiro is a member of the Chicago, Los Angeles County (Member, Section on Corporation, Banking and Business Law), Illinois State, Los Angeles County, and American Bar Associations and the Financial Lawyers Conference.

M. Lyndel A. Mason admitted to bar, 1984, California; 1985, U.S. District Court, Eastern and Northern District of California; 1986, Missouri; 1988, U.S. District Court, Western District of Missouri. Education: California State University at Sacramento (B.A., with honors, 1981); McGeorge School of Law, University of the Pacific (J.D., with distinction, 1984). Phi Alpha Delta. Member: Kansas City Metropolitan Bar Association; The Missouri Bar.

N. Eric P. Israel was admitted to the California Bar in 1987. His educational background is as follows: University of California at Los Angeles (B.A. 1981); Southwestern University (J.D. 1987, with honors). Member, Southwestern University Law Review.

O. David M. Poitras was admitted to the California Bar in June 1989. Mr. Poitras was also admitted to practice as a member of the Massachusetts Bar in November 1988. His educational background is as follows: Suffolk University (B.S. 1985); Loyola Law School (J.D. 1988). Mr. Poitras received the American Jurisprudence Award for the Study of Bankruptcy Law. Initial Law Clerk, The Honorable Alan M. Ahart, United States Bankruptcy Court, Central District of California, May 1988 to August 1989. Served as Extern to The Honorable Barry Russell, United States Bankruptcy Court, Central District of California, January 1988 to April 1988. He is a member of the California State Bar Association, American Bar Association and Massachusetts Bar Association.

P. Kathy L. Bazoian was admitted to the California State Bar and the Central District of California in December

EXHIBIT 1

9704384395

1991. Her educational background is as follows: Pomona College (B.A. May 1988); University of California at Los Angeles (J.D. 1991). Moot Court Honors. Member: Los Angeles County Bar Association, Financial Lawyers Conference and Los Angeles Bankruptcy Forum.

Paralegal Assistants:

Sheri Jacobs Berne is a litigation paralegal who received her Bachelor of Science degree from Arizona State University in 1981 and her paralegal certificate from the Arizona State University Paralegal Program in May 1982. Ms. Berne has specialized in the area of commercial and insolvency law since that time.

1993 SCHEDULE OF RATES FOR PROFESSIONALS

INITIALS	ATTORNEY NAME	HOURLY RATE
DAG	David A. Gill	$365.00
RKD	Richard K. Diamond	325.00
HK	Howard Kollitz	325.00
JJB	John J. Bingham, Jr.	275.00
SES	Steven E. Smith	265.00
~~CBD~~	~~Curtis B. Danning~~ (Of Counsel)	~~365.00~~
JJJ	James J. Joseph (Of Counsel)	325.00
RMR	Robert M. Ruben (Of Counsel)	275.00
SJK	Steven J. Kahn (Of Counsel)	265.00
MSA	Michael S. Abrams	245.00
JLS	Jeffrey L. Sumpter	225.00
SWL	Sandra W. Lavigna	225.00
JAS	Janet A. Shapiro	225.00
LAM	Lyndel A. Mason	225.00
EPI	Eric P. Israel	195.00
DMP	David M. Poitras	185.00
KLH	Kevin L. Hing	185.00
BL	Barry Lurie	160.00
KLB	Kathy L. Bazoian	145.00

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INITIALS	PARALEGALS	HOURLY RATE
SB	Sheri Jacobs Berne	95.00
JD	Jackie Dahlstrum	95.00
DK	Diana Kealer	95.00
DH	Debra W. Huly	95.00
HM	Helen Morales	95.00
LC	Law Clerk	95.00

RATE OF REIMBURSEMENT FOR EXPENSES INCURRED

Photocopying	$.20/page
Telecopier	$1.00/page outgoing
	$.20/page incoming

97043843399

ORIGINAL

JEFFREY L. SUMPTER (State Bar No. 118363)
DANNING, GILL, DIAMOND & KOLLITZ
a partnership composed
of professional corporations
1800 Century Park East, 7th Floor
Los Angeles, California 90067
(213) 277-0077

Proposed Attorneys for
Chapter 7 Trustee

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re PALOS VERDES INVESTMENT CORPORATION, Debtor.	Bk. No. 92-58812-KM [Chapter 7] NOTICE OF TRUSTEE'S APPLICATION TO EMPLOY COUNSEL [No Hearing Required]

TO THE HONORABLE KATHLEEN P. MARCH, UNITED STATES BANKRUPTCY JUDGE, AND TO THE DEBTOR, CREDITORS AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE that Richard K. Diamond, the duly appointed and qualified Chapter 7 Trustee herein ("Applicant" or "Trustee") of the estate of Palos Verdes Investment Corporation in the above-captioned case ("Debtor"), pursuant to 11 U.S.C. § 327, has filed an application for an order authorizing him to employ the law offices of Danning, Gill, Diamond & Kollitz as his general counsel. In compliance with Local Bankruptcy Rule 141(2)(c), Applicant hereby provides the following information regarding the application:

///

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The Trustee has determined that it will be necessary to employ counsel to advise and represent the Trustee relative to the resolution of the estate's claims against Byron and Marlene Lasky relative to a personal guaranty by the Laskys and loan transactions, among other claims, and regarding such other and further legal matters as may arise during the course of the Trustee's administration of this case, including the review and resolution of disputed creditor claims herein. The Trustee has sought Court authority to employ the firm of Danning, Gill, Diamond & Kollitz ("Firm") as the Trustee's counsel. The Firm has already reviewed the pleadings and related documentation regarding this case and is ready to proceed with its representation of the Trustee herein. The Firm realizes that the estate does not presently have sufficient funds on hand which are readily available to pay the administrative fees, costs and expenses which may accrue in this case. Nevertheless, the Firm is willing to represent the Trustee herein.

A copy of the application may be obtained upon written request delivered to Jeffrey L. Sumpter of Danning, Gill, Diamond & Kollitz, 1800 Century Park East, 7th Floor, Los Angeles, California 90067, telephone number (310) 277-0077.

Any response or opposition to the application, and request for a hearing, shall be made in writing, filed with the Bankruptcy Court Clerk, and served upon the United States Trustee located at 221 North Figueroa Street, Suite 800, Los Angeles, California 90012, and upon the Trustee's proposed counsel, Danning, Gill, Diamond & Kollitz, attention: Jeffrey L. Sumpter, at 1800 Century Park East, 7th Floor, Los Angeles, California

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90067, in the form required by Local Bankruptcy Rule 111(1)(g), no later than fifteen (15) days from the date of service of this notice. Failure to timely file and serve any opposition or other response and request for a hearing as set forth herein may be deemed by the Court as a waiver thereof and as consent to the relief requested by the Trustee in the application. Any opposition or other response to the applications should set forth either: (i) a brief, but complete written statement of all reasons in opposition thereto, or in support or joinder thereof, and an answering memorandum of points and authorities, declarations and copies of all photographs and documentary evidence on which the responding party intends to rely; or (ii) a written statement that the application will not be opposed.

DATED: December 2, 1993 DANNING, GILL, DIAMOND & KOLLITZ

By: _____
JEFFREY L. SUMPTER
Proposed Attorneys for
Chapter 7 Trustee

Date of Mailing: December 2, 1993.

DECLARATION OF SERVICE BY MAIL

(U.S. Bankruptcy Court, Central District, Local Rule 105(3)(a))

Beverly Lew, the undersigned, hereby declares:

Declarant is employed by the firm of DANNING, GILL, DIAMOND & KOLLITZ, A Partnership Composed of Professional Corporations, 1800 Century Park East, 7th Floor, Los Angeles, California 90067-1510. Declarant is over the age of 18 years and not a party to the within action. On December 2, 1993, at the direction of Jeffrey L. Sumpter of said firm and a member of the Bar of the United States Bankruptcy Court for the Central District of California, I served the within NOTICE OF TRUSTEE'S APPLICATION TO EMPLOY COUNSEL on the interested parties in this matter by mailing, with postage thereon fully prepaid, a true copy thereof to said party at his or their known address, to wit;

See Attached Service List

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Los Angeles, California on December 2, 1993.

B

Beverly Lew

h:\jla\9258812.002

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Marcy J.K. Tiffany
Office of the United States Trustee
221 N. Figueroa St., #800
Los Angeles, CA 90012

Palos Verdes Investment Corporation
930 Indian Peak Road #225
Rolling Hills, CA 90274

Levene & Eisenberg
A Professional Corporation
1901 Avenue of the Stars
Suite 1600
Los Angeles, CA 90067

Bennett L. Silverman
Gibson, Dunn & Crutcher
333 South Grand Avenue
Los Angeles, CA 90017-3197

Special Procedures Section
Internal Revenue Service
P.O. Box 1431 Room 4062
Los Angeles, CA 90053

Franchise Tax Board
Compliance Section
Sacramento, CA 95867

Employment Development
Dept.
Tax Collection Section
P.O. Box 2847
Sacramento, CA 95812

County Tax Collector
Elko County
571 Idaho St., Rm. 101
Elko, NV 89801

The Florance Family Trust
R. Florance
1025 Via Mirable
Palos Verdes Estates, CA 90274

Franchise Tax Board
c/o Kendall E. Kinyon, Esq.
P.O. Box 1468
San Francisco, CA 95812-1468

Ledema Coffman
Stewart Title
501 S. Grand Avenue
Suite 200
Los Angeles, CA 90017

9704384304

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES

CHAPTER: 07

IN RE: CASE NUMBER: LA 92-58812KM

PALOS VERDES INVESTMENT COPRORATION

SSN/ID:

980 INDIAN PEAK ROAD
#225
ROLLING HILLS, CA 90274

9258812 - COURT

U. S. BANKRUPTCY COURT
ROOM 906, U.S. COURTHOUSE
312 NO. SPRING ST.
LOS ANGELES, CA 90012-4701

9704384340 5

NOTICE OF POSSIBLE DIVIDEND
AND
ORDER FIXING TIME TO FILE CLAIMS

TO ALL CREDITORS:

NOTICE IS HEREBY GIVEN, PURSUANT TO BANKRUPTCY RULE 3002, THAT SUFFICIENT ASSETS MAY BECOME AVAILABLE IN THE ABOVE-NAMED BANKRUPTCY CASE. IN ORDER TO QUALIFY FOR A DIVIDEND PAYMENT, A CREDITOR MUST FILE WITH THIS COURT A PROOF OF CLAIM IN PROPER FORM BY NOVEMBER 2, 1993.

ANY CREDITOR WHO HAS PREVIOUSLY FILED A CLAIM NEED NOT FILE AGAIN.

A PROOF OF CLAIM FORM IS ON THE REVERSE SIDE.

U.S. BANKRUPTCY COURT
ROOM 906, U.S. COURTHOUSE
312 NO. SPRING ST.
LOS ANGELES, CA 90012-4701

AUGUST 4, 1993 AT LOS ANGELES, CA

FOR THE COURT
FRANK E. GOODROE, CLERK

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CS

DRM BL (8/83)

-8479830, CASE 8396812 BP-01033 TABV 08/02/83-00 NOTICES DATED 08/04/83 SENT TO THE FOLLOWING. # 490080 OFFICE 000 PAGE 1

-DEBTOR	PALOS VERDES INVESTMENT COMPANY	550 INDIAN PEAK ROAD	#225	ROLLING HILLS	CA 90274
- ATTY	PAUL S. HALPERN	LEVENE & EISENBERG	1901 AVE OF THE STARS STE 1000	LOS ANGELES	CA 90067
-SPECIAL 48	EMPLOYMENT DEVELOPMENT DEPT	TAX COMPLIANCE SECTION	800 CAPITOL MALL-MIC 87	SACRAMENTO	CA 2781046807
-SPECIAL 51	LOS ANGELES COUNTY TREASURER &	TAX COLLECTOR-BANKRUPTCY UNIT	2615 SOUTH GRAND	LOS ANGELES	CA 9006723888
-SPECIAL 53	LOS ANGELES CITY CLERK	ROOM 101	CITY HALL	LOS ANGELES	CA 9001364807
-SPECIAL 56	OFFICE OF U.S. TRUSTEE	221 N. FIGUEROA STREET	SUITE 800	LOS ANGELES	CA 9001333308
-SPECIAL 65	LOS ANGELES COUNTY TREASURER &	TAX COLLECTOR	336 NORTH HILL STREET	LOS ANGELES	CA 9001327700
-TRUSTEE	RICHARD K. DIAMOND, ESQ	BANNING, GILL & DIAMOND	1800 CENTURY PARK E, 7TH FL	LOS ANGELES	CA 9006715110
-0000001	PALOS VERDES INVESTMENT	CORPORATION	830 INDIAN PEAK RD #225	ROLLING HILLS	CA 9027423582
-0000002	LEVENE & EISENBERG A.P.C.	1900 AVE OF THE STARS	STE 1440	LOS ANGELES	CA 9006744600
-0000003	U. S. TRUSTEE'S OFFICE	221 N. FIGUEROA ST	RM 800	LOS ANGELES	CA 9001333601
-0000004	COUNTY TAX COLLECTOR	ELKO COUNTY	571 IDAHO ST RM 101	ELKO	NV 8980113782
-0000005	EMPLOYMENT DEVELOPMENT DEPT	TAX COLLECTION SECTION	PO BOX 2847	SACRAMENTO	CA 9581322647
-0000006	FRANCHISE TAX BOARD	LEONDALL E. KINYON ESQ	PO BOX 1468	SAN FRANCISCO	CA 9081214488
-0000007	FRANCHISE TAX BOARD	COMPLIANCE SECTION		SACRAMENTO	CA 95807
-0000008	SPECIAL PROCEDURES SECTION	INTERNAL REVENUE SERVICE	PO BOX 1431 RM 4082	LOS ANGELES	CA 9008311431
-0000009	STEWART TITLE	601 S. GRAND STE 200	LORENA COFFMAN	LOS ANGELES	CA 9007712601
-0000010	THE FLORANCE FAMILY TRUST	R. FLORANCE	1025 VIA MIRAGEL	PALOS VERDES ESTA	CA 9027411819
-0000011	KINDEL & ANDERSON	555 S. FLOWER ST., 29TH FL		LA	CA 9007132458
-0000012	FRANCHISE TAX BOARD	P.O. BOX 2952		SACRAMENTO	CA 9581322952

20 NOTICES

- NOTICING CHARGE IS $10.00

THE ABOVE REFERENCED NOTICE WAS MAILED TO EACH OF THE ABOVE
ON 08/04/83. I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING
IS TRUE AND CORRECT. EXECUTED ON 08/04/83 BY

Robert A. King

9704384406

ORIGINAL

RICHARD K. DIAMOND [State Bar No. 070634]
1800 Century Park East, 7th Floor
Los Angeles, California 90067-1510
(310) 277-0077

Chapter 7 Trustee

FILED
JUL 22 1993
CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re PALOS VERDES INVESTMENT CORPORATION, Debtor.	CASE NO. LA 92-58812 KM Chapter 7 NOTIFICATION OF ASSET CASE (NO HEARING REQUIRED)

TO FRANK E. GOODROE, CLERK OF THE UNITED STATES BANKRUPTCY COURT:

RICHARD K. DIAMOND, the duly appointed and acting Chapter 7 Trustee in the above-captioned bankruptcy case, hereby notifies the Clerk of the United States Bankruptcy Court that assets will be administered in the above-captioned bankruptcy case and appropriate notice should be given to creditors to file claims.

Dated: July 15, 1993

RICHARD K. DIAMOND, Trustee

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ORIGINAL

MARCY J.K. TIFFANY
United States Trustee
221 N. Figueroa Street
Suite 800
Los Angeles, CA 90012-2601
(213) 894-6811

FILED
JAN 14 1993
CLERK U.S. BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
BY Deputy Clerk

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

In re:	Chapter 7N
PALOS VERDES INVESTMENT COPROR	Case No. LA 92-58812 KM
Debtor(s)	NOTICE OF APPOINTMENT OF INTERIM TRUSTEE AND FIXING OF BOND; ACCEPTANCE OF APPOINTMENT AS INTERIM TRUSTEE

Pursuant to 11 U.S.C. 701 and 11 U.S.C. 322

RICHARD K. DIAMOND OF LOS ANGELES, CALIFORNIA

is appointed Interim Trustee of the case of said debtor(s) and is hereby designated to preside at the meeting of creditors. This case is covered by the master blanket bond fixed in the amount of $100,000.00 and filed with the Court on behalf of said Interim Trustee.

Unless creditors during the Meeting of Creditors held pursuant to 11 U.S.C. 341(a) elect another trustee, the Interim Trustee appointed herein shall serve as trustee without further appointment or qualification, provided that the trustee is disinterested.

DATED: January 6, 1993

MARCY J.K. TIFFANY
UNITED STATES TRUSTEE

I, the undersigned, affirm that to the best of my knowledge and belief, I am disinterested within the meaning of 11 U.S.C. 101(14), and on this basis, I hereby accept my appointment as Interim Trustee in the above case. I will immediately notify the United States Trustee if I become aware of any facts to the contrary.

DATED: JAN 12 1993

RICHARD K. DIAMOND
INTERIM TRUSTEE

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FORM B9B
6/90

U.S. BANKRUPTCY COURT
ROOM 906, U.S. COURTHOUSE
312 NO. SPRING ST.
LOS ANGELES, CA 90012-4701

United States Bankruptcy Court

CENTRAL DISTRICT OF CALIFORNIA - LOS ANGELES

IN RE (NAME OF DEBTOR)
PALOS VERDES INVESTMENT COPRORATION

NOTICE OF COMMENCEMENT OF CASE UNDER CHAPTER 7 OF THE BANKRUPTCY CODE, MEETING OF CREDITORS, AND FIXING OF DATES

(Corporation/Partnership No Asset Case)

CASE NUMBER:
LA 92-58812KM

FILED:
12/23/92

SOC. SEC./TAX ID

ADDRESS OF DEBTOR
980 INDIAN PEAK ROAD
#225
ROLLING HILLS, CA 90274

MEETING OF CREDITORS

DATE: JAN. 26, 1993
HOUR: 9:00 A.M.
AT: U.S. TRUSTEE HEARING ROOM
801 N. FIGUEROA STREET
SUITE 101
LOS ANGELES, CA

DEBTOR'S ATTORNEY
PAUL B. HALPERN
LEVENE & EISENBERG
1900 AVENUE OF STARS STE 1440
LOS ANGELES, CA 90067
TELEPHONE: 213-551-1010

TRUSTEE
RICHARD K. DIAMOND, ESQ.
DANNING, GILL & DIAMOND
1800 CENTURY PARK E, 7TH FL
LOS ANGELES, CA 90067-1510
TELEPHONE: 310-277-0077

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AT THIS TIME THERE APPEAR TO BE NO ASSETS AVAILABLE FROM WHICH PAYMENT MAY BE MADE TO UNSECURED CREDITORS. DO NOT FILE A PROOF OF CLAIM UNTIL YOU RECEIVE NOTICE TO DO SO.

COMMENCEMENT OF CASE. A petition for liquidation under chapter 7 of the Bankruptcy Code has been filed in this court by or against the debtor named above, and an order for relief has been entered. You will not receive notice of all documents filed in this case. All documents filed with the court, including lists of the debtor's property and debts, are available for inspection at the office of the clerk of the bankruptcy court.

CREDITORS MAY NOT TAKE CERTAIN ACTIONS. A creditor is anyone to whom the debtor owes money or property. Under the Bankruptcy Code, the debtor is granted certain protection against creditors. Common examples of prohibited actions by creditors are contacting the debtor to demand repayment, taking action against the debtor to collect money owed to creditors or to take property of the debtor, and starting or continuing foreclosure actions or repossessions. If unauthorized actions are taken by a creditor against a debtor, the court may penalize that creditor. A creditor who is considering taking action against the debtor or the property of the debtor should review section 362 of the Bankruptcy Code and may wish to seek legal advice. If the debtor is a partnership, remedies otherwise available against general partners are not necessarily affected by the commencement of this partnership case. The staff of the clerk of the bankruptcy court is not permitted to give legal advice.

MEETING OF CREDITORS. The debtor's representative, as specified in Bankruptcy Rule 9001 (5), is required to appear at the meeting of creditors on the date and at the place set forth above for the purpose of being examined under oath. Attendance by creditors at the meeting is welcomed, but not required. At the meeting, the creditors may elect a trustee other than the one named above, elect a committee of creditors, examine the debtor, and transact such other business as may properly come before the meeting. The meeting may be continued or adjourned from time to time by notice at the meeting, without further written notice to creditors.

LIQUIDATION OF THE DEBTOR'S PROPERTY. The trustee will collect the debtor's property, if any, and turn it into money. At this time, however, it appears from the schedules of the debtor that there are no assets from which any distribution can be paid to the creditors. If at a later date it appears that there are assets from which a distribution may be paid, the creditors will be notified and given an opportunity to file claims.

DO NOT FILE A PROOF OF CLAIM UNLESS YOU RECEIVE A COURT NOTICE TO DO SO

FOR THE COURT, FRANK E. GOODROE, CLERK, DATED DEC. 31, 1992

-BKY0930, CASE 9256812 BP-05121 TASK 12/29/92-00 NOTICES DATED 12/31/92 SENT TO THE FOLLOWING. # 930898 OFFICE 900 PAGE 1

DEBTOR	PALOS VERDES INVESTMENT COPROR	900 INDIAN PEAK ROAD	#225	ROLLING HILLS	CA 90274
ATTY	PAUL B. HALPERN	LEVENE & EISENBERG	1900 AVENUE OF STARS STE 1440	LOS ANGELES	CA 90067
-SPECIAL 48	EMPLOYMENT DEVELOPMENT DEPT	TAX COMPLIANCE SECTION	800 CAPITOL MALL-MIC 97	SACRAMENTO	CA 958144807
-SPECIAL 51	LOS ANGELES COUNTY TREASURER &	TAX COLLECTOR-BANKRUPTCY UNIT	3615 SOUTH GRAND	LOS ANGELES	CA 900072988
-SPECIAL 53	LOS ANGELES CITY CLERK	ROOM 101	CITY HALL	LOS ANGELES	CA 900124801
-SPECIAL 55	OFFICE OF U.S. TRUSTEE	221 N. FIGUEROA STREET	SUITE 800	LOS ANGELES	CA 900123308
-SPECIAL 35	LOS ANGELES COUNTY TREASURER &	TAX COLLECTOR	225 NORTH HILL STREET	LOS ANGELES	CA 900122700
-TRUSTEE	RICHARD K. DIAMOND, ESQ	DANNING, GILL & DIAMOND	1600 CENTURY PARK E, 7TH FL	LOS ANGELES	CA 900671510
-0000001	PALOS VERDES INVESTMENT	CORPORATION	930 INDIAN PEAK RD #225	ROLLING HILLS	CA 902743562
-0000002	LEVENE & EISENBERG A.P. C.	1900 AVE OF THE STARS	STE 1440	LOS ANGELES	CA 900674400
-0000003	U. S. TRUSTEE'S OFFICE	221 N. FIGUEROA ST	RM 800	LOS ANGELES	CA 900122801
-0000004	COUNTY TAX COLLECTOR	ELKO COUNTY	571 IDAHO ST RM 101	ELKO	NV 668013762
-0000005	EMPLOYMENT DEVELOPMENT DEPT	TAX COLLECTION SECTION	PO BOX 2847	SACRAMENTO	CA 958122847
-0000006	FRANCHISE TAX BOARD	SKENDALL E. KINYON ESQ	PO BOX 1468	SAN FRANCISCO	CA 958121468
-0000007	FRANCHISE TAX BOARD	COMPLIANCE SECTION		SACRAMENTO	CA 95867
-0000008	SPECIAL PROCEDURES SECTION	INTERNAL REVENUE SERVICE	PO BOX 1431 RM 4082	LOS ANGELES	CA 900531431
-0000009	STEWART TITLE	501 S. GRAND STE 200	LODEMA COFFMAN	LOS ANGELES	CA 900712901
-0000010	THE FLORANCE FAMILY TRUST	R. FLORANCE	1025 VIA MIRABEL	PALOS VERDES EST	CA 902741619

18 NOTICES

- NOTICING CHARGE IS $5.00

9704384340

THE ABOVE REFERENCED NOTICE WAS MAILED TO EACH OF THE ABOVE ON 12/31/92. I DECLARE UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT. EXECUTED ON 12/31/92 BY

Paul A. Washington

United States Bankruptcy Court Central District of California	VOLUNTARY PETITION

IN RE (Name of debtor - If Individual, enter Last, First, Middle) Palos Verdes Investment Corporation	NAME OF JOINT DEBTOR (Spouse) (Last, First, Middle)
ALL OTHER NAMES used by the debtor in the last 6 years (Include married, maiden, and trade names.)	ALL OTHER NAMES used by the joint debtor in the last 6 years (Include married, maiden, and trade names.)
SOC. SEC./TAX I.D. NO. (If more than one, state all.) [redacted]	SOC. SEC./TAX I.D. NO. (If more than one, state all.)
STREET ADDRESS OF DEBTOR (No. and street, city, state, and zip code) 930 Indian Peak Road #225 Rolling Hills, CA 90274 COUNTY OF RESIDENCE OR PRINCIPAL PLACE OF BUSINESS Los Angeles	STREET ADDRESS OF JOINT DEBTOR (No. and street, city, state, and zip code) COUNTY OF RESIDENCE OR PRINCIPAL PLACE OF BUSINESS
MAILING ADDRESS OF DEBTOR (If different from street address)	MAILING ADDRESS OF JOINT DEBTOR (If different from street address)
LOCATION OF PRINCIPAL ASSETS OF BUSINESS DEBTOR (If different from addresses listed above)	**VENUE (Check one box)** ☒ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District. ☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

INFORMATION REGARDING DEBTOR (Check applicable boxes)

TYPE OF DEBTOR
☐ Individual ☐ Corporation Publicly Held
☐ Joint (Husband & Wife) ☒ Corporation Not Publicly Held
☐ Partnership ☐ Municipality
☐ Other:

NATURE OF DEBT
☐ Non-Business/Consumer ☒ Business - Complete A & B below

A. TYPE OF BUSINESS (Check one box)
☐ Farming ☐ Transportation ☐ Construction
☐ Professional ☐ Manufacturing/Mining ☒ Real Estate
☐ Retail/Wholesale ☐ Stockbroker ☐ Other Business
☐ Railroad ☐ Commodity Broker

B. BRIEFLY DESCRIBE NATURE OF BUSINESS
Real Estate related investments

CHAPTER OR SECTION OF BANKRUPTCY CODE UNDER WHICH THE PETITION IS FILED (Check one box)
☒ Chapter 7 ☐ Chapter 11 ☐ Chapter 13
☐ Chapter 9 ☐ Chapter 12 ☐ Sec. 304 - Case Ancillary to Foreign Proceeding

FILING FEE (Check one box)
☐ Filing fee attached
☐ Filing fee to be paid in installments (Applicable to individuals only.) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3.

NAME AND ADDRESS OF LAW FIRM OR ATTORNEY
LEVENE & EISENBERG, a Professional Corporation
1900 Avenue of the Stars, Suite 1440
Los Angeles, California 90067
Telephone No. (310) 551-1010 Fax No. (310) 551-3059

NAME(S) OF ATTORNEY(S) DESIGNATED TO REPRESENT THE DEBTOR
Paul Halpern (State Bar No. 150775)

☐ Debtor is not represented by an attorney

STATISTICAL ADMINISTRATIVE INFORMATION (28 U.S.C. § 604) (Estimates only) (Check applicable boxes)

☐ Debtor estimates that funds will be available for distribution to unsecured creditors.
☒ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

ESTIMATED NUMBER OF CREDITORS
☒ 1-15 ☐ 16-49 ☐ 50-99 ☐ 100-199 ☐ 200-999 ☐ 1000-over

ESTIMATED ASSETS (In thousands of dollars)
☐ Under 50 ☒ 50-99 ☐ 100-499 ☐ 500-999 ☐ 1000-9999 ☐ 10,000-99,999 ☐ 100,000-over

ESTIMATED LIABILITIES (In thousands of dollars)
☐ Under 50 ☐ 50-99 ☐ 100-499 ☐ 500-999 ☐ 1000-9999 ☒ 10,000-99,999 ☐ 100,000-over

ESTIMATED NO. OF EMPLOYEES - CHAPTER 11 & 12 ONLY
☒ 0 ☐ 1-19 ☐ 20-99 ☐ 100-999 ☐ 1000-over

ESTIMATED NO. OF EQUITY SECURITY HOLDERS - CHAPTER 11 & 12 ONLY
☐ 0 ☐ 1-19 ☐ 20-99 ☐ 100-499 ☐ 500-over

THIS SPACE FOR COURT USE ONLY
LA92-58812-KM

[illegible] INVESTMENT CORP.
[illegible] 176
[illegible] BT21
[illegible] 07
[illegible] 01/26/93 09:00 F01
[illegible] WAITING CONFIRMATION
[illegible] FILED [illegible]
[illegible] 15:21
[illegible] BANKRUPTCY COURT
[illegible]

LA92-58812-KM

L&E Form version 4.0 Page 1

9704384341 1

Name of Debtor Palos Verdes Investment Corporation

Case No.

FILING OF PLAN

For Chapter 9, 11, 12 and 13 cases only. Check appropriate box.

☐ A copy of debtor's proposed plan dated _____ is attached.

☐ Debtor intends to file a plan within the time allowed by statute, rule, or order of the court.

PRIOR BANKRUPTCY CASE FILED WITHIN LAST 6 YEARS (If more than one, attach additional sheet)

Location Where Filed	Case Number	Date

PENDING BANKRUPTCY CASE FILED BY ANY SPOUSE, PARTNER, OR AFFILIATE OF THIS DEBTOR (If more than one, attach additional sheet)

Name of Debtor	Case Number	Date
Relationship	**District**	**Judge**

REQUEST FOR RELIEF

Debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

SIGNATURES

ATTORNEY

Signature

2/23/92
Date

INDIVIDUAL/JOINT DEBTOR(S)

I declare under penalty of perjury that the information provided in this petition is true and correct.

Signature of Debtor

Date

Signature of Joint Debtor

Date

CORPORATE OR PARTNERSHIP DEBTOR

I declare under penalty of perjury that the information provided in this petition is true and correct, and that the filing of the petition on behalf of the debtor has been authorized.

Signature of Authorized Individual

RONALD FLORANCE, PRES. & CEO
Print or Type Name of Authorized Individual

Title of Individual Authorized by Debtor to File this Petition

12/21/92
Date

EXHIBIT "A" (To be completed if debtor is a corporation requesting relief under chapter 11.)

☐ Exhibit "A" is attached and made a part of this petition.

TO BE COMPLETED BY INDIVIDUAL CHAPTER 7 DEBTOR WITH PRIMARILY CONSUMER DEBTS (SEE P.L. 98-353 § 322)

I am aware that I may proceed under chapter 7, 11, or 12, or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7 of such title.

If I am represented by an attorney, exhibit "B" has been completed.

Signature of Debtor

Date

Signature of Joint Debtor

Date

EXHIBIT "B" (To be completed by attorney for individual chapter 7 debtor(s) with primarily consumer debts.)

I, the attorney for the debtor(s) named in the foregoing petition, declare that I have informed the debtor(s) that (he, she, or they) may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter.

Signature of Attorney

Date

9704384341 2

United States Bankruptcy Court
Central District of California

In re Palos Verdes Investment Corporation

Case No. _____ (If known)

Chapter _____

INFORMATION REQUIRED BY LOCAL RULE 104

1. A petition under the Bankruptcy Act of 1898 or the Bankruptcy Reform Act of 1978 has previously been filed by or against the debtor, his/her spouse, an affiliate of the debtor, any copartnership or joint venture of which debtor is or formerly was a general or limited partner, or member or any corporation of which the debtor is a director, officer, or person in control as follows: (Set forth the complete number and title of such of prior proceeding, date filed, nature thereof, the Bankruptcy Judge and court to whom assigned, whether still pending and, if not, the disposition thereof. If none, so indicate.

An affiliate, Carriage Realty, Inc., filed a Chapter 7 case on 8/8/91, Case # LA 91-86518-RR

2. A petition under the Bankruptcy Reform Act, including amendments thereof, has been filed by or against the debtor/joint debtor within the last 180 days: (Set forth the complete number and title of such prior proceeding, date filed, nature of proceeding, date filed, nature of proceeding, the Bankruptcy Judge and court to whom assigned, whether still pending, and if not, the disposition thereof. If none, so indicate.)

None

I declare, under penalty of perjury, that the foregoing is true and correct.

Executed at Palos Verdes California

x Ronald Florance
Signature of Debtor: Ronald Florance, President & CEO

Date 12/23/92

x _____
Signature of Joint Debtor

Date

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9704384341 3

Paul Halpern, a Member of
LEVENE & EISENBERG, a Professional Corporation
1900 Avenue of the Stars, Suite 1440
Los Angeles, California 90067
(310) 551-1010

☒ Attorney for Debtor(s)
☐ Debtor Representing Self

United States Bankruptcy Court
Central District of California

In re
Palos Verdes Investment Corporation

[Set forth here all names including married, maiden, and trade names used by debtor within last 6 years.]

Debtor

Social Security No(s). _____ and all
Employer's Tax Identification Nos. *[if any]*

Case No. _____

Chapter 7

9704384341 4

STATEMENT OF ATTORNEY FOR PETITIONER PURSUANT TO BANKRUPTCY RULE 2016(B)

The undersigned, pursuant to Rule 2016(b), Bankruptcy Rules, states that:

(1) The undersigned, is the attorney for the debtor(s) in this case.

(2) The compensation paid or agreed to be paid by the debtor(s) in this case.

(a) for legal services rendered or to be rendered in contemplation of and in connection with this case ... $10,000.00

(b) prior to filing this statement, debtor(s) have paid $10,000.00

(c) the unpaid balance due and payable is $0.00

(3) $120.00 of the filing fee in this case has been paid.

(4) The services rendered or to be rendered include the following:

(a) Analysis of the financial situation, and rendering advice and assistance to the debtor(s) in determining whether to file a petition under Title 11, United States Code.

(b) Preparation and filing of the petition, schedules of assets and liabilities, statement of affairs, and other documents required by the court.

(c) Representation of the debtor(s) at the first meeting of creditors, confirmation hearing, Relief from Stay, and compliance with General Order No. 1.

(d) Attorney may seek supplemental fees for Relief from Stay hearings;

(5) The source of payments made by the debtor(s) to the undersigned was from earnings, wages and compensation for services performed, and if a fee is paid by transfer of property or if security is taken, give details here and in appropriate Section of Schedules or Statement of Affairs.

(6) The source of payments to be made by the debtor(s) to the undersigned for the unpaid balance remaining, if any, will be from earnings, wages and compensation for services performed, and

(7) The undersigned have not shared or agreed to share, with any other person, other than with members of their law firm or corporation, any compensation paid or to be paid except as follows:

Dated: 12/23/92

Paul Halpern
Attorneys for Debtor(s)

L&E Form version 3.0

United States Bankruptcy Court

Central District of California

In re Palos Verdes Investment Corporation

Debtor

Case No. _____ (If known)

SUMMARY OF SCHEDULES

Indicate as to each schedule whether that schedule is attached and state the number of pages in each. Report the totals from Schedules A, B, D, E, F, I, and J in the boxes provided. Add the amounts from Schedules A and B to determine the total amount of the debtor's assets. Add the amounts from Schedules D, E, and F to determine the total amount of the debtor's liabilities.

NAME OF SCHEDULE	ATTACHED (YES/NO)	NO. OF SHEETS	AMOUNTS SCHEDULED: ASSETS	LIABILITIES	OTHER
A - Real Property	Yes	1	Unknown		
B - Personal Property	Yes	5	[illegible]		
C - Property Claimed as Exempt	Yes	1			
D - Creditors Holding Secured Claims	Yes	1		[illegible]	
E - Creditors Holding Unsecured Priority Claims	Yes	2		Unknown	
F - Creditors Holding Unsecured Non Priority Claims	Yes	2		[illegible]	
G - Executory Contracts and Unexpired Leases	Yes	1			
H - Codebtors	Yes	1			
I - Current Income of Individual Debtor(s)	No				
J - Current Expenditures of Individual Debtor(s)	No				
Total Number of Sheets of ALL Schedules ->		14			
Total Assets ->			[illegible]		
Total Liabilities ->				[illegible]	

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In re Palos Verdes Investment Corporation

Case No. _____ (If known)

Debtor

SCHEDULE A - REAL PROPERTY

Except as directed below, list all real property in which the debtor has any legal, equitable, or future interest, including all property owned as a co-tenant, community property, or in which the debtor has a life estate. Include any property in which the debtor holds rights and powers exercisable for the debtor's own benefit. If the debtor is married, state whether husband, wife, or both own the property by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, Or Community." If the debtor holds no interest in real property, write "None" under "Description and Location of Property."

Do not include interests in executory contracts and unexpired leases on this schedule. List them in Schedule G - Executory Contracts and Unexpired Leases.

If any entity claims to have a lien or hold a secured interest in any property, state the amount of the secured claim. See Schedule D. If no entity claims to hold a secured interest in the property, write "None" in the column labeled "Amount of Secured Claim."

If the debtor is an individual or if a joint petition is filed, state the amount of any exemption claimed in the property only in Schedule C - Property Claimed as Exempt.

DESCRIPTION AND LOCATION OF PROPERTY	NATURE OF DEBTOR'S INTEREST IN PROPERTY	Husband, Wife, Joint or Community	CURRENT MARKET VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION	AMOUNT OF SECURED CLAIM
Unimproved Land Elko County, Nevada	Fee		Unknown No ready market exists for this property. Book value = $28,000.00	
		Total →	Unknown	

(Report also on Summary of Schedules.)

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9704384416

In re Palos Verdes Investment Corporation

Debtor

Case No. _____ (If known)

SCHEDULE B - PERSONAL PROPERTY

Except as directed below, list all personal property of the debtor of whatever kind. If the debtor has no property in one or more of the categories, place an "X" in the appropriate position in the column labeled "None." If additional space is needed in any category, attach a separate sheet properly identified with the case name, and the number of the category. If the debtor is married, state whether husband, wife, or both own the property by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community." If the debtor is an individual or a joint petition is filed, state the amount of any exemptions claimed only in Schedule C - Property Claimed as Exempt.

Do not list interests in executory contracts and unexpired leases on this schedule. List them in Schedule G - Executory Contracts and Unexpired Leases.

If the property is being held for the debtor by someone else, state that person's name and address under "Description and Location of Property."

If the "Current Market Value of Debtor's Interest in Property, without Deducting any Secured Claim or Exemption" is unknown in one or more of the categories, place an "X" in the appropriate position in the column labeled "Unknown." Likewise, if the figure listed, if any, for "Current Market Value of Debtor's Interest in Property, without Deducting any Secured Claim or Exemption" is an approximation, place an "X" in the appropriate position in the column labeled "Approx."

9704384317

In re Palos Verdes Investment Corporation

Debtor

Case No. _____ (If known)

SCHEDULE B - PERSONAL PROPERTY

(Continuation Sheet)

TYPE OF PROPERTY	NONE	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT OR COMMUNITY	CURRENT MARKET VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION	UNKNOWN	APPROX
1. Cash on hand.	X					
2. Checking, savings or other financial accounts, certificates of deposit, or shares in banks, savings and loan, thrift, building and loan, and homestead associations, or credit unions, brokerage houses, or cooperatives.		Checking account #149850819, First Interstate Bank, Los Angeles		311.00		
3. Security deposits with public utilities, telephone companies, landlords, and others.	X					
4. Household goods and furnishings, including audio, video, and computer equipment.	X					
5. Books; pictures and other art objects; antiques; stamp, coin, record, tape, compact disc, and other collections or collectibles.	X					
6. Wearing apparel.	X					

9704384318

In re Palos Verdes Investment Corporation

Debtor

Case No. _____ (If known)

SCHEDULE B - PERSONAL PROPERTY

(Continuation Sheet)

TYPE OF PROPERTY	NONE	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT OR COMMUNITY	CURRENT MARKET VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION	UNKNOWN	APPROX
7. Furs and jewelry.	X					
8. Firearms and sports, photographic, and other hobby equipment.	X					
9. Interests in insurance policies. Name insurance company of each policy and itemize surrender or refund value of each.	X					
10. Annuities. Itemize and name each issuer.	X					
11. Interests in IRA, ERISA, Keogh, or other pension or profit sharing plans. Itemize.	X					
12. Stock and interests in incorporated and unincorporated businesses. Itemize.	X					
13. Interests in partnerships or joint ventures. Itemize.	X					
14. Government and corporate bonds and other negotiable and non-negotiable instruments.	X					
15. Accounts Receivable	X					

9704384319

In re Palos Verdes Investment Corporation

Debtor

Case No. _____ (If known)

SCHEDULE B - PERSONAL PROPERTY

(Continuation Sheet)

TYPE OF PROPERTY	NONE	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT OR COMMUNITY	CURRENT MARKET VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION	UNKNOWN	APPROX
16. Alimony, maintenance, support, and property settlements to which the debtor is or may be entitled. Give particulars.	X					
17. Other liquidated debts owing debtor including tax refunds. Give particulars.	X					
18. Equitable or future interests, life estates, and rights or powers exercisable for the benefit of the debtor other than those listed in Schedule of Real Property.	X					
19. Contingent and non-contingent interests in estate of a decedent, death benefit plan, life insurance policy, or trust.	X					
20. Other contingent and unliquidated claims of every nature, including tax refunds, counter-claims of the debtor, and rights to setoff claims. Give estimated value of each.		Federal tax refund from 1992 Loss carry back		5,767.00		
		Lawsuit against Byron Laskey & Marlene Laskey claim re personal guarantee of claim against Soboba Associates in face amount of $1,962,848.00 and fraud. (plus interest, attorney's fees and costs)		0.00 Value based on Lasky reprsntn of insolvency		
21. Patents, copyrights, and other intellectual property. Give particulars.	X					
22. Licenses, franchises, and other general intangibles. Give particulars.	X					
23. Automobiles, trucks, trailers, and other vehicles and accessories.	X					
24. Boats, motors, and accessories.	X					

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In re Palos Verdes Investment Corporation

Debtor

Case No. _____ (If known)

SCHEDULE B - PERSONAL PROPERTY

(Continuation Sheet)

TYPE OF PROPERTY	NONE	DESCRIPTION AND LOCATION OF PROPERTY	HUSBAND, WIFE, JOINT OR COMMUNITY	CURRENT MARKET VALUE OF DEBTOR'S INTEREST IN PROPERTY, WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION	UNKNOWN	APPROX
25. Aircraft and accessories.	X					
26. Office equipment, furnishing, and supplies.		Used furnishings and equipment, 930 Indian Peak Road, #225 Rolling Hills, CA ($4,257.00 book value)		1,000.00		
27. Machinery, fixtures, equipment, and supplies used in business.						
28. Inventory.						
29. Animals.						
30. Crops - growing or harvested. Give particulars.						
31. Farming equipment and implements.						
32. Farm supplies, chemicals, and feed.						
33. Other personal property of any kind not already listed. Itemize.						

Total -> $7,078.00

_____ continuation sheets attached

(Include amounts from any continuation sheets attached. Report total also on Summary of Schedules

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9704384342 1

In re Palos Verdes Investment Corporation

Case No. _____ (If known)

Debtor

SCHEDULE C - PROPERTY CLAIMED AS EXEMPT

Debtor elects the exemptions to which debtor is entitled under:
(Check one box)

☐ 11 U.S.C. §522(b)(1) Exemptions provided in 11 U.S.C. § 522(d). Note: These exemptions are available only in certain states.

☐ 11 U.S.C. §522(b)(2) Exemptions available under applicable nonbankruptcy federal laws, state or local law where the debtor's domicile has been located for the 180 days immediately preceding the filing of the petition, or for a longer portion of the 180-day period than in any other place, and the debtor's interest as a tenant by the entirety or joint tenant to the extent the interest is exempt from process under applicable nonbankruptcy law.

DESCRIPTION OF PROPERTY	SPECIFY LAW PROVIDING EACH EXEMPTION	VALUE OF CLAIMED EXEMPTION	CURRENT MARKET VALUE OF PROPERTY WITHOUT DEDUCTING EXEMPTION
Not applicable			
		Column Total	Column Total

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L&E Form version 3.0

In re Palos Verdes Investment Corporation

Case No. _____
(If known)

SCHEDULE D - CREDITORS HOLDING SECURED CLAIMS

State the name, mailing address, including zip code, and account number, if any, of all entities holding claims secured by property of the debtor as of the date of filing of the petition. List creditors holding all types of secured interests such as judgment liens, garnishments, statutory liens, mortgages, deeds of trust, and other security interests. List creditors in alphabetical order to the extent practicable.

If any entity other than a spouse in a joint case may be jointly liable on a claim, place and "X" in the column labeled "Codebtor," include the entity on the appropriate schedule of creditors, and complete Schedule H - Codebtors. If a joint petition is filed, state whether husband, wife, both of them, or the marital community may be liable on each claim by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community."

If the claim is contingent, place an "X" in the column labeled "Contingent." If the claim is unliquidated, place an "X" in the column labeled "Unliquidated." If the claim is disputed, place an "X" in the column labeled "Disputed." (You may need to place an "X" in more than one of these three columns.)

Report the total of all claims listed on this schedule in the box labeled "Total" on the last sheet of the completed schedule. Report this total also on the Summary of Schedules.

☒ Check this box if debtor has no creditors holding secured claims to report on this Schedule D.

0 continuation sheets attached

9704384342 3

In re Palos Verdes Investment Corporation

Case No. _____ (If known)

SCHEDULE E - CREDITORS HOLDING UNSECURED PRIORITY CLAIMS

A complete list of claims entitled to priority, listed separately by type of priority, is to be set forth on the sheets provided. Only holders of unsecured claims entitled to priority should be listed in this schedule. In the boxes provided on the attached sheets, state the name and mailing address, including zip code, and account number, if nay, of all entities holding priority claims against the debtor or the property of the debtor, as of the date of the filing of this petition.

State the name, mailing address, including zip code, and account number, if any, of all entities holding claims secured by property of the debtor as of the date of filing of the petition. List creditors holding all types of secured interests such as judgment liens, garnishments, statutory liens, mortgages, deeds of trust, and other security interests. List creditors in alphabetical order to the extent practicable. If all secured creditors will not fit on this page, use the continuation sheet provided.

If any entity other than a spouse in a joint case may be jointly liable on a claim, place and "X" in the column labeled "Codebtor," include the entity on the appropriate schedule of creditors, and complete Schedule H - Codebtors. If a joint petition is filed, state whether husband, wife, both of them, or the marital community may be liable on each claim by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community."

If the claim is contingent, place an "X" in the column labeled "Contingent." If the claim is unliquidated, place an "X" in the column labeled "Unliquidated." If the claim is disputed, place an "X" in the column labeled "Disputed." (You may need to place an "X" in more than one of these three columns.)

Report the total of claims listed on each sheet in the box labeled "Subtotal" on each sheet. Report the total of all claims listed on this Schedule E in the box labeled "Total" on the last sheet of the completed schedule. Repeat this total also on the Summary of Schedules.

☐ Check this box if debtor has no creditors holding unsecured priority claims to report on this Schedule E.

TYPES OF PRIORITY CLAIMS (Check the appropriate box(es) below if claims in that category are listed on the attached sheets)

☐ **Extensions of credit in an involuntary case**

Claims arising in the ordinary course of the debtor's business or financial affairs after the commencement of the case but before the earlier of the appointment of a trustee or the order for relief. 11 U.S.C. § 507(a)(2).

☐ **Wages, salaries, and commissions**

Wages, salaries, and commissions, including vacation, severance, and sick leave pay owing to employees, up to a maximum of $2000 per employee, earned within 90 days immediately preceding the filing of the original petition, or the cessation of business, whichever occurred first, to the extent provided in 11 U.S.C. § 507(a)(3).

☐ **Contributions to employee benefit plans**

Money owed to employee benefit plans for services rendered within 180 days immediately preceding the filing of the original petition, or the cessation of business, whichever occurred first, to the extent provided in 11 U.S.C. § 507(a)(4).

☐ **Certain farmers and fishermen**

Claims of certain farmers and fishermen, up to a maximum of $2000 per farmer or fisherman, against the debtor, as provided in 11 U.S.C. § 507(a)(5).

☐ **Deposits by individuals**

Claims of individuals up to a maximum of $900 for deposits for the purchase, lease, or rental of property or services for personal, family, or household use, that were not delivered or provided. 11 U.S.C. § 507(a)(6).

☐ **Taxes and Certain Other Debts Owed to Governmental Units**

Taxes, customs duties, and penalties owing to federal, state, and local governmental units as set forth in 11 U.S.C. § 507(a)(7).

1 continuation sheets attached

9704384324

In re Palos Verdes Investment Corporation Case No. _____ (If known)

TYPE OF PRIORITY

SCHEDULE E - CREDITORS HOLDING UNSECURED PRIORITY CLAIMS
(Continuation Sheet)

CREDITORS NAME AND MAILING ADDRESS INCLUDING ZIP CODE	CODEBTOR	HUSBAND, WIFE, JOINT OR COMMUNITY	DATE CLAIM WAS INCURRED AND CONSIDERATION	CONTINGENT	UNLIQUIDATED	DISPUTED	TOTAL AMOUNT OF CLAIM	AMOUNT ENTITLED TO PRIORITY
ACCOUNT NO.								
ACCOUNT NO. SPECIAL PROCEDURES SECTION INTERNAL REVENUE SERVICE P.O. Box 1431 Room 4062 Los Angeles, CA 90053							Unknown	
ACCOUNT NO. FRANCHISE TAX BOARD Compliance Section Sacramento, CA 95867							Unknown	
ACCOUNT NO. EMPLOYMENT DEVELOPMENT DEPT. TAX COLLECTION SECTION P.O. Box 2847 Sacramento, CA 95812							Unknown	
ACCOUNT NO. County Tax Collector Elko County 571 Idaho St., Rm. 101 Elko, NV 89801							Unknown	
ACCOUNT NO.								
ACCOUNT NO.								
ACCOUNT NO.								

Sheet no. 1 of 1 continuation sheets attached to Schedule of Creditors Holding Unsecured Priority Claims.

subtotal -> (total of this page) Unknown

Schedule Total -> Unknown

(Report total also on Summary of Schedules)

9704843425

In re Palos Verdes Investment Corporation

Case No. _____
(If known)

SCHEDULE F - CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS

State the name, mailing address, including zip code, and account number, if any, of all entities holding unsecured claims without priority against the debtor or the property of the debtor, as of the date of filing of the petition. Do not include claims listed in Schedules D and E.

If any entity other than a spouse in a joint case may be jointly liable on a claim, place an "X" in the column labeled "Codebtor," include the entity on the appropriate schedule of creditors, and complete Schedule H - Codebtors. If a joint petition is filed, state whether husband, wife, both of them, or the marital community may be liable on each claim by placing an "H," "W," "J," or "C" in the column labeled "Husband, Wife, Joint, or Community."

If the claim is contingent, place an "X" in the column labeled "Contingent." If the claim is unliquidated, place an "X" in the column labeled "Unliquidated." If the claim is disputed, place an "X" in the column labeled "Disputed." (You may need to place an "X" in more than one of these three columns.)

Report the total of all claims listed on this schedule in the box labeled "Total" on the last sheet of the completed schedule.

☐ Check this box if debtor has no creditors holding unsecured nonpriority claims to report on this Schedule F. Report this total also on the Summary of Schedules.

1 continuation sheets attached

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In re Palos Verdes Investment Corporation

Case No. _____ (If known)

SCHEDULE F - CREDITORS HOLDING UNSECURED NONPRIORITY CLAIMS
(Continuation Sheet)

CREDITORS NAME AND MAILING ADDRESS INCLUDING ZIP CODE	CODEBTOR	HUSBAND, WIFE, JOINT OR COMMUNITY	DATE CLAIM WAS INCURRED, AND CONSIDERATION FOR CLAIM. IF CLAIM IS SUBJECT TO SETOFF, SO STATE.	CONTINGENT	UNLIQUIDATED	DISPUTED	AMOUNT OF CLAIM
ACCOUNT NO. The Florance Family Trust - R. Florance 1025 Via Mirable Palos Verdes Estate, CA 90274			loan				$1,501,984.20
ACCOUNT NO. Franchise Tax Board c/o Kendall E. Kinyon, Esq. P.O. Box 1468 San Francisco, CA 95812-1468			Tax claim - income year ending 1979 Appeal pending to SBE			X	$114,169.00
ACCOUNT NO. Stewart Title 501 S. Grand Suite 200 Los Angeles, CA 90017 Lodema Coffman			For title services			X	$6,716.88
ACCOUNT NO.							
ACCOUNT NO.							
ACCOUNT NO.							
ACCOUNT NO.							
ACCOUNT NO.							

subtotal -> (total of this page) $1,622,870.08

Schedule Total -> $1,622,870.08

(Report total also on Summary of Schedules)

Sheet no. 1 of 1 continuation sheets attached to Schedule of Creditors Holding Unsecured Nonpriority Claims.

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In re Palos Verdes Investment Corporation

Case No. _____ (If known)

Debtor

SCHEDULE G - EXECUTORY CONTRACTS AND UNEXPIRED LEASES

Describe all executory contracts of any nature and all unexpired leases of real or personal property. Include any timeshare interests.

State nature of debtor's interest in contract, i.e., "Purchaser," "Agent," etc. State whether debtor is the lessor or lessee of a lease.

Provide the names and complete mailing addresses of all other parties to each lease or contract described.

NOTE: A party listed on this schedule will not receive notice of the filing of this case unless the party is also scheduled in the appropriate schedule of creditors.

[X] Check this box if debtor has no executory contracts or unexpired leases.

NAME AND MAILING ADDRESS, INCLUDING ZIP CODE, OF OTHER PARTIES TO LEASE OR CONTRACT.	DESCRIPTION OF CONTRACT OR LEASE AND NATURE OF DEBTOR'S INTEREST. STATE WHETHER LEASE IS FOR NONRESIDENTIAL REAL PROPERTY. STATE CONTRACT NUMBER OF ANY GOVERNMENT CONTRACT.

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In re Palos Verdes Investment Corporation

Case No. _____ (If known)

Debtor

SCHEDULE H - CODEBTORS

Provide the information requested concerning any person or entity, other than a spouse in a joint case, that is also liable on any debts listed by debtor in the schedules of creditors. Include all guarantors and co-signers. In community property states, a married debtor not filing a joint case should report the name and address of the nondebtor spouse on this schedule. Include all names used by the nondebtor spouse during the six years immediately preceding the commencement of this case.

[X] Check this box if debtor has no codebtors.

NAME AND ADDRESS OF CODEBTOR	NAME AND ADDRESS OF CREDITOR

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In re Palos Verdes Investment Corporation

Case No. _____ (If known)

Debtor

DECLARATION CONCERNING DEBTOR'S SCHEDULES

DECLARATION UNDER PENALTY OF PERJURY BY INDIVIDUAL DEBTOR

I declare under penalty of perjury that I have read the foregoing summary and schedules, consisting of _____ sheets, and that they are true and correct to the best of my knowledge, information, and belief.

Date _____ Signature: _____ Debtor.

Date _____ Signature: _____ (Joint Debtor, if any),

(If joint case, both spouses must sign.)

. . . . . .

DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF CORPORATION OR PARTNERSHIP

I, Ronald Florance, President & CEO of Palos Verdes Investment Corporation, named as the debtor in this case, declare under penalty of perjury that I have read the foregoing summary of schedules, consisting of 14 sheets and that they are true and correct to the best of my knowledge, information and belief.

Date 12/23/92 Signature Ronald Florance

Ronald Florance
President & CEO
[Print or type name of individual signing on behalf of debtor.]

[An individual signing on behalf of a partnership or corporation must indicate position or relationship to debtor.]

. . . . . .

Penalty for making a false statement or concealing property: Fine of up to $500,000 or imprisonment for up to 5 years or both. 18 U.S.C. §§ 152 and 3571.

L&E Form version 4.0

9704384330

United States Bankruptcy Court

Central District of California

Palos Verdes Investment Corporation

Debtor

Case No. _____ (If known)

STATEMENT OF FINANCIAL AFFAIRS

This statement is to be completed by every debtor. Spouses filing a joint petition may file a single statement on which the information for both spouses is combined. If the case is filed under Chapter 12 or Chapter 13, a married debtor must furnish information for both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed. An individual debtor engaged in business as a sole proprietor, partner, family farmer, or self-employed professional, should provide the information requested on this statement concerning all such activities as well as the individual's personal affairs.

Questions 1-15 are to be completed by all debtors. Debtors that are or have been in business, as defined below, also must complete Questions 16 - 21. **Each question must be answered. If the answer to any question is "None," or the question is not applicable, mark the box labeled "None."** If additional space is needed for the answer to any question, use and attach a separate sheet properly identified with the case name, case number (if known), and the number of the question.

DEFINITIONS

"In business." A debtor "in business" for the purpose of this form if the debtor is a corporation or partnership. An individual debtor is "in business" for the purpose of this form if the debtor is or has been, within the two years immediately preceding the filing of this bankruptcy case, any of the following: an officer, director, managing executive, or person in control of a corporation; a partner, other than a limited partner, of a partnership; a sole proprietor or self-employed.

"Insider." The term "insider" includes but is not limited to: relatives of the debtor; general partners of the debtor and their relatives; corporations of which the debtor is an officer, director, or person in control; officers, directors, and any person in control of a corporate debtor and their relatives; affiliates of the debtor and insiders of such affiliates; any managing agent of the debtor. 11 U.S.C. § 101(30).

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1. Income from employment or operation of business

☐ None ☐ See attached Rider 1

State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the **two years** immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under Chapter 12 or Chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE (if more than one)
(A) $113,000.00	1992 Total Income (Administration "Management Fees", Wallace Estates - $39,000; Utility Refund Emerald Lake Homes - $37,693.09; Misc. including sublease and reimbursement of expenses - approx. $41,000)
(B) $198,000.00	1991 Total Income (Interest income - $61,300; A collected judgment - $52,000; Franchise Tax Board Refund - $11,000; Management fees - $30,000; and Misc. including office sublease - approx. $43,000)

2. Income other than from employment or operation of business

☒ None ☐ See attached Rider 2

State the amount of income received by the debtor other than from employment, trade, profession, or operation of the debtor's business during the **two years** immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under Chapter 12 or Chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT	SOURCE

3. Payments to creditors

☐ None ☒ See attached Rider 3a

a. List all payments on loans, installment purchases of goods or services, and other debts, aggregating more than $600 to any creditor, made within **90 days** immediately preceding the commencement of this case. (Married debtors filing under Chapter 12 or Chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATE OF PAYMENT	AMOUNT PAID	AMOUNT STILL OWING

☒ None ☐ See attached Rider 3b

b. List all payments made within **one year** immediately preceding the commencement of this case to or for the benefit of creditors who are or were insiders. (Married debtors filing under Chapter 12 or Chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR AND RELATIONSHIP TO DEBTOR	DATE OF PAYMENT	AMOUNT PAID	AMOUNT STILL OWING

4. Suits, executions, garnishments and attachments

☐ None ☐ See attached Rider 4a

a. List all suits to which the debtor is or was a party within **one year** immediately preceding the filing of this case. (Married debtors filing under Chapter 12 or Chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

CAPTION OF SUIT AND CASE NUMBER	NATURE OF PROCEEDING	COURT AND LOCATION	STATUS OR DISPOSITION
Palos Verdes Investment Corporation v. Byron Laskey, Marlene S. Laskey and Does 1-20	Claim for personal guarantee and fraud	SW-YC 014031 Superior Court	Pending

Rider 3A

Name and Address of Creditor	Date of Payment	Amount Paid	Amount Still Owing
QBM Partnership Seal Beach, CA	9/22, 10/1, 10/29, 11/5	8,672	0
Metro Archives 1340 E. 6th St. Los Angeles, CA	11/6, 10/23, 9/22	1,201	0
Levene & Eisenberg 1900 Ave. of the Stars Los Angeles, CA	9/22, 10/23, 10/29	14,092	0
Burkley Greenberg 21515 Hawthorne Blvd. Torrance, CA	9/22, 10/26, 10/29	13,017	0
William Graziano 23945 Calabasas Road Calabasas, CA	11/5	6,787	0
Kevin Pierik, CPA 2614 Euclid Santa Monica, CA	10/23, 11/5	4,680	0
Kindel & Anderson 555 S. Flower St. Los Angeles, CA	11/13, 11/17, 10/29	4,644	0
Cherokee Properties P.O. Box 1147 Palos Verdes, CA	10/1, 11/5, 10/26, 10/15	7,486	0
GTE 851 Lawrence Newbury Park, CA	9/22, 10/23, 11/17/91	1,043	0

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☒ None ☐ See attached Rider 4b

b. Describe all property that has been attached, garnished or seized under any legal or equitable process within **one year** immediately preceding the commencement of this case. (Married debtors filing under Chapter 12 or Chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON FOR WHOSE BENEFIT PROPERTY WAS SEIZED	DATE OF SEIZURE	DESCRIPTION AND VALUE OF PROPERTY

5. Repossessions, foreclosures and returns

☒ None ☐ See attached Rider 5

List all property that has been repossessed by a creditor, sold at a foreclosure sale, transferred through a deed in lieu of foreclosure or returned to the seller, within **one year** immediately preceding the commencement of this case. (Married debtors filing under Chapter 12 or Chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR OR SELLER	DATE OF REPOSSESSION, FORE-CLOSURE SALE, TRANSFER OR RETURN	DESCRIPTION AND VALUE OF PROPERTY

6. Assignments and receiverships

☒ None ☐ See attached Rider 6a

a. Describe any assignment of property for the benefit of creditors made within **120 days** immediately preceding the commencement of this case. (Married debtors filing under Chapter 12 or Chapter 13 must include any assignment by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF ASSIGNEE	DATE OF ASSIGNMENT	TERMS OF ASSIGNMENT OR SETTLEMENT

☒ None ☐ See attached Rider 6b

b. List all property which has been in the hands of a custodian, receiver, or court-appointed official within **one year** immediately preceding the commencement of this case. (Married debtors filing under Chapter 12 or Chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CUSTODIAN	NAME AND LOCATION OF COURT CASE TITLE & NUMBER	DATE OF ORDER	DESCRIPTION AND VALUE OF PROPERTY

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7. Gifts

☒ None ☐ See attached Rider 7

List all gifts or charitable contributions made within **one year** immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than $200 in value per individual family member and charitable contributions aggregating less than $100 per recipient. (Married debtors filing under Chapter 12 or Chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON OR ORGANIZATION	RELATIONSHIP TO DEBTOR, IF ANY	DATE OF GIFT	DESCRIPTION AND VALUE OF GIFT

8. Losses

☒ None ☐ See attached Rider 8

List all losses from fire, theft, other casualty or gambling within **one year** immediately preceding the commencement of this case **or since the commencement of this case.** (Married debtors filing under Chapter 12 or Chapter 13 must include losses by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

DESCRIPTION AND VALUE OF PROPERTY	DESCRIPTION OF CIRCUMSTANCES AND, IF LOSS WAS COVERED IN WHOLE OR IN PART BY INSURANCE, GIVE PARTICULARS	DATE OF LOSS

9. Payments related to debt counseling or bankruptcy

☐ None ☐ See attached Rider 9

List all payments made or property transferred by or on behalf of the debtor to any persons, including attorneys, for consultation concerning debt consolidation, relief under the bankruptcy law or preparation of a petition in bankruptcy within **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS OF PAYEE	DATE OF PAYMENT, NAME OF PAYOR IF OTHER THAN DEBTOR	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
Levene & Eisenberg, a Professional Corporation 1900 Avenue of the Stars Suite 1440 Los Angeles, CA 90067	10/29/92	10,000.00

10. Other transfers

☒ None ☐ See attached Rider 10

List all other property, other than property transferred in the ordinary course of the business or financial affairs of the debtor, transferred wither absolutely or as security within **one year** immediately preceding the commencement of this case. (Married debtors filing under Chapter 12 or Chapter 13 must include transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF TRANSFEREE, RELATIONSHIP TO DEBTOR	DATE	DESCRIBE PROPERTY TRANSFERRED AND VALUE RECEIVED

11. Closed financial accounts

☐ None ☐ See attached Rider 11

List all financial accounts and instruments held in the name of the debtor or for the benefit of the debtor which were closed, sold, or otherwise transferred within **one year** immediately preceding the commencement of this case. Include checking, savings, or other financial accounts, certificates of deposit, or other instruments; shares and share accounts held in banks, credit unions, pension funds, cooperatives, associations, brokerage houses and other financial institutions. (Married debtors filing under Chapter 12 or Chapter 13 must include information concerning accounts or instruments held by or for either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF INSTITUTION	TYPE AND NUMBER OF ACCOUNT AND AMOUNT OF FINAL BALANCE	AMOUNT AND DATE OF SALE OR CLOSING
1st Interstate Bank 707 Wilshire Blvd. Los Angeles, CA 90017	PVIC Spec. Acct. Money Market Acct. 149-8-52022 $24,118.84	Transferred $24,118.84 to Main PVIC Acct. #149-4-50819 on 10.5.92

12. Safe deposit boxes

☒ None ☐ See attached Rider 12

List each safe deposit or other box or depository in which the debtor has or had securities, cash, or other valuables within **one year** immediately preceding the commencement of this case. (Married debtors filing under Chapter 12 or Chapter 13 must include boxes or depositories of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF BANK OR OTHER DEPOSITORY	NAMES AND ADDRESSES OF THOSE WITH ACCESS TO BOX OR DEPOSITORY	DESCRIPTION OF CONTENTS	DATE OF TRANSFER OR SURRENDER, IF ANY

13. Setoffs

☒ None ☐ See attached Rider 13

List all setoffs made by any creditor, including a bank, against a debt or deposit of the debtor within **90 days** preceding the commencement of this case. (Married debtors filing under Chapter 12 or Chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF CREDITOR	DATE OF SETOFF	AMOUNT OF SETOFF

14. Property held for another person

☒ None ☐ See attached Rider 14

List all property owned by another person that the debtor holds or controls.

NAME AND ADDRESS OF OWNER	DESCRIPTION AND VALUE OF PROPERTY	LOCATION OF PROPERTY

15. Prior address of debtor

☒ None ☐ See attached Rider 15

If the debtor has moved within the **two years** immediately preceding the commencement of this case, list all premises which the debtor occupied during that period and vacated prior to the commencement of this case. If a joint petition is filed, report also any separate address of either spouse.

ADDRESS	NAME USED	DATES OF OCCUPANCY

The following questions are to be completed by every debtor that is a corporation or partnership and by any individual debtor who is or has been, within the **two years** immediately preceding the commencement of this case, any of the following: an officer, director, managing executive, or owner of more than 5 percent of the voting securities of a corporation; a partner, other than a limited partner, of a partnership; a sole proprietor or otherwise self-employed.

*(An individual or joint debtor should complete this portion of the statement **only** if the debtor is or has been in business, as defined above, within the **two years** immediately preceding the commencement of this case.)*

16. Nature, location and name of business

☐ None ☐ See attached Rider 16

a. If the debtor is an individual, list the names and addresses of all businesses in which the debtor was an officer, director, partner, or managing executive of a corporation, partnership, sole proprietorship, or was a self-employed professional within the **two years immediately** preceding the commencement of this case, or in which the debtor owned 5 percent or more of the voting or equity securities within the **two years** immediately preceding the commencement of this case.

b. If the debtor is a partnership, list the names and addresses of all businesses in which the debtor was a partner or owned 5 percent or more of the voting securities, within the **two years** immediately preceding the commencement of this case.

c. If the debtor is a corporation, list the names and addresses of all businesses in which the debtor was a partner or owned 5 percent or more of the voting securities, within the **two years** immediately preceding the commencement of this case.

NAME	ADDRESS	NATURE OF BUSINESS	BEGINNING AND ENDING DATES OF OPERATION
Phoenix Escrow Company (dissolved 1989, Inactive)	930 Indian Peak #225 Rolling Hills, CA	Escrow Real Estate Sales Development	1984-1988
Carriage Realty Inc. (Chapter 7 Bankruptcy, filed 8/8/91, Case #LA 91-86518-RR)			1983-1988
Emerald Lakes Corporation (Inactive, still exists, no assets, liabilities or business.)			1984-1988

17. Books, records and financial statements

☐ None ☐ See attached Rider 17a

a. List all bookkeepers and accountants who within the **six years** immediately preceding the filing of this bankruptcy case kept or supervised the keeping of books of account and records of the debtor.

NAME AND ADDRESS	DATES SERVICES RENDERED
Kevin Pierik, CPA 2614 Euclid St. #C Santa Monica, CA	1976 to 1992

☐ None ☐ See attached Rider 17b

b. List all firms or individuals who within the **two years** immediately preceding the filing of this bankruptcy case have audited the books of account and records, or prepared a financial statement of the debtor.

NAME	ADDRESS	DATES SERVICES RENDERED
Kevin Pierik, CPA	2614 Euclid C Santa Monica, CA	1976 to 1992

☒ None ☐ See attached Rider 17c

c. List all firms or individuals who at the time of the commencement of this case were in possession of the books of account and records of the debtor. If any of the books of account and records are not available, explain.

NAME	ADDRESS

☐ None ☐ See attached Rider 17d

d. List all financial institutions, creditors and other parties, including mercantile and trade agencies, to whom a financial statement was issued within the **two years** immediately preceding the commencement of this case by the debtor.

NAME AND ADDRESS	DATE ISSUED
Franchise Tax Board	November 6, 1992

18. Inventories

☒ None ☐ See attached Rider 18a

a. List the dates of the **last two** inventories taken of your property, the name of the person who supervised the taking of each inventory, and the dollar amount and basis of each inventory.

DATE OF INVENTORY	INVENTORY SUPERVISOR	DOLLAR AMOUNT OF INVENTORY (Specify cost, market or other basis)

☒ None ☐ See attached Rider 18b

b. List the name and address of the person having possession of the records of each of the two inventories reported in a., above.

DATE OF INVENTORY	NAME AND ADDRESS OF CUSTODIAN OF INVENTORY RECORDS

19. Current partners, officers, directors and shareholders

☒ None ☐ See attached Rider 19a

a. If the debtor is a partnership, list the nature and percentage of partnership interest of each member of the partnership.

NAME AND ADDRESS	NATURE OF INTEREST	PERCENTAGE OF INTEREST

☐ None ☒ See attached Rider 19b

b. If the debtor is a corporation, list all officers and directors of the corporation, and each stockholder who directly or indirectly owns, controls, or holds 5 percent or more of the voting securities of the corporation.

NAME AND ADDRESS	TITLE	NATURE AND PERCENTAGE OF STOCK OWNERSHIP

20. Former partners, officers, directors and shareholders

☐ None ☐ See attached Rider 20a

a. If the debtor is a partnership, list each member who withdrew from the partnership within **one year** immediately preceding the commencement of this case.

NAME	ADDRESS	DATE OF WITHDRAWAL

☒ None ☐ See attached Rider 20b

b. If the debtor is a corporation, list all officers, or directors whose relationship with the corporation terminated within **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS	TITLE	DATE OF TERMINATION

21. Withdrawals from a partnership or distributions by a corporation

☐ None ☐ See attached Rider 21

If the debtor is a partnership or corporation, list all withdrawals or distributions credited or given to an insider, including compensation in any form, bonuses, loans, stock redemptions, options exercised and any other perquisite during **one year** immediately preceding the commencement of this case.

NAME & ADDRESS OF RECIPIENT	RELATIONSHIP TO DEBTOR	DATE AND PURPOSE OF WITHDRAWAL	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY

Rider 19B

Name and Address	Title	Nature and Percentage of Stock Ownership
Ronald Florance 1025 Via Mirabel Palos Verdes Estates, CA	President, CEO, CFO, Director	80% common (with Elaine Florance)
Elaine Florance 1025 Via Mirabel Palos Verdes Estates, CA	VP, Secretary, Director	80% common (with Ronald Florance)
Stephen E. Florance 1025 Via Mirabel Palos Verdes Estates, CA	Shareholder	5%
Dana Ann Florance 1025 Via Mirabel Palos Verdes Estates, CA	Shareholder	5%
Ronald M. Florance, Jr. 3672 Georgia St., Apt. B7 San Diego, CA 92103	Shareholder	5%
Michael A. Florance 13245 Waco Road Apple Valley, CA 92308	Shareholder	5%
Clifford Sheldrake	Director	0

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[If completed by an individual and spouse]

I declare under penalty of perjury that I have read the answers contained in the foregoing statement of financial affairs and any attachments thereto and that they are true and correct.

Date _____ Signature of _____
Debtor.

Date _____ Signature of _____
Joint Debtor,
(if any)

[If completed on behalf of a partnership or corporation]

I, declare under penalty of perjury that I have read the answers contained in the foregoing statement of financial affairs and any attachments thereto and that they are true and correct to the best of my knowledge, information and belief.

Date 12/23/92 Signature _____
Ronald Florance
President & CEO
Print Name and Title

[An individual signing on behalf of a partnership or corporation must indicate position or relationship to debtor.]

____ continuation sheets attached

Penalty for making a false statement: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. § 152 and 3571

United States Bankruptcy Court
Central District of California

In re Palos Verdes Investment Corporation

Debtor

Case No. _____

Chapter 7

VERIFICATION OF CREDITOR MATRIX

PART I (check and complete one):

☒ New petition filed concurrently with this original matrix.

☐ Conversion filed on _____ *See instructions on reverse side.*

- ☐ Former Chapter 13 converting. Full matrix attached.
- ☐ Previous matrix affected filed on _____
- ☐ Case filed after JANUARY 1, 1985, and there are no post-petition creditors. No matrix required.

☐ Amendment filed concurrently with this original matrix affecting Schedule of Debts and/or Schedule of Equity Security Holders. *See instructions on reverse side.*

- ☐ Names and addresses are being ADDED.
- ☐ Names and addresses are being DELETED.
- ☐ Names and addresses are being CORRECTED.

☐ Matrix revised because _____
Previous matrix affected filed on _____

PART II (check one):

☒ The above-named Debtor(s) hereby verifies that the attached list of creditors is true and correct to the best of my (our) knowledge.

☐ The above-named Debtor(s) hereby verifies that there are not post-petition creditors affected by the filing of the conversion of this case and that the filing of a matrix is not required.

Date December 21 1992

Signature Ronald Florance
RONALD FLORANCE.
President and CEO
RONALD FLORANCE PRESIDENT
(Print Name and Title)

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Palos Verdes Investment
Corporation
930 Indian Peak Road #225
Rolling Hills, CA 90274

Levene & Eisenberg, a P.C.
1900 Ave. of the Stars,
Suite 1440
Los Angeles, CA 90067

U.S. Trustee's Office
221 N. Figueroa Street
Room 800
Los Angeles, CA 90012

County Tax Collector
Elko County
571 Idaho St., Room 101
Elko, NV 89801

Employment Development Dept.
Tax Collection Section
P.O. Box 2847
Sacramento, CA 95812

Franchise Tax Board
c/o Kendall E. Kinyon, Esq.
P.O. Box 1468
San Francisco, CA 95812-1468

Franchise Tax Board
Compliance Section
Sacramento, CA 95867

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Special Procedures Section
Internal Revenue Service
P.O. Box 1431 Room 4062
Los Angeles, CA 90053

Stewart Title
501 S. Grand, Suite 200
Los Angeles, CA 90017
Lodema Coffman

The Florance Family Trust
R. Florance
1025 Via Mirabel
Palos Verdes Estates, CA 90274

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EXHIBIT B

9704384345

RON FLORANCE
Republican for Congress

EXECUTIVE COMMITTEE
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William Scott
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CAMPAIGN STAFF
Allan Hoffenblum, Director
John Carlson, Coordinator
Tom Shortridge, Consultant
Linda DiVall, Survey Research
Ronald M. Florance, Jr., Manager

April 28, 1994

Mrs. Susan Brooks
Susan Brooks for Congress
3525 Pacific Coast Highway
Torrance, CA 90505

Dear Susan:

It has come to my attention that you and/or your supporters are circulating material and making statements about my business affairs that are in error and are libelous. I can only assume that you have been misinformed.

It is essential that we meet in person, allowing you to make these accusations in person and allowing me to correct your facts. This meeting will save you the embarrassment of having to make a public retraction and apology. In the meantime, I insist you refrain from those attacks on my business character, or I will be forced to take legal action. I propose we meet at 4:00 P.M., Friday, April 29th in my office. Any other person you wish to bring is welcome.

Susan, Republican voters deserve a positive campaign on the issues, ensuring a Jane Harman defeat in November.

Very truly yours,

Ron Florance

Ron Florance

2755 Pacific Coast Hwy., Suite C, Torrance, CA 90505 • (310) 534-8752 • FAX: (310) 534-8753
Paid for and authorized by the Ron Florance for Congress Committee. FEC No.: C00286955

EXHIBIT C

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SUSAN BROOKS FOR CONGRESS

* * * * * * * * * * * *

FOR IMMEDIATE RELEASE - FOR IMMEDIATE RELEASE

* * * * * * * * * * * *

APRIL 29, 1994

Susan Brooks, Republican candidate for Congress in California's 36th Congressional District, disclosed today that her primary opponent, Palos Verdes real estate developer Ronald Florance, has threatened her with a lawsuit if she publicly comments on Mr. Florance's past business affairs.

"Mr. Florance's business record has been the subject of much discussion in the 36th District for several years," said Mr. Les Martin, spokesperson for the Brooks Campaign. "The voters of this District have a right to know the facts about Mr. Florance's business affairs."

Mr. Martin said that a search of public legal and business records has disclosed that Mr. Florance, his partnerships and/or companies owned by him have been sued over 40 times in the last nine years. Two of his companies have recently filed for bankruptcy. One of these bankruptcies occurred after the assets of the company were sold off to a third party. A number of sizable legal claims against the company remained, and there is no public record that these claims have been paid. The second bankruptcy resulted in Mr. Florance paying only a small portion of a large state tax claim. In earlier years, these two

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companies also had a state tax lien and apparently a federal tax lien filed against them.

"When someone claims that his success as a businessman qualifies him for Congress, as Mr. Florance has, it is only fair that the public be given an opportunity to examine his record. That is what the political process is all about," said Mr. Martin. "We are dismayed that Mr. Florance would resort to threats in this situation, especially threats of libel. The truth is the truth, and the truth is never libelous. Mr. Florance's business dealings are matters of public record. We can only conclude that Mr. Florance is trying to keep his past business affairs hidden. He apparently does not want the truth to get out."

Mr. Martin said the real question involved here is who can beat incumbent Democrat Jane Harman in November. "Jane Harman comes to town once in a while, and she talks like a Ronald Reagan Republican when she is here in California," said Susan Brooks. "Her voting record when she gets back to her real home in Washington D.C. is something else. She is an extreme liberal who receives an 85% effectiveness rating from the ADA and a 90% effectiveness rating from the ACLU. The U.S. Chamber of Commerce, meanwhile, rate her at a paltry 18% effectiveness when it comes to supporting business in America."

"Republicans should select the candidate who can best carry the Republican message while exposing Jane Harman's voting record to the people. A candidate's character and ethics are

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very important in this regard. We don't need a 'Republican Whitewater' in the 36th District. The voters are entitled to, and indeed must, examine the background of the candidates they select to represent them in government, before the candidates are elected to office and its too late," said Mr. Martin.

Mr. Martin warned that Ron Florance himself will become the issue in the general election should he be successful in the primary. "In which case, the real Republican message and the truth about Jane Harman's ultra-liberal voting record will get lost in the debate, and she will be re-elected. Sorting out which candidate is the best messenger for the Republican Party is the critical function of the primary election process." said Mr. Martin.

Susan Brooks has recently won the endorsements of a number of prominent Republican groups in the 36th District, including the California College Republicans, The USC College Republicans, the El Camino College Republicans, the Muslim Republicans, the Westchester California Republican Assembly, the Westchester Del Rey Young Republicans, the Westchester Marina Republican Club, and the California Lincoln Club directors.

For more information, contact the Susan Brooks for Congress Campaign at (310)-534-5505. Any member of the press with valid press credentials may request copies of selected Florance legal papers from the Campaign.

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RON FLORANCE
Republican for Congress

EXECUTIVE COMMITTEE
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April 28, 1994

Mrs. Susan Brooks
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Dear Susan:

It has come to my attention that you and/or your supporters are circulating material and making statements about my business affairs that are in error and are libelous. I can only assume that you have been misinformed.

It is essential that we meet in person, allowing you to make these accusations in person and allowing me to correct your facts. This meeting will save you the embarrassment of having to make a public retraction and apology. In the meantime, I insist you refrain from those attacks on my business character, or I will be forced to take legal action. I propose we meet at 4:00 P.M., Friday, April 29th in my office. Any other person you wish to bring is welcome.

Susan, Republican voters deserve a positive campaign on the issues, ensuring a Jane Harman defeat in November.

Very truly yours,

Ron Florance

Ron Florance

2755 Pacific Coast Hwy., Suite C, Torrance, CA 90505 • (310) 534-8752 • FAX: (310) 534-8753
Paid for and authorized by the Ron Florance for Congress Committee. FEC No.: C00286955

EXHIBIT D

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SUSAN BROOKS FOR CONGRESS

* * * * * * * * * * * *

FOR IMMEDIATE RELEASE - FOR IMMEDIATE RELEASE

* * * * * * * * * * * *

MAY 2, 1994

Susan Brooks, Republican candidate for Congress in California's 36th Congressional District, stated today that her Campaign representatives had met with her primary opponent, Palos Verdes real estate developer Ronald Florance, and his campaign advisors on Friday, April 29, 1994, to discuss Mr. Florance's threat of a libel lawsuit. Mr. Florance made his threat after Susan Brooks characterized Mr. Florance's past business affairs as "tainted" and likely to become a major issue during the general election if he wins the June primary.

Les Martin, spokesperson for the Brooks campaign, said "We listened to what Mr. Florance had to say, and when he was done we told him the Susan Brooks for Congress Campaign stands by its statements concerning Mr. Florance and his business record. Mr. Florance cannot threaten us in an attempt to hide the truth. These are matters of public interest and the public record which Republicans must take into account when deciding who is the best candidate to go up against Jane Harman in November. We believe the voters will recognize that Susan Brooks is best qualified to carry the Republican message during the general election."

At the Friday meeting, Mr. Florance admitted that he and/or his companies have been defendants in well over 40

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lawsuits during the last ten years. Mr. Florance further admitted that he had taken two of his companies bankrupt since 1992.

Jim Brooks, husband of Susan Brooks and a patent attorney, also attended the Friday meeting with Mr. Florance. "When Mr. Florance attempted to explain his involvement in the lawsuits, his explanations were not supported by the record", said Mr. Brooks.

A statement was made that Mr. Florance had never been sued personally. "This statement is erroneous," said Mr. Brooks. "Mr. Florance has been personally named as a co-defendant in at least a dozen lawsuits."

Mr. Florance stated that he never had a judgment against him, and had only one case "go to court", where he claimed to have won a judgment against somebody else. "I believe this statement is either erroneous or misleading. At least three judgments have been awarded against Mr. Florance's company Carriage Realty in recent years, including a judgment for $51,000, a judgment for $15,000 and a judgment for $7500," said Mr. Brooks.

Mr. Florance stated that the lawsuits filed against him and his companies were "frivolous." According to Mr. Brooks, "the facts are that Mr. Florance and/or his partners or his companies have paid at least several sizable settlements in recent years, including a $900,000 settlement, a $56,000 settlement and a settlement of under $20,000. Carriage Realty

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had at least one temporary restraining order issued against it in connection with the latter settlement."

Mr. Florance said he was the "plaintiff" in the so-called Coast Construction lawsuit scheduled to go to trial in October of 1994, just three weeks before the general election. "This statement is erroneous in context," said Mr. Brooks. "Mr. Florance, an original defendant, may have been assigned the true plaintiff's claims against some of his co-defendants when he settled with the plaintiff for $900,000, but those co-defendants have cross-complained against Mr. Florance for indemnity, making Mr. Florance a cross-complaint defendant at trial. One assertion Mr. Florance's co-defendants make as grounds for indemnity is Mr. Florance's alleged fraud and/or misrepresentation. Mr. Florance's co-defendants have indicated their assertions will be tried in October, and I would expect Mr. Florance to testify on his own behalf in response to these assertions."

"Mr. Florance attempted to rationalize the large number of lawsuits against him by arguing that we live in a 'litigation happy' society," observed Mr. Martin. "However, Mr. Florance himself has been a plaintiff in a half-dozen lawsuits of his own. He has accused us and others of libel if we talk about his business affairs, and threatened us with legal action. It seems that Mr. Florance is no stranger to filing lawsuits when it suits his own purposes. We find Mr. Florance's rationalizations about why others sue him hypocritical."

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"As we stated on Friday, the function of the primary is to evaluate each candidate as a complete person, based on as many facts as possible, and then select the one candidate whose abilities and background make them the strongest candidate for the general election," said Mr. Martin. "Mr. Florance has some problems which will make him a less effective candidate against Jane Harman. Susan Brooks brings only strengths to the race. She is a fighter without any baggage who can take on and defeat Jane Harman."

For more information, contact the Susan Brooks for Congress Campaign at (310)-534-5505. Any member of the press with valid press credentials may request copies of Florance legal papers from the Campaign.

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EXHIBIT E

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LOCAL NEWS

South Bay

Los Angeles Times

THURSDAY, MAY 5, 1994 • SECTION J

ELECTIONS

Rival Threatens Suit Over Letter Charging Tainted Business Practices

■ Bitter battle escalates in GOP race for 36th Congressional District nomination. Ron Florance accuses Susan Brooks of deceiving voters about his past.

By TED JOHNSON
TIMES STAFF WRITER

A letter accusing candidate Ron Florance of having a tainted business background has escalated a bitter war of words in the Republican primary race for the 36th Congressional District.

Florance, a former Palos Verdes Estates councilman, threatened to sue Rancho Palos Verdes Councilwoman Susan Brooks after she mailed the letter to members of the South Bay Young Republicans last week. The action led to a heated meeting between the Florance camp and Brooks' husband, Jim Brooks, an adviser to her campaign.

"You are trying to run a deceptive campaign," Allan Hoffenblum, one of Florance's campaign consultants, told Jim Brooks at the meeting.

A potentially fractured party could result when the winner of the primary faces Rep. Jane Harman (D-Marina del Rey) in the November general election, Hoffenblum said. The district is split almost evenly between Democrats and Republicans.

But Brooks' campaign argues that Florance's financial background is relevant.

"This is what a primary is all about," Jim Brooks said. "It's a shakedown to determine who is the fittest to go against Jane Harman."

In recent press releases, Brooks charged

Please see CONGRESS, 4

CONGRESS

Continued from 3

that Florance, who owned Carriage Realty on the Palos Verdes Peninsula from 1982 to 1988, has been named in more than 40 lawsuits in the last nine years.

But Florance said that only one of the lawsuits went to trial, and he prevailed. Many of the lawsuits, he said, were claims against Carriage Realty after a 1984 state Court of Appeal ruling that held real estate brokers responsible for disclosing all facts affecting property sales.

The court ruling exposed Carriage and other firms to a flood of frivolous suits, Florance said, and many claims were thrown out.

"We've been named in cases involving divorce, suicide," he said. "It was so ludicrous, so crazy."

But the Brooks campaign has also pointed out that Florance is still entangled in litigation involving the Wallace Ranch development, an uncompleted tract of 85 luxury homes that were to be built in the late 1980s on a 24.1-acre site at Armaga Spring and Highridge roads in Rancho Palos Verdes.

If Florance has to testify in a trial scheduled for October, Brooks said, he would be a weak opponent against Harman with the November general election just around the corner.

In the lawsuit, Florance and two partners are seeking at least $900,000 from Peninsula Wallace Partners, the company to whom they sold the Wallace Ranch development in 1988. Florance said that at the time of the sale, the buyers agreed to take responsibility for a disputed contract with Coast Construction Co. of Brea.

Coast, which was to have been the general contractor, was dropped from the project in 1988, and sought to recover more than $3 million in damages. Peninsula Wallace Partners, which includes developer Ed Miller and the Japanese bank Mitsui Fudosan, refused to settle the dispute, and Coast sought to recover damages from Florance and his partners.

Florance and his partners settled with Coast for $900,000 in September, but then sued Peninsula Wallace Partners.

"The issue is they knew full well about the controversy over the contract," Florance said. "We pointed that out to them. . . . They assumed responsibility for the contract."

Florance said that the Brooks campaign has been relying on "bum research" to hang a shady business background on him.

"What's the shady real estate deal in all of this?" Florance asked. "This is a desperate act. It is not right."

At the meeting last week, Florance offered not to mention his opponent if Brooks did the same. Brooks did not accept the offer. In a press release issued Monday, the campaign again brought up litigation involving Florance.

"We absolutely will not use any gutter tactics," Jim Brooks said, but the campaign will continue to give voters information to help them choose the best candidate to run against Harman. "You have to look at the whole person."

EXHIBIT F

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Inside!! See Our
Health Pages
Pages 16, 17 & 18

PALOS VERDES
Peninsula News
and Rolling Hills Herald

Vol. LVII No. 36 | Our 57th Year | Thursday, May 5, 1994 | 28 Pages | 25 Cents

Republican Primary Becoming Heated

BY KEN HUTHMAKER
News Staff Writer

The two candidates for the Republican nomination in the 36th Congressional District are no longer in a neutral corner but have come out fighting.

In a recent letter to candidate Susan Brooks, candidate Ron Florance warned of possible legal action if Brooks continues to circulate material and make statements that Florance alleged to be libelous.

According to Florance, Brooks sent a letter to the South Bay Young Republicans alleging that he had a "tainted business background and numerous legal problems."

Florance also referred to the latest issue of the "California Journal" where a reporter cited Brooks for attacking Florance for alleged involvement in shady real-estate deals—which Florance denies."

Florance stated that the article in the California Journal and the letter to the South Bay Young Republicans prompted him to write to Brooks suggesting that the two candidates meet to give Brooks the chance to make her accusations public and to give him the chance to present the facts.

"I believe that Brooks has been misinformed," said Florance.

On Tuesday, Susan Brooks stated that she did send a letter to the South Bay Young Republicans but that the California Journal article contained statements that she did not make.

"Statements in the California Journal were those of the reporter. 'Highly questionable' would have been the words that I would have used in referring to Florance's real estate deals. I'm very careful with the way I word things," said Brooks.

Up until now, Florance and Brooks have focused their campaigns on attacking Congresswoman Jane Harman's record. During a tense meeting on Friday, however, the two candidates' representatives turned on each other.

Attending Friday's meeting, held at Florance's campaign headquarters in Torrance, were Florance, his wife Elaine, campaign consultants Allan Hoffenblum, Bob McCaman, John Carlson, Tom Shortridge, attorney Richard Greenberg, Brooks' husband, Jim, and Les Martin, spokesperson for the Brooks campaign. Brooks did not attend the meeting herself.

Both sides talked about political strategy and the extent of opposition research conducted by their campaigns.

Jim Brooks referred to a two-inch thick report containing copies of lawsuits against companies that Florance once owned or was a partner in.

A written summary of the report alleged, "Florance is often accused of reneging on his contracts and debts, forcing those whom he owes money to sue him in order to collect. Just since 1992, Florance has paid out approximately $1 million in legal settlements. At least two of the lawsuits filed against Florance are currently pending. Trial in one of these lawsuits, involving allegations that Florance made false promises and/or committed acts of fraud and/or misrepresentations, is scheduled to commence in late October, 1994--less than one month before the date of the general election."

"We don't need a Republican style Whitewater in the 36th Congressional District," said Jim Brooks.

Florance alleged that Susan Brooks was sued once in San Diego.

"My wife has never been sued," said her husband.

In a letter referring to the October trial, Thomas Pistone, attorney for Wallace Ranch Associates, stated, "Mr. Florance is not a defendant in that suit, but is the party pursuing the action because other parties defaulted on their obligations."

"We bought out their suit for $600,000. We're not being sued. We're suing them," said Florance.

When informed of the facts in this case, both sides exchanged apologies.

Florance does not deny the alleged lawsuits but stated that they were frivolous lawsuits based on the Easton decision which allows a buyer to sue a seller for nondisclosure.

"We're living in a litigious society. If you get nothing else out of this meeting, disclose everything if you sell your house," said Florance.

"There's nothing here to suggest that Ron has a tainted background. He was only named in the lawsuits because of what he owned not for what he did," commented Greenberg.

"As I recall, only one of the lawsuits ever went to court and we won that one," continued Greenberg.

"Your record will speak for itself, Ron. We're here to decide who can best beat Jane Harman in the general election," commented Jim Brooks.

"My record is one of the finest. My goal is to create a positive atmosphere and to run an above board campaign here in the district," said Florance.

As the meeting came to a close, Hoffenblum suggested that both candidates disclose their campaign materials to each other at least 24 hours before distribution.

"I'll have to think about that," Jim Brooks replied.

Martin offered to support Florance in the general election if he should win the primary.

"We're not running against Brooks but against Harman. We need to do two things. Try to win in the primary and rally the Republican party behind the winning candidate," said Florance.

On Monday, Brooks stated that he stands behind his statements about Florance.

"Florance's business background is problematic and will cause problems for him if he wins the primary. Harman has all of the information. With her hundreds of millions of dollars, what do you think she will do?" asked Jim Brooks.

"We're absolutely not going to remain silent in face of Mr. Florance's threats. We find it extremely hypocritical that Florance blames his lawsuits on a litigious society and then threatens us and some of our supporters with a lawsuit. He uses the legal system whenever it suits his purposes," continued Brooks.

"Susan plans to run a positive campaign but she intends to tell the truth. Ron's business background is as much a part of his record as Jane Harman's voting history is part of her record. It is one more factor that the public can take into account to decide if he is the proper candidate to face Harman in the general election. The heart of Susan's campaign is people. The core of Ron's is money. He's trying to buy the election. He's got a campaign in a box. We don't have his assets but we do have a winning team," concluded Jim Brooks.

"It's safe to say that I am an aggressive and tough businessman. I've probably upset some people but I have a lot more friends than enemies," said Florance.

Florance referred to his service to the community. "I'm a benefactor of the Palos Verdes Art Center and the Norris Theatre. The Shops at Palos Verdes, that I helped build, employ thousands of people and raise a lot of tax revenue for Rolling Hills Estates and Rancho Palos Verdes. I've lived in this community for over a quarter of a century. I've raised my family here. I'm an honest, hard working businessman and it really upsets me when someone starts attacking my credibility," said Florance.

"I've been a life-long Republican. I have a reputation for always supporting the Republican candidates in this district. There is support and there is support. My support of Brooks, if she happens to win in the primary, will have to be based on the conduct she demonstrates in her campaign," concluded Florance.

Please Turn to Page 11

EXHIBIT G

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News From . . . .

SUSAN BROOKS FOR CONGRESS

* * * * * * * * * * * *

For Immediate Release: May 19, 1994

Jane Harman Campaign Violates Federal Election Laws!

Improprieties Expose Harman's Cynical Blackmail Of South Bay Defense Industries!

* * * * * * * * * * * *

Susan Brooks, Republican candidate for Congress in the 36th Congressional District, charged today that incumbent Democrat Jane Harman's campaign for reelection violated Federal Election laws.

The Brooks campaign produced two letters from senior management at Hughes Aircraft Company soliciting funds for Harman's reelection bid. The letters were written on Hughes company stationery and were sent through the Hughes interoffice mail to Hughes executives in connection with a Harman fundraiser held at Hughes last year. The letters identify Harman as a "friend" to Hughes who will face "well-financed" opposition in the November 1994 election.

The letters further invite Hughes executives to support Jane Harman by making "voluntary" contributions to her campaign. Suggested contribution amounts were specified for each level of

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Hughes executive, ranging from $100 for program directors to $500 for senior vice presidents. A Hughes employee with an internal Hughes mailing address received the contribution checks in a manner which allowed Hughes management to identify the contributors in advance of the fundraiser.

The Harman fundraiser was apparently held in the Hughes executive dining room on October 29, 1994.

Both of the Hughes letters evidence a violation of the federal election laws. Under these laws, corporations are forbidden from engaging in political fundraising.

"The potential for coercing employees is just too great when you get corporation management involved," said Jackie Campbell, a spokesperson for the Brooks campaign. "Ask yourself what you would do if your boss tells all the managers in the company that it is 'important' for the company to support a particular political candidate and then 'personally invites' you to 'contribute' with a 'voluntary' check. The pressures to contribute would be enormous."

Jackie Campbell said the Brooks campaign is investigating filing a complaint with the Federal Elections Commission.

"Jane Harman's behavior is improper," said Susan Brooks, "and it illustrates perfectly the cynical game she is playing with defense here in the South Bay. Ms. Harman is no friend of defense, and she knows the voters of the 36th Congressional District will remove her from office if they find out. She therefore engages in political blackmail to force endorsements from the top management

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of the very companies who are suffering most from her votes to cut the defense budget."

"Last year, following severe cutbacks in the defense budget -- cutbacks which Jane Harman's friend Ron Dellums championed in the House Armed Services Committee and Jane herself voted for on the House floor -- Hughes sweated out more than one government contract. Jane Harman took credit for helping Hughes salvage some of the crumbs left behind in the wake of her cut-the-defense budget vote. The Hughes fundraiser appears to be Jane's pay-off for salvaging those crumbs," said Susan Brooks.

"We understand similar situations have occurred with TRW and Northrop," said Susan Brooks. "Jane Harman had a fundraiser sponsored in part by TRW and Northrop executives on May 13th of this year. TRW is in the BAFO phase of a long-promised major defense contract right now, involving a classified military satellite. Ms. Harman has apparently led TRW management to believe she would obtain this satellite contract for TRW."

"The timing of the fundraiser, coming as it does in the midst of uncertainty over whether the TRW contract will be fulfilled, raises many questions about whether Ms. Harman is politically blackmailing TRW management for re-election support."

"TRW got a taste of what can happen if it doesn't stay 'friendly' to Ms. Harman, when she failed to deliver on two of three DSP satellites promised to TRW in 1993, and instead helped open the door last month to Hughes and others to bid on replacement satellites."

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"The Northrop situation is even sadder," said Susan Brooks. "Harman has recently voted to cut the F-18 program, which Northrop is heavily involved in, by two-thirds. This will cost jobs in the South Bay, not to mention the weakening effect it will have on our defense posture.

"Harman has taken no public stand on Northrop's B-2 bomber. Her friend and mentor Ron Dellums is on record attacking Gen. Mike Loh for suggesting that some minimal B-2 production continue beyond the twenty aircraft currently budgeted for. I support Gen. Loh," said Susan Brooks. "So do others, including some of Jane Harman's fellow democrats. The B-2 production line is the last bomber production line in the world. If it is mothballed and the skilled production line workers dissipated, we will lose a valuable national security asset. Instead, this asset ought to be kept intact through extended, limited manufacture of B-2s on into the 21st century."

Susan Brooks characterized Harman's behavior as pork barrelling at its worst. "The Hughes, TRW and Northrop situations are perfect examples of Harman's cynical approach to defense. She is a 60's-style anti-defense liberal who votes to slash the defense budget without any regard for strategic planning. Then she holds what is left of defense contracts over the heads of upper-level management at South Bay defense and aerospace companies, implying they have to back her politically if they want their contracts to come through," said Brooks.

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"I sympathize with senior management at Hughes, TRW and Northrop. It is all very simple. If management does not support Harman's re-election campaign, their defense-related contracts are at risk. Everybody on the inside knows exactly how Jane Harman's game is played. Just ask the engineers and rank-and-file workers at Hughes, TRW and Northrop what they think about Jane Harman's 'commitment' to defense, as they watch their friends laid off or wait for their own pink slips."

"Harman's cynical and deceitful approach to defense is dangerous for our nation. Under the Clinton administration, the defense establishment is in sad shape and headed for worse. What happened to the 'two regional conflict' scenario Jane Harman's buddy, ex-Clinton Secretary of Defense Les Aspin, said the U.S. must prepare for? Casper Weinberger, President Reagan's Secretary of Defense, has stated that the U.S. could not now fight even a single regional conflict such as Gulf War if it had to. Our strategic airlift capacity is at 50 per cent of what it was before the Gulf War. Word is beginning to filter down about severely reduced tactical aircraft capacity as well. Munitions are in short supply. Army and Marine training missions have been cut back or eliminated. In the face of this defense meltdown, all Jane Harman does is vote for further slashing of the defense budget."

"Jane Harman is not serving the interests of the South Bay or the nation at large," Susan Brooks added. "Her much-publicized 'defense conversion' programs miss the point entirely. The primary job of the defense industry is defense. I believe our

first priority is to insure that an adequate defense infrastructure for the U.S. remains in place in this post-Cold War era, based on a rational, carefully thought-out plan for our nation's defense needs. Only after insuring that America can defend itself and meet its obligations in this dangerous world do we focus on converting any excess capacity in the defense industry. I intend to do everything within my power to see that Jane Harman is defeated in November. For the sake of our nation, we need to return the 36th Congressional district to capable Republican hands."

For more information, contact Jackie Campbell of the Susan Brooks for Congress Campaign at (310)-795-0430.

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SUSAN M. BROOKS

3419 Corina Drive
Rancho Palos Verdes, CA 90275

May 9, 1997

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

Re: MUR 4080

Dear Mr. Bull:

Susan Brooks and the Susan Brooks for Congress Committee (collectively "Committee"), on behalf of themselves and Hilda Diaber, the Committee's Treasurer, hereby object to the Federal Election Commission's proposed finding of a "reason to believe" the Committee violated 2 U.S.C. §§ 441a(f), 434(b), and 441b(a) of the Federal Election Campaign Act of 1971 (the "Act"). The Commission's proposed finding is not supported by the evidence.

The basis for the Commission's finding is the Commission's conclusion that the ***California's Republic Reporter*** newspaper ("***Reporter***"), in which the Committee placed a political advertisement, did not meet the "media exemption" applicable to newspapers, magazines or other periodical publications under 2 U.S.C. §431(9)(B)(i) and 11 C.F.R. §§100.7(b)(2) and 100.8(b)(2), thereby rendering articles appearing in the ***Reporter*** about Susan Brooks and her 1994 Congressional campaign "in-kind contributions" which should have been reported to the FEC pursuant to 2 U.S.C. §434(b). Because the ***Reporter*** was apparently supported in part through additional advertisements paid for by corporate entities, the Commission has further ruled that the purported "in-kind contributions" reflected in ***Reporter*** articles about Brooks and her campaign violated the prohibition against corporate contributions under 2 U.S.C. §441b(a).

The Commission's "reason to believe" finding is inappropriate under the circumstances. Pursuant to 2 U.S.C. §441a(f), it is a violation of the Act for any candidate or any political committee to <u>knowingly</u> accept any contributions which are in violation of the Act. As is evident from the two Declarations of Susan M. Brooks, the Declaration of James C. Brooks, the Declaration of Hilda Daiber, the

Declaration of Ronald R. Yates and the Supplemental Declaration of Susan M. Brooks submitted in this MUR,[1] the Committee and its Treasurer had a good faith and *bona fide* belief that the ***Reporter*** was a legitimate newspaper. Thus, even if a final conclusion is reached that the ***Reporter*** is not entitled to the "media exemption" under 2 U.S.C. §431(9)(B)(i), and further assuming that the ***Reporter*** articles about Brooks and her campaign constitute improper in-kind contributions partly funded by prohibited corporate funds, Susan Brooks and her Committee **did not knowingly** accept such contributions.

It should be noted that the Committee is at a distinct disadvantage with respect to determining whether the ***Reporter*** meets the "media exemption" under the Act. As explained in great detail in the first Declaration of Susan M. Brooks and the Declaration of Hilda Daiber filed last year in this MUR, and as confirmed in the Declaration of Ronald R. Yates, filed concurrently herewith, Susan Brooks and her Committee had nothing whatsoever to do with the creation, organization or operation of the ***Reporter***. The Committee merely placed an advertisement in the ***Reporter*** after being solicited by Mr. Yates, the publisher of the ***Reporter***. Mr. Yates wrote his articles about Susan Brooks and her campaign based on information freely available to all members of the press covering the Brooks campaign. Consequently, the Committee has no knowledge or evidence available to it to respond to the Commission's allegations regarding the legitimacy of the ***Reporter*** as an exempted newspaper.

The statements of Susan Brooks and her husband, contained in their Declarations and affirmed by the Yates Declaration, make it clear that the Committee had every reason to believe the ***Reporter*** was a legitimate newspaper. Mr. Yates told Susan Brooks and her husband that he intended to operate the ***Reporter*** as a newspaper, and provided the Committee with numerous indicia of his newspaper's legitimacy (see, *e.g.*, 4/20/97 Declaration of Susan Brooks, ¶¶ 4 and 5; Declaration of James C. Brooks, ¶¶ 16-18; Declaration of Ronald R. Yates, ¶ 2).[2]

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[1] The first Susan Brooks Declaration and the Daiber Declaration were filed last year, the second Susan Brooks Declaration and the James Brooks Declaration were filed on April 22, 1997, and the Yates Declaration and the Supplemental Declaration of Susan Brooks are filed herewith).

[2] These indicia included Mr. Yates' retention of nationally-known syndicated

(continued...)

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Yates' behavior vis-a-vis the Committee was no different than that of any other newspaper reporter (Jim Brooks Dec., ¶¶ 5-15). In particular, the ***Reporter*** interviewed Susan Brooks and her husband for the articles in question, just as did every other newspaper covering the 1994 election in California's 36th Congressional District (Susan Brooks 4/20/97 Dec., ¶¶ 3 and 7-10; Susan Brooks Sup. Dec., ¶¶ 2-5; Jim Brooks Dec., ¶¶ 7, 10 and 14). The articles written in the ***Reporter*** were no more favorable to Susan Brooks than other articles which appeared in the press, depending upon the sympathies of the individual reporter and identity of the newspaper involved (Susan Brooks Sup. Dec., ¶ 8, and Exhibits E-I attached thereto). Neither Susan Brooks nor her committee ever coordinated or collaborated with the ***Reporter*** on any article, story, editorial or other commentary written in the ***Reporter***, including the ***Reporter***'s endorsement of Brooks in June, 1994 (this endorsement was contained in the so-called "Select Republican Candidate page" of the paper) (see, Susan Brooks 4/20/97 Dec., ¶¶ 3, 5 and 11; Jim Brooks Dec., ¶¶ 15 and 18; Yates Dec., ¶¶ 2-4). The political advertisement placed by the Committee in the ***Reporter*** was negotiated in an arms-length transaction (Susan Brooks 4/20/97 Dec., ¶¶ 5 and 6; Jim Brooks Dec., ¶¶ 16 and 17).[3]

Indeed, there were no indications of any sort to the Committee that the ***Reporter*** was anything **other** than a legitimate newspaper, albeit one with a conservative bent. As a result, if the ***Reporter*** fails to qualify as a legitimate newspaper under the "media exemption" of the Act, such that articles about Susan Brooks and her campaign appearing in the ***Reporter*** amount to prohibited "in-kind contributions", it was not unreasonable for the Committee to assume the contrary was true. Hence, the Committee did not knowingly accept any contributions which violated 2 U.S.C. §441(a).

Regarding the alleged violations under 2 U.S.C. §§434(b) and 441b(a), the Committee reaffirms the fact that it thought it was advertising in a legitimate newspaper when it placed a political advertisement in the ***Reporter***.

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[3] (...continued)
columnists and other reporters to write articles for the paper, and Mr. Yates' plans and efforts to solicit subscribers and advertisers.

[4] The Brooks political advertisement in the ***Reporter*** contained a proper disclaimer.

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Even if the Commission finally concludes that the ***Reporter*** does not meet the media exemption accorded to newspapers performing a legitimate press function, rendering the articles about Susan Brooks and her campaign improper in-kind contributions at least partially funded by corporate money, there is no way the Committee could have known it was required to report the articles as in-kind contributions under 2 U.S.C. §434(b), and no way for the Committee to know it was receiving in-kind contributions partially made possible through the use of prohibited corporate funds, 2 U.S.C. §441b(a).

Under the totality of circumstances, the Committee believes that no probable cause exists for the Commission to find that the Committee violated any portions of the Act.

Very truly yours,

Susan M. Brooks

SUSAN M. BROOKS

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IN THE FEDERAL ELECTION COMMISSION

RONALD M. FLORANCE Complainant, v. RONALD R. YATES, et al., Respondents.	)	MUR No. 4080

May 12 11 05 AM '97

SUPPLEMENTAL DECLARATION OF SUSAN M. BROOKS

I, SUSAN M. BROOKS, being duly advised, do hereby depose and state as follows:

1. I have previously submitted two Declarations in connection with the above-identified MUR 4080. I am supplementing those Declarations, based on additional facts known to me, facts about which I could and would testify if called upon to do so.

2. In my Declaration dated April 20, 1997, I described in detail what I knew and recalled regarding two articles which appeared in the ***California's Republic Reporter*** newspaper (hereinafter the "***Reporter***"). These two articles concerned my 1994 primary campaign for the Republican nomination in California's 36th Congressional District. I am aware of one other article written about me in the ***Reporter***. The third article was apparently published shortly before the 1994 General Election held on November 8, 1994.

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3. By the time the third ***Reporter*** article appeared, as I explained in Paragraph 7 of my April 20, 1997 Declaration, Mr. Ronald Yates, the editor of the ***Reporter***, was included on my campaign's media contact list. I also saw Mr. Yates at a number of political events during the summer and autumn of 1994, such as non-partisan political forums, campaign-related events for other candidates, and campaign-related events for my campaign. Whenever I saw Mr. Yates, I updated him on my campaign activities, just as I did for other newspaper reporters.

4. In late October, 1994, my campaign sponsored a campaign event on a cruise boat in Marina Del Rey, at the northern end of the 36th CD. Our featured guest was Congressman Bob Walker of Pennsylvania, who I believe was then a Deputy Whip for the Republican party. The press was invited. To the best of my recollection, two reporters showed up: David Asper-Johnson, who owned and operated a Westchester/Marina Del Rey newspaper called the ***Argonaut***, and Mr. Yates. I remember both Mr. Asper-Johnson and Mr. Yates interviewing me at the conclusion of the Walker event. I also recall Mr. Yates asking my guests to remain on the boat after it docked for the purpose of taking a group photograph.

5. Although I was told that Mr. Yates (as well as Mr. Asper-Johnson) was working on an article about my general election campaign, as was the case with all newspaper stories

covering the 36th CD race (see, *e.g.*, Paragraph 11 in my April 20, 1997 Declaration), I knew nothing more about the content of Mr. Yates' article until it actually appeared in the ***Reporter***. In particular, I did not see a copy of Mr. Yates' article before it was published, did not perform any pre-publication review of the article and, apart from what I said during the interview with Mr. Asper-Johnson and Mr. Yates, provided no input whatsoever to the article. Neither I, nor to the best of my knowledge, anyone else on my campaign staff had any involvement of any sort with the preparation of Mr. Yates' article.

6. Since submitting my Declaration of April 20, 1997, my husband, Jim Brooks, and I have located three more press releases from my 1994 campaign. We have also located an early campaign newsletter (this is not one of the newsletters Mr. Yates worked on; see Paragraphs 4 and 10 of my April 20, 1997 Declaration). The press releases and newsletter were tucked away inside a scrapbook of newspaper clippings. I did not realize they were there when I was reviewing my campaign materials in order to respond to the Document Request sent to my treasurer by the Federal Election Commission (see Paragraph 12 of my April 20, 1997 Declaration). Copies of the three press releases and newsletter are attached to this Declaration as Exhibits A-D.

7. The FEC Staff Attorney assigned to MUR 4080 has asked for an explanation of Mr. Yates' role in preparing campaign

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press releases. My campaign did not begin generating press releases until late 1993. Mr. Yates never worked on or provided any input for any press releases issued by my campaigns. All press releases were prepared by volunteers, by official campaign staffers, or by myself (see Paragraph 2 of my April 20, 1997 Declaration).

8. I would like to raise one other issue. The ***Reporter*** was not the only newspaper to write favorable stories about my candidacy. Depending upon the reporter and the newspaper, articles about me were quite positive and focused solely on the issues as I defined them, *i.e.*, were so-called "puff pieces". Five such articles from local newspapers, by way of example (including an article from Mr. Asper-Johnson's ***Argonaut*** paper), are attached as Exhibits E-I to this Declaration.

I declare under penalty of perjury according to the laws of the State of California and the United States of America, that my foregoing statements are true and correct.

Executed this 9th day of May, 1997, at Rancho Palos Verdes, CA.

Susan M. Brooks

Susan M. Brooks

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IN THE FEDERAL ELECTION COMMISSION

RONALD M. FLORANCE	)	**MUR No. 4080**
Complainant,	)	
v.	)	
RONALD R. YATES, et al.,	)	
Respondents.	)	

DECLARATION OF RONALD R. YATES

I, RONALD R. YATES, being duly advised, do hereby depose and state as follows:

1. I am one of the Respondents in above-identified Matter-Under-Review 4080. I am the editor of ***California's Republic Reporter*** ("***Reporter***"), the paper which is the subject of Complainant's allegations in MUR 4080. I have personal knowledge of the facts set forth below, and if called upon to testify to those facts could and would do so.

2. On Wednesday, April 30, 1997, during a telephone conversation with Staff Attorney Eugene Bull, I agreed to plead no contest to the Federal Election Commission's initial determination that the ***Reporter*** was not a newspaper entitled to the "media exemption" of 2 U.S.C. § 431(9)(B)(i). However, during the course of my telephone conversation with Mr. Bull, I again explained that Susan Brooks, the Susan Brooks for Congress

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Committee, and its campaign workers had no involvement with the creation, organization or operation of the ***Reporter***. I reiterated to Mr. Bull the further fact that I had from the beginning planned to operate the ***Reporter*** as a legitimate newspaper, and I worked very hard throughout all of 1994 to get the paper off the ground, signing up syndicated columnists, putting other reporters to work writing stories, soliciting advertisers and obtaining subscribers to the newspaper. The venture failed, in part because of the lawsuit brought against me by Mr. Florance and in part because I could not find a broad enough audience to sustain a local political newspaper.

3. While attending a political function on Saturday, May 3, 1997, I saw Susan Brooks and her husband Jim Brooks, and told them about my conversation with Mr. Bull. Mr. Brooks asked me whether I had submitted anything in writing to the Federal Election Commission reflecting my statements to Mr. Bull, particularly in relation to the Susan Brooks for Congress Committee's non-involvement with the operation of the ***Reporter***. When I told Mr. Brooks I had not provided any written statement containing my remarks to Mr. Bull, Mr. Brooks asked me if I would sign a Declaration explaining what I had told Mr. Bull about the ***Reporter*** and its independence from the Susan Brooks for Congress Committee. I agreed to submit such a Declaration.

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4. I reaffirm my statements to Mr. Bull and the Commission, as recited in Paragraph 2 above. The ***Reporter*** was never operated as, nor intended to be, a part of the Susan Brooks for Congress Campaign. It was completely independent of the Susan Brooks for Congress Committee. At no time did anyone on behalf of the Susan Brooks for Congress Committee ever tell me what to write in the ***Reporter*** or how to write it. No one on behalf of the Susan Brooks for Congress Committee ever conducted any pre-publication review of any articles I wrote about Susan Brooks, her campaign for Congress, or any other subject covered in my paper.

I declare under penalty of perjury according to the laws of the State of California and the United States of America, that my foregoing statements are true and correct.

Executed this 7th day of May, 1997, at San Pedro, California.

Ronald R. Yates

Ronald R. Yates

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EXHIBIT A

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SUSAN BROOKS FOR CONGRESS
[illegible] Pacific Coast Highway
Torrance, CA 90505
Contact: Johnnie Perkins
(310) 534-5505 8/31/94

RELEASE: IMMEDIATE

BROOKS CHALLENGES HARMAN TO DEBATE

Torrance -- Republican congressional candidate SUSAN BROOKS today challenged Congresswoman Jane Harman to a series of debates. In a letter hand-delivered to Harman's campaign office, Brooks appealed to Harman to "provide the voters with an opportunity to observe an exchange of ideas and policies. As public servants, we have a responsibility to the people of our district to allow them to make an informed decision."

BROOKS has asked Harman to debate in the tradition of Lincoln-Douglas. "I want to be able to discuss the issues and our respective records one-on-one without handlers or corner persons, said BROOKS."

"The voters of the 36th Congressional District deserve to hear about how their interests are being represented in Washington, D.C." BROOKS has challenged Harman to three debates, and is willing to participate in as many as the voters would like to see.

# # #

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EXHIBIT B

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Contact: Johnnie Perkins
September 1, 1994

RELEASE: IMMEDIATE

HARMAN RANKS 53rd AMONG BIGGEST SPENDERS IN CONGRESS

Torrance -- The National Taxpayers Union today unveiled the list of how members of Congress voted on federal spending measures from January 1, 1993 to June 30, 1994. Jane Harman ranked **53rd** among the 435 members of the House. This high level of spending places Harman in the **top 12% of Congress.**

SUSAN BROOKS, Harman's opponent in the November election, was pleased when she heard the news. "Here is the confirmation of what I've been saying all along. Jane Harman is a business-as-usual 'tax & spend' liberal Democrat. If you look beyond her rhetoric in the district, and actually examine her record, then the facts are unmistakeable."

Jane Harman's net tax increase of $63.9 billion qualifies her as a bona-fide big spender. Said BROOKS, "Harman has raised taxes, drastically increased spending, and what do we have to show for it? The local economy has lost over 45,000 jobs, and defense spending is at its lowest since before Pearl Harbor."

* Harman ranked higher than Dan Rostenkowski (#99), Maxine Waters (#108), and every Republican in the California Delegation.

# # #

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EXHIBIT C

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Contact: Johnnie Perkins
September 13, 1994

Release: Immediate

BROOKS OPPOSES HAITI INVASION

Torrance -- Today, Republican congressional candidate SUSAN BROOKS sent letters to Bill Clinton and Congresswoman Jane Harman strongly opposing US intervention in Haiti. "The United States has no vital interest in Haiti, and nothing the US could accomplish in Haiti is worth the life of even one American soldier," said BROOKS. "Before commiting American lives to such an endeavor, Congress should take the opportunity to debate the foreign policy interests of the country."

"It's a shame that Bill Clinton, who never served in our armed forces, would think so little of the men and women of the United States military as to commit them to an exercise for purely partisan reasons," said BROOKS. "The President is playing politics with American lives to boost his own standing just weeks before an election. The abuse of power displayed by Clinton is an attempt to cover a directionless foreign policy. Bill Clinton's mistakes in Somalia show that he has no understanding of the foreign policy debate."

BROOKS also challenged Jane Harman to support the will of the people of the 36th District by standing up to Bill Clinton and opposing the invasion of Haiti. In June, Harman voted against an amendment opposing use of military force in Haiti, and voted to place US troops under UN command. An invasion of Haiti would leave American troops dangling in a precarious situation, with no defined objectives. The UN has failed to protect Bosnian lives; we must question how capable its leadership is to create a peaceful government in Haiti.

"If Jane Harman feels so strongly about invading Haiti, will she tell the families of Americans who may be killed that their loved ones were lost due to election year politics? The American people and the residents of the 36th District deserve a strong, determined leader who will oppose back-room political pay-offs and who will instead represent the interests of the people."

# # #

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EXHIBIT D

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Los Angeles Times

January 3, 1994

South Bay Officials Debate Merit of Trade Pact

■ Economy: Rep. Jane Harman says NAFTA would lead to the loss of Manufacturing jobs. Her stance has drawn fire from political and business leaders who support the proposal.

By TED JOHNSON
TIMES STAFF WRITER

As the debate over the North American Free Trade Agreement looms in Washington, battle lines are forming in the South Bay.

Leading the opponents of the trade pact is Rep. Jane Harman (D-Marina del Rey), who contends that dropping barriers between the United States, Mexico and Canada will lead to a loss of highly skilled manufacturing jobs and will accelerate the flight of businesses to Mexico.

But that stance has drawn fire from some business leaders and Rancho Palos Verdes Mayor Susan Brooks, who co-authored a study favoring NAFTA that won approval from the Southern California Association of Governments.

"With or without NAFTA, jobs that are leaving Southern California are going to go anyway," said Brooks, who wrote the report with Ventura County Supervisor John K. Flynn. "I keep hearing, 'They're closing up shop in the U.S. and opening up shop in Mexico.' With NAFTA, they'll go to Mexico, but they'll keep the shop in the U.S. open."

Economic studies have shown that job gains in Southern California from NAFTA would range from 30,000 to 75,000 in the first five years, Brooks said. Opponents of the pact contend that job gains would be significantly lower, if there would be any gains at all.

Relaxed trade regulations will drive job growth, Brooks and others argue. As evidence, NAFTA supporters point to the large growth in exports from California to Mexico since 1986, when Mexico joined the General Agreement on Tariffs and Trade. Such exports grew from $2.8 billion in 1987 to $5.5 Billion in 1991.

Los Angeles Times

THURSDAY, SEPTEMBER 30, 1993

GOP Mayor Fires First Shot in Battle To Unseat Rep. Harman

■ Politics Susan Brooks of Rancho Palos Verdes starts line for June Primary. Eager Republicans say Democrat lawmaker is vulnerable in 36th District

By TED JOHNSON
TIMES STAFF WRITER

State Republican leaders, who have vowed to place a top priority on unseating Rep. Jane Harman (D-Marina del Rey) next year, say that as many as five GOP candidates are expected to run in the 36th District primary in June.

On Monday, Rancho Palos Verdes Mayor Susan Brooks became the first candidate to launch her campaign to represent the district, which stretches from Marina del Rey to San Pedro.

The district has a substantial Republican population, with 44% of the voters registered as Republican and 42% as Democrats. Still, experts consider the Republicans in the district more independent, a situation that some believe helped Harman win.

Harman took office at a time when the district was reeling from the post-Cold War loss of defense-related jobs. Unemployment has hit the South Bay especially hard because of the region's high concentration of aerospace companies and Harman says retaining and creating jobs remains her top priority.

Republican leaders said they believe the lingering recession coupled with Harman's support of President Clinton's economic plan, which includes tax increases particularly unpopular with Republican voters, will make her vulnerable.

"Jane Harman got there on a fluke," said John Peschong, communications director of the California Republican Party. "Taxes. That's what is going to crush her."

Brooks made a similar assertion in her speech at a $250-a-plate luncheon attended by about 75 people, including former Reagan Administration aide Lyn Nofziger.

In her speech at the Torrance Marriot, Brooks linked Harman to liberal factions of the Democrat Party and called her out of touch with the South Bay's electorate.

"We're back to the same old story - tax and spend, tax and spend," Brooks told supporters including members of the California Lincoln Club, a group of Republican professionals. "It's having more and more meaning now. Jane Harman and her fellow Democrats just don't get the message."

But in her speech, Brooks, a former marketing consultant, elected to the council in 1991, said that Harman sided with other Democrats "whose real agenda is to demilitarize the military."

"To cover her true intentions," Brooks said, "Harman throws a few defense crumbs to companies in the South Bay, including TRW, hoping she can buy a few votes in a district committed to national defense."

PALOS VERDES
Peninsula News
Thursday, September 30, 1993

Nofziger Speaks at Brooks Fund-Raiser

By KEN HUTHMAKER
News Staff Writer

"We're not here to kick her off but to encourage her to come on," said former presidential press secretary Lyn Nofziger referring to Rancho Palos Verdes Mayor Susan Brooks. Nofziger was guest speaker at a $250-a-plate fund raising luncheon held for Brooks as she kicked off her campaign for Congress in the 36th Congressional District.

"The way you win elections," Nofziger continued, "is by including people in, not out. Don't ever walk away from your base of support. We need leaders that are tough, willing to go out and tell people what's wrong. If we don't," he warned, "we'll live to regret what this administration is doing. Probably the best thing this administration is doing is revitalizing the Republican Party. We know what to do, find a good candidate and go out and elect her."

Brooks focused on issues she felt were especially important to Southern California: responsible deficit reduction, jobs, and economic development, the role of defense in the post-cold war era and illegal immigration.

"I will not vote for new taxes. I will make business a partner, not an enemy. I support a strong national defense. I will support or introduce, if necessary, legislation to ensure that every person who sets foot in the United States does so legally."

Nearly 100 guests attended Brooks' luncheon, including special guests State Senator Bob Beverly, Joan Milke Flores, and former long-time Rancho Palos Verdes City Councilman Bob Ryan (in addition to Nofziger).

All stories reprinted in this publication are condensed from original published version.

Paid For By The Susan Brooks For Congress Committee / ID# C00283481

VOL. 1
NO. 2

Brooks In The News

MARCH
1994

Los Angeles Times

SUNDAY, JANUARY 2, 1994

The Los Angeles Times identified
Rancho Palos Verdes Councilwoman
Susan Brooks,
as *'Harman's chief political opponent.'*

California Lincoln Clubs

California Lincoln Clubs — L.A.

REPORT

36th Congressional Candidate Activity

Ron Florance, a local developer, and Irwin Savodnik , a psychiatrist, have entered the Republican primary against Susan Brooks. Although they may spend a lot of their personal money, they are starting so late that they can't expect to beat Susan Brooks. She has hundreds of endorsements, knows the issues, and is well organized due to the fact that she started several months ago. **We believe she will win the June primary and be a tough opponent for nervous Jane Harman this fall.**

- California Lincoln Clubs Report, February, 1994

Los Angeles Times SUNDAY, SEPTEMBER 19, 1993

Battle Lines Drawn Early in Race for 36th District Seat

By TED JOHNSON
TIMES STAFF WRITER

The elections are more than a year away, but Rep. Jane Harman (D- Marina del Rey) and would-be Republican challenger Susan Brooks, mayor of Rancho Palos Verdes, are already battling over taxes, free trade and local representation.

Brooks, 43, said Friday she will officially announce she's seeking the GOP nomination for the 36th Congressional District seat at a Sept. 27 fund-raising lunch. Lyn Nofziger, a former aide to Presidents Reagan and Nixon, will give a speech to kick off her campaign.

"Jane rode in on a vote of disenchantment with the economic situation," Brooks said. "The failure of the Clinton Program will be her ticket out of town."

Harman and Brooks are also tangling on the North American Free Trade Agreement, the landmark pact that would lift trade barriers among the United States, Mexico and Canada over a 15-year period.

The pact could have a dramatic impact on the South Bay's economy, which is tied to aerospace and other highly skilled jobs, as well as employment related to the Port of Los Angeles and the Los Angeles International Airport.

Harman, who opposes the pact, held an anti-NAFTA rally last month that was attended by a mix of labor leaders, elected officials and members of United We Stand.

Brooks co-authored the study for the Southern California Association of Governments used in it's decision to support the pact. She said that the agreement will increase trade and jobs among all three nations and the Pacific Rim.

A third issue dividing the pair is whether Harman ought to live in the 36th District. In a press release announcing her Sept. 27th fund-raiser, Brooks describes herself as "uniquely qualified to reclaim the 36th Congressional District from Jane Harman, the Washington D.C. Carpetbagger."

She had her family here for one year and then she moved them back home," Brooks said, referring to Harman's recent announcement that she moved her children back to Washington.

EASY READER POLL

Job Performances

by James O'Brien and Kevin Cody

"Disgraceful ethics is how one *Los Angeles Times* opinion writer characterized President Bill Clinton's administration. 36th Congressional District Representative Jane Harman's low approval rating would suggest she (may be destined to be a one term representative). Breaking with the President on NAFTA probably didn't win Harman many South Bay supporters. In September *Easy Reader's* poll showed local NAFTA supporters outnumbered NAFTA opponents by nearly three to one.

Question:

"What is your opinion of the job performances of the following local official(s)?"

Congressional Representative Jane Harman

Approve	Disapprove	No Opinion
11 percent	20 percent	69 percent

Results based on a random survey of 100 Hermosa, Manhattan, and Redondo Beach adults, conducted by James O'Brien Dec. 23, 1993

Susan Brooks For Congress • 3 25 Pacific Coast Highway • Torrance, CA 90505 • Tel (310) 534-5505 • Fax (310) 534-3711

EXHIBIT E

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Your Hometown Newspaper

Lomita Villager

The Lomita Villager Volume 1 Issue 8, May 23 through June 5, 1996

Stephen C. Nestel, Publisher (310) 545-4070

Candidate Susan Brooks wins major political endorsments.

Newt Gingrich visits South Bay to endorse Susan Brooks for Congress

Candidate Susan Brooks

Speaker Gingrich supports Susan Brooks for Congress

House Speaker Newt Gingrich.

Your Hometown Newspaper

Lomita Villager

The Lomita Villager Volume 1 Issue 8, May 23 through June 6, 1996

Stephen C. Nestel, Publisher (310) 545-4070

Susan Brooks, local candidate for Congress, demonstrated important support of the Republican party, May 18th. Newt Gingrich, Speaker of the House, made a personal appearance in the South Bay to throw his and the Republican parties support behind Susan's candidacy for the 36th Congressional District Seat that includes Lomita.

In an intimate gathering in Rancho Palos Verdes, Ms. Brooks and Speaker Gingrich laid out their 5 point plan for 1997 Congressional year:

1.) Passage of the $500 per child tax allowance.
2.) Repeal of the 4.3 cent per gallon tax increase on gasoline.
3.) Repeal of the tax increase on Social Security benefits.
4.) Repeal of the increase in income taxes.
5.) Passage of a capital gain's tax cut.

The tone of the message was upbeat and positive with emphasis on local control of government. Republicans are urging a "flater" tax and the reduction of the federal government's role in the lives of ordinary people. Mr. Gingrich defined the "acid test" for a flater tax as the ability to move one third of the 110,000 IRS employees out of the IRS and into other important agencies.

Speaker Gingrich assured the audience that the Republican party will campaign hard for voter's support in California. The proof was in his visit in support of Ms. Brooks and in further time, and energy the Republican party will be spending on California.

"Grassroots support is vital," said Speaker Gingrich. "It takes one million people speaking to nine others to approximate the audience that Dan Rather, CBS news anchor has on one evening's broadcast."

"Susan Brooks will have my support for a seat on the National Security Council if elected," said Speaker Gingrich. "America needs the clear vision of Susan Brooks."

In closing Mr. Gingrich pointed to Susan Brooks, a former mayor of Palos Verdes, as the kind of person Washington needs right now. Her experience in local issues and common sense approach to problems will be an important asset as America approaches the twenty first centuries.

An appreciative audience of Susan Brooks supporters welcome House Speaker Newt Gingrich to the South Bay on May 18th.

EXHIBIT F

9704384391

Lomita Villager

The Lomita Villager Volume 1 Issue 3 March 14-27th, 1996

Candidate Susan Brooks Speaks Out to Lomita

Susan Brooks. Former Mayor and Councilwoman for Rancho Palos Verdes is running for Congress in the Republican primary.
Primary elections are Tuesday, March 26th

Former Teacher and Businesswoman vows to return "Local Control" to Lomita.

Lomita City Council members Bob Hargrave and Dave Albert endorse Susan Brooks in the primary elections on Tuesday, March 26th.

Susan Brooks a former Rancho Palos Verdes mayor and councilwoman worked on the public safety commission that included Lomita. She was instrumental in increasing police protection for our streets.

She wishes to decrease the influence of Federal Government in our lives. As a teacher in the inner city of New York, she saw how one person can make a positive impact upon the community. She believes that individuals make the difference not faceless bureaucrats.

Susan Brooks describes herself as a social moderate and a fiscal conservative. As a daughter of a milkman ("Yes, the milkman, I have a birth certificate to prove it") and a school secretary Brooks learned the value of common sense and hard work.

Susan Brooks simple beginnings has made her ever sensitive to the needs of working families.

"It is community groups like Crimewatch and local charitable organizations that have the greatest positive impact on our lives. We need to encourage citizens to participate in local charitable giving and serving their community"

Susan Brooks also supports

EXHIBIT G

9704384393

Brooks says Harman trying to 'out-Republican' the Republican

Says Harman 'a Republican on the stump' and 'an East Coast liberal' in Congress

SUSAN BROOKS and SEN. ROBERT DOLE
(Argonaut photo by David Asper Johnson)

BY DAVID ASPER JOHNSON

Susan Brooks — the Republican candidate for the local 36th Congressional District — is frustrated.

Brooks says her Democrat opponent, Jane Harman, is trying to confuse local voters into believing that Harman is "more Republican" than Brooks.

When Harman is in the local Congressional District, speaking to civic organizations such as the Rotary Club or Kiwanis Club, Harman "will talk like a Republican, look like a Republican and sound like a Republican," Brooks claims.

"Then Harman goes back to Washington and votes with (liberal Democrat Congresswoman) Maxine Waters 95 percent of the time," Brooks claims.

Brooks says she's not upset that Maxine Waters votes the way Waters votes.

"She is just representing her district," Brooks says.

But Brooks claims that Harman is not only voting against the wishes of the local district. Harman is trying to convince the local district that Harman is really a "moderate Republican."

"Yet look at her record," Brooks steams.

"Harman's ACLU (American Civil Liberties Union) approval rate is 90 percent, her Americans for Democratic Action approval rating is 85 percent, and her U.S. Chamber of Commerce approval rate is 18 percent," Brooks says.

Moreover, Brooks charges that the image of Republicans being "rich" and unconcerned [illegible] Democrats as the politicians for the "poor" and "downtrodden" are reversed in the local contest.

"Jane Harman is the richest member of Congress," Brooks claims. "I thought that maybe that would be (Jay) Rockefeller or the Kennedys, but it turns out that Jane really is the richest. She's worth $700 million and that's more than (Dianne) Feinstein and (Michael) Huffington combined."

"And look at me — I'm the daughter of milkman who was a Teamster and I live in a tract house that you would call an entry-level home. She's just moved into a $2.7 million house behind a gated community and still needs more security," Brooks sighs.

Brooks says the Harman fortune is important because Brooks expects Harman to dump huge sums of money into a last-minute election blitz to discredit Brooks. Two years ago Harman spent "nearly $2 million to buy the district," Brooks says.

Brooks says she is frustrated because Harman has been cuddling up to top executives in the district and attempting to pass herself off as a Republican.

"She has no access to anybody except the top CEOs of aerospace. I am out there at the back door of these aerospace companies, trying to represent the workers who are being thrown out the back door with their pink slips," Brooks claims.

"All my life I have been people-oriented, working on local committees because I wanted to do something to help local people. I don't know of any committee that Jane has ever been on.

"And I am the candidate — not Harman — who is trying to represent the local governments against all the mandates that are coming from the federal government. My experience has been local while she's been back there sitting on the East Coast for all these years," Brooks says.

Brooks says that Harman "lived in Washington, D.C., from 1970 through 1992" — when she was elected to the local Congressional seat.

Brooks claims that "the reason Harman votes like a representative from someone else's district is that 90 percent of her individual contributions came from outside the district" two years ago.

Brooks says she's frustrated that Harman is trying to establish herself as "a friend of business."

"But Jane's pro-business rating is only 22 percent from the National Federation of Independent Business, 17 percent from the General Contractors of America and 16 percent from the Business Industry PAC (Political Action Committee)," Brooks says.

As President Clinton's poll ratings plunge, Brooks is trying to tie Harman closer to Clinton.

Brooks believes Harman's support for Clinton's tax increases hurts the local district.

"This district has been hit the hardest, in a 1-2 punch — the tax increase and the job cutbacks. We have lost 45,000 jobs in the last two years," Brooks says. "And Jane didn't just vote for the tax bill, she went out and worked hard and brought in 30 votes for Clinton. That's why Clinton had Jane Harman with him on the front pages of the *New York Times* when he was praising those who helped hit pass the tax bill."

As the campaign enters its final month, Brooks is bracing for an expensive barrage of what Brooks says will be "hit pieces" against Brooks.

"Jane Harman is going to plaster the airwaves and everybody's home. And she is not going to tell the truth," Brooks claims.

But what may be bugging Brooks the most, Brooks says, is that in her campaign effort Harman is trying to convince local voters that it is Harman — not Brooks — who is the Republican.

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EXHIBIT H

9704304345

Brooks, Florance in local GOP Congressional race

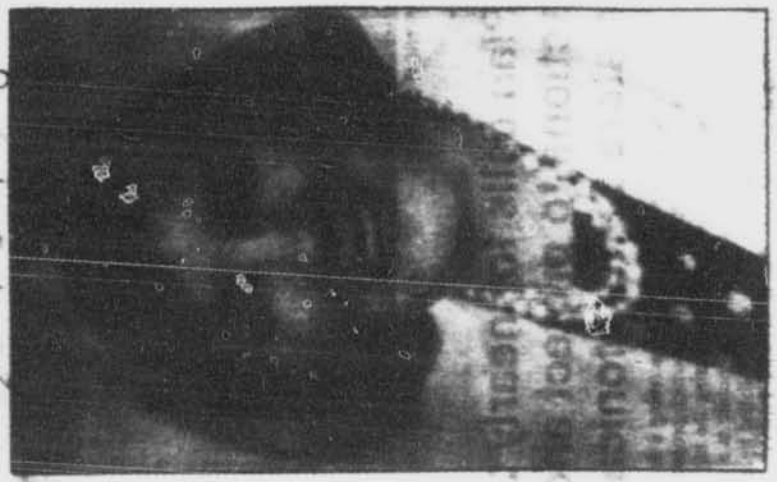
Brooks, 44, calls herself a "businesswoman, council member and educator."

Before serving as councilwoman and mayor of Rancho Palos Verdes — a city of 43,000 — Brooks served on the city's planning commission.

Brooks' business experience includes Brooks Communication, a public relations and communication consulting firm.

As an elected official, she is a regional council member of the Southern California Association of Governments (SCAG), vice chair of the SCAG Community Economic Human Development Committee, and the co-chair of the SCAG Foreign Trade Committee on the North American Free Trade Agreement (NAFTA).

May 94



SUSAN BROOKS

Brooks also serves on the executive board of the California Contract Cities Association.

Brooks is a former teacher who taught elementary and high school students in New York City; Arlington, Virginia; and Los Angeles county public schools. She has been an advocate for children and adults with disaabilities, and her teaching field included special education and art.

At the high school level, she was department chair for seven years.

Her community service includes public relations efforts for nonprofit organizations in the South Bay, including South Bay Juvenille Diversion, Hospice, Switzer Center, Palos Verdes Art Center, American Youth Soccer Organization and local schools.

She has been a supporter of efforts to break up the Los Angeles Unified School District, saying such a reorganization would bring greater local control of public schools.

Brooks says she opposed the closing of Marineland on the Palos Verdes Peninsula and worked to obtain a $6 million contribution for what is now the Marine Mammal Care Center at Fort MacArthur.

Brooks says she is "a pro-choice Republican, but in spite of that, I knew Joan Flores and was in the trenches working for her" in the last local congressional campaign, when Flores lost the district to Harman.

Brooks says she is running for Congress "because small business over-regulation is beyond control."

She says that as mayor and council member in Rancho Palos Verdes, she "cut bureaucracy by half and promoted privatization" to a point where the city was recognized by the Reason Foundation as a model city.

A strong supporter of NAFTA — which Harman opposed — Brooks says she studied the NAFTA issue for nine months as co-chair of a SCAG committee on NAFTA.

Brooks is also critical of Harman on the local defense industry issue.

"We are in a free fall with the defense industry. California is the worst state of any [regarding the economy] and the South Bay is in the worst condition in California," Brooks says [illegible]ding that "Jane Harman is re[illegible]sible for this job loss."

Brooks wants a federal balanced budget amendment to the Constitution "by the year 2000."

Brooks says the country and "civilization are at risk.

"Thirteen-year-olds are having babies, 15-year-olds are carrying guns to school, 17-year-olds are dying of AIDS and 18-year-olds are graduating but can't read," she says.

Calling California "the state of fruits and nuts," Brooks said California is "the most user-friendly state when it comes to illegal aliens."

Other states "either send them back to where they came from, or they give them a one-way ticket to California," Brooks said of the illegal immigration policy in other states.

During two meetings with Republican groups at the Ritz-Carlton Hotel in the Marina, Brooks said "the Democratic Party philosophy is driving the nation's crime problem.

"We are going to hell in a handbasket, and I don't want to see it happening," she told the local Republicans.

Brooks says she is running "to bring government home.

"When we bring government home, we get this district out of Harman's Way," Brooks said, playing on the popular "in harm's way" phrase.

On the issue of diverting Los Angeles International Airport (LAX) revenues, Brooks said, "Airport funds need to go into things that directly impact the airport, such as noise abatement and traffic."

She called LAX "a great opportunity — but a double-edged sword.

"The airport brings in revenue, but it has impact on its neighbors," she said.

Brooks said local traffic has turned the area into "the world's greatest parking lot."

On the issue of defense conversion, Brooks said turning engineers into patty flippers at McDonald's is not a solution to local defense job losses.

"One way is to look at it through grants and loans in the

[continued on next page]

EXHIBIT I

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Kemp boosts party hopeful, calls Brooks a "tiger"

by Elka Worner

Former HUD secretary Jack Kemp called the battle for the 36th Congressional District one of the "most important races" in the country as he stopped Tuesday in Los Angeles to promote the Republican candidate.

He said Susan Brooks, who faces Democratic incumbent Jane Harman in the November election, was a "fighter" and "tiger" with lots of "chutzpah."

"If she played pro football she would have been a quarterback," the former NFL star said. "She makes things happen."

Kemp is the latest in a string of powerful Republicans, including Senate minority leader Robert Dole, to make a Southern California appearance on behalf of Brooks.

"I think this is one of the most important races in this country," he said of the 36th Congressional District.

Kemp, who has been touring the country supporting Republican candidates, said he was thrilled by the men and women the party has attracted.

The nine-term Congressman said the Republican party has attracted more blacks, Hispanics, Asians and women.

"A lot of voters have left the party of welfare to join the party of opportunity," he told about 70 Brooks supporters who joined him for breakfast at the Los Angeles Hilton.

Kemp touted the party line in calling for lower taxes and fewer regulations on business.

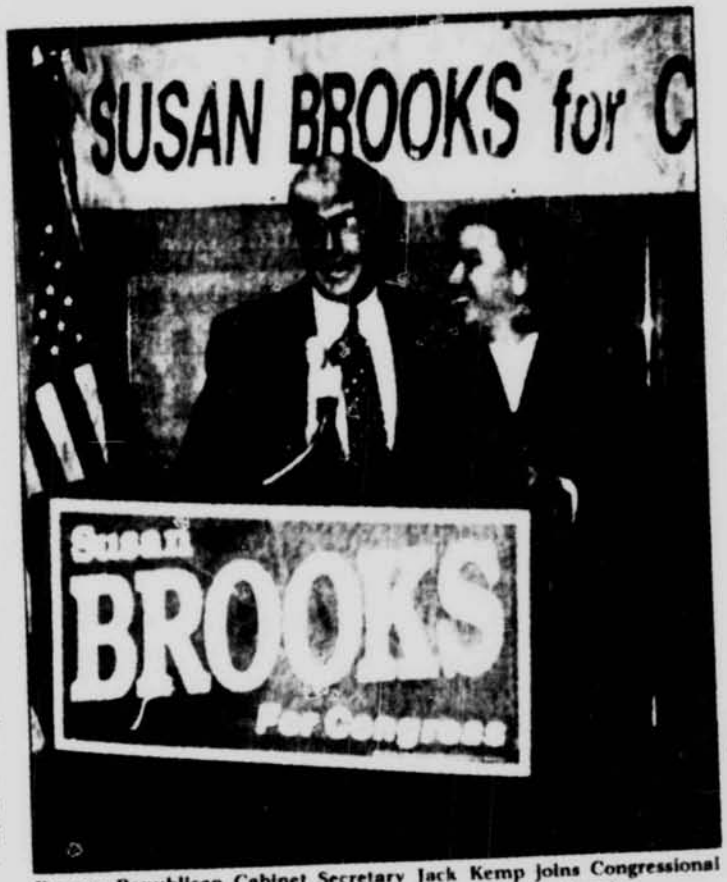
"The American dream is being squeezed by taxes and regulatory controls," he said.

His speech, which included references from Abraham Lincoln to Ronald Reagan, was passionate but at times disjointed. Minutes before he took the podium he received word that his daughter had gone into labor.

"You'll have to excuse me for my lack of concentration, but my baby is having a baby," he said of his daughter who lives in Atlanta.

Kemp said America needs politicians like Brooks who understand that the country comes first and who have a great cause.

"She has soul," Kemp said of Rancho Palos Verdes city councilwoman. "She has it coming out of the marrow of her bones."



Former Republican Cabinet Secretary Jack Kemp joins Congressional candidate Susan Brooks at fundraiser in downtown Los Angeles.

In her introduction of Kemp, Brooks blasted her opponent for signing one of the largest tax increases in history.

She referred to Harman as a "Washington carpetbagger who bought a seat by promising change and progress," but who did not deliver.

"We have been bought," she said of the voters in the largely Republican district. "I have no intention of letting that happen again." *ER*

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION

AUG 22 4 42 PM '97

MUR 4080

SENSITIVE

In the Matter of	)
	)
California's Republic Reporter and	)
Ronald Yates, acting as treasurer	)
California's Republic Reporter and	)
Dani Adler, as owner	)
Susan Brooks for Congress Committee,	)
and Hilda Daiber, as treasurer	)
Susan Brooks	)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On February 19, 1997, the Commission found reason to believe that California's Republic Reporter (the "Reporter") and Ronald Yates, acting as treasurer, violated 2 U.S.C. §§ 433(a), 434(a), 434(b), 441a(a)(1)(A), 441b(a), and 441d, and 11 C.F.R. § 102.5(a)(1) in connection with excessive in-kind contributions to federal candidates. Particularly, the Reporter published three 1994 articles which expressly advocated the election of Susan Brooks or the defeat of her opponent. The articles had an approximate value of $5,000.[1] In the alternative, the Commission found reason to believe that California's Republic Reporter and Dani Adler, as owner, violated 2 U.S.C. §§ 441a(a)(1)(A) and 441d. The Commission also found reason to believe that Susan Brooks and the Susan Brooks for Congress Committee and Hilda Daiber, as

[1] According to a Reporter invoice obtained by this Office, the cost of two full-page ads in the Reporter was approximately $4,000, or $2,000 per page, during the publication period covered by the complaint in this matter. This Office infers that the space in the regular publication sections of the Reporter that contained articles were equivalent in value to that in the advertising sections. Thus, the three articles which were coordinated with Susan Brooks resulted in an estimated $5,000 contribution to the Brooks campaign.

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treasurer ("SBCC"), violated 2 U.S.C. §§ 434(b), 441a(f), and 441b(a) in connection with the articles which the Reporter published in Ms. Brooks' behalf. However, the Commission found no reason to believe that Susan Brooks violated 2 U.S.C. § 432(e).

On February 26, 1997, the Office of the General Counsel notified respondents of the Commission's reason to believe findings and enclosed interrogatories and document requests. The initial response of Susan Brooks and SBCC includes a declaration from Susan Brooks and James ("Jim") C. Brooks, her husband, and answers to the Commission's interrogatories and document requests. Attachments 1, 2, and 3, respectively. A supplemental response from Susan Brooks and SBCC includes a letter, a supplemental declaration from Susan Brooks, and a declaration from Ronald Yates on behalf of Susan Brooks and SBCC. Attachments 4, 5, and 6, respectively. Although Ronald Yates prepared a declaration on behalf of Susan Brooks and SBCC, he has indicated that he will not submit a response for himself and the Reporter. Instead, he pleads "no contest" and "throw[s] [himself] upon the mercy of the Commission."

II. RESPONSE

Susan Brooks states that Mr. Yates first contacted her approximately in September 1993, after reading about her candidacy in a local newspaper. He worked as a volunteer press secretary for her campaign for five or six weeks in "mid-autumn of 1993" and subsequently left the campaign for a paying job. In January 1994, he appeared at her campaign offices and told her he was starting a "politically-oriented newspaper." Later, Mr. Yates asked Ms. Brooks to purchase advertising in advance in the publication which

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he intended to start. Ms. Brooks agreed to advance Mr. Yates $1000 for advertising.[2] However, she contends she did not personally discuss the publication's advertising rates with Mr. Yates, nor did she discuss the rates he would charge to other advertisers in the publication.

Ms. Brooks recalls being formally interviewed by Mr. Yates via telephone once or twice prior to June 1994, as well as in person, when he visited her campaign office in May 1994 to take photographs. She does not recall any other "formal interviews" with Mr. Yates during the primary election campaign but admits to additional conversations with Mr. Yates via telephone at which time "political issues" were discussed. Mr. Yates also volunteered a couple of hours to help the Brooks campaign get out a newsletter before the primary election.

The supplemental response letter of Susan Brooks and SBCC objects to the Commission's reason to believe findings on the basis that the findings are not supported by the evidence. Ms. Brooks and SBCC argue that they did not knowingly accept any contributions from the Reporter. Thus, they contend that "even if a final conclusion is reached that the Reporter is not entitled to the media exemption," a section 441a(f) finding against Susan Brooks and SBCC is inappropriate because of the bona fide belief of Susan Brooks and SBCC that the Reporter was a legitimate newspaper.

According to Jim Brooks' declaration, he conducted comprehensive legal research into the background of Ronald Florance, who was the opposition candidate, when the

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[2] The $1,000 advance which the Brooks campaign gave to Mr. Yates was in connection with advertising which the campaign would eventually place in the Reporter's regular advertising section. It is distinct from the estimated $5,000 value of the articles the Reporter published about Ms. Brooks or her opponent.

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"evidence begin to mount" that Mr. Florance "had been entangled in numerous legal disputes and bankruptcies. . . ." The opposition research report was subsequently distributed to some members of the press at a face-to-face meeting which Jim Brooks had with Ronald Florance in April of 1994. Mr. Brooks later visited Mr. Yates at his home office and took him a copy of the report. He spent about fifty minutes to an hour explaining to Mr. Yates how to read the report and interpret the analysis of Mr. Florance's lawsuits. Subsequently, Mr. Yates called Mr. Brooks once or twice with questions about particular Florance lawsuits. Mr. Yates also asked Mr. Brooks for and received copies of some of the complaints and other legal pleadings naming Mr. Florance as a party. Mr. Brooks admits he knew Ronald Yates was working on a Florance article for the Reporter. However, he claims he never discussed the contents of the Florance article with Mr. Yates, or reviewed it in advance.

Mr. Yates states in his declaration, submitted on behalf of Susan Brooks and SBCC, that on April 30, 1997, he agreed with the staff attorney assigned in this matter to "plead no contest" to the Commission's "initial determination that the Reporter [is] not a newspaper entitled to the media exemption of 2 U.S.C. § 431(9)(B)(i)."[3] He also states that during that conversation he explained that Susan Brooks and SBCC had no involvement with the creation or operation of the Reporter. Mr. Yates asserts that "from the beginning" he intended to operate the Reporter as a legitimate newspaper.

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[3] The staff attorney made no such agreement. Mr. Yates indicated during the April 30, 1997 telephone conversation that he would not respond to the Commission's reason to believe findings, interrogatories and request for production of documents but rather intended to plead "no contest" and "throw [himself] upon the mercy of the Commission." The staff attorney highlighted the benefits of responding to the Commission's notification and inquiries but emphasized that Mr. Yates would have to decide on his own how he would proceed in the matter.

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III. DISCUSSION

Ronald Yates did not submit a written response to the Commission's reason to believe findings, interrogatories and document requests in this matter. Instead, he pleads "no contest" with respect to whether the media exemption applies to the Reporter and "throw[s himself] upon the mercy of the Commission." In so doing, Mr. Yates impliedly admits to violations of 2 U.S.C. §§ 433(a), 434(a) and (b), 441a(a)(1)(A), 441b(a) and 441d in connection with operating an unregistered political committee, failing to file reports, making excessive contributions to federal candidates, failing to place disclaimers on communications which expressly advocated the election or defeat of clearly identified federal candidates, and making contributions to federal candidates with impermissible funds. See First General Counsel's Report ("FGCR"), dated January 17, 1997, pages 16-25.

The other respondents in this matter, Susan Brooks and SBCC, contend there was no coordination with Ronald Yates and the Reporter and argue that if the Reporter is not a bona fide newspaper, they were unaware of this fact.

However, neither Ronald Yates and the Reporter nor Susan Brooks and SBCC have adduced facts which controvert the evidence the Commission used to establish coordination. To the contrary, the response of Susan Brooks and SBCC to the Commission's reason to believe findings strengthens the evidence of coordination. Ms. Brooks states in the response that in addition to Mr. Yates' visit to her campaign headquarters to interview her and take photographs, there were several telephone interviews with Mr. Yates. She also states that she provided Mr. Yates with a "stock" photograph of herself "as [she] did with other area newspapers," while he was at her

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campaign headquarters. Moreover, Mr. Brooks, who assisted with running the Brooks campaign and acted as its spokesperson, provided Ronald Yates with the research for the Reporter's exposé on Ronald Florance. Mr. Brooks provided this research to Ronald Yates at an hour long interview which was held at Ronald Yates' home office. During this interview, Mr. Brooks instructed Ronald Yates in the proper way to read the information which he had provided. Subsequently, he answered additional questions posed by Ronald Yates via telephone about particular Florance lawsuits, and provided Mr. Yates with copies of some of the complaints and other legal materials naming Mr. Florance as a party. Thus, there was significant coordination between the Brooks campaign and Ronald Yates in connection with the Reporter articles which either expressly advocated the election of Susan Brooks or the defeat of Ronald Florance.

According to case law, a "knowing standard," as opposed to a "knowing and willful" one, does not require knowledge that one is violating a law, but merely requires an intent to act. *United States v. Marvin*, 687 F.2d 1221, 1225 (8th Cir.1982), cert. denied, 460 U.S. 1081, 103 S.Ct. 1768, 76 L.Ed.2d 342 (1983); *United States v. Mongiello*, 442 F.Supp. 835, 838 (E.D.Pa.1977). Specifically, a court dealing directly with the issue of "knowing acceptance" as used in 2 U.S.C. § 441(f), held that a person's knowledge of the facts rendering its conduct unlawful constitutes a "knowing acceptance." *See Federal Election Commission v. California Medical Association*, 502 F.Supp. 196, 203-204 (N.D.Cal.1980). Thus, there is no legal basis for Ms. Brooks' and SBCC's contention that they should not be held liable for their violations of the Act because they were unaware that the Reporter was ineligible for the media exemption and, consequently, did not knowingly accept contributions from it.

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Susan Brooks and SBCC knew in early 1994 that the Reporter was not an established publication; Mr. Yates had personally informed Susan Brooks of his efforts to organize the publication. Second, they knew the publication would be distributed to Republican households only, rather than the general public. See FGCR, dated January 17, 1997, Attachment 6 at 5. Third, Susan Brooks and SBCC either knew the publication was not devoted primarily to the dissemination of news and editorial opinion to the general public or that fact was readily available to them. The publication's stated goal on the masthead of early 1994 issues is to "build new bridges of cooperation between the voters, candidates and advertisers through consistent communication." It promises that this goal is to be reached through using the Reporter as a "platform for communication of ideas between the candidates and the constituents." In light of the foregoing, Susan Brooks and SBCC had knowledge of the facts which disqualified the Reporter for the media exemption and coordinated with Mr. Yates and the Reporter in connection with the articles which either expressly advocated Ms. Brooks' election or the defeat of her opponent. Thus, they cannot avoid liability by contending they did not knowingly receive a contribution from the Reporter. *Cf. Federal Election Commission v. John A. Dramesi for Congress*, 650 F.Supp. 985, 987 (D.N.J. 1986). Hence, they knowingly received an excessive in-kind contribution from the Reporter in connection with three 1994 articles valued at approximately $5,000. Moreover, the excessive in-kind contribution contained corporate funds and was not reported to the Commission.

However, this Office does not recommend the Commission use its limited resources to further pursue any of the respondents in this matter. No evidence was uncovered to indicate the Reporter was conceived as a way to channel illegal

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contributions to federal candidates. The available evidence suggests the actions of the Reporter resulted in violations of the Act because the manner in which the publication was organized unintentionally ran afoul of the definition of a bona fide newspaper. Thus, it does not appear that Ronald Yates and the Reporter or the Brooks campaign willfully violated the Act in connection with the facts which form the basis of this matter. Moreover, Susan Brooks and the other federal candidates featured in the Reporter did not succeed in their bids for federal office in 1994 and are unlikely to be future federal candidates.[4] The estimated $5,000 value of the Reporter articles contributed to Ms. Brooks' campaign represents a small percentage of the nearly $100,000 the campaign spent on advertising during the primary and general election campaigns.[5] Therefore, any impact which the Reporter's violations of the Act might have had on the federal electoral process appears minimal, and any future impact is unlikely because the publication is defunct. On the basis of the foregoing discussion, this Office recommends the Commission admonish California's Republic Reporter and Ronald Yates, acting as

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[4] Susan Brooks ran again in 1996 for the congressional seat and lost. Moreover, James Brooks, Susan Brooks' husband, indicated in a telephone conversation with the staff attorney assigned in this matter that his wife would no longer run for federal office.

[5] The $100,000 figure is based on the Brooks campaign disclosure reports.

treasurer, Susan Brooks, and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer, and take no further action.[7]

III. RECOMMENDATIONS

1. Take no further action against California's Republic Reporter and Dani Adler, as owner, California's Republic Reporter and Ronald Yates, acting as treasurer, Susan Brooks, and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer.

2. Approve the appropriate letters.

3. Close the file.

Lawrence M. Noble
General Counsel

8/22/97
Date

BY: Lois G. Lerner
Lois G. Lerner
Associate General Counsel

Attachments:
1. Susan Brooks' Declaration.
2. James Brooks' Declaration.
3. Answers to Interrogatories and Request for Production of Documents.
4. Supplemental Response Letter.
5. Susan Brooks' Supplemental Declaration.
6. Ronald Yates' Declaration.

Staff Assigned: Eugene H. Bull

[7] This Office also recommends that the Commission take no further action with respect to the alternative reason to believe finding it made against California's Republic Reporter and Dani Adler, as owner.

97044343507

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
California's Republic Reporter and Ronald Yates, acting as treasurer;	)	
California's Republic Reporter and Dani Adler, as treasurer;	)	MUR 4080
Susan Brooks for Congress Committee and Hilda Daiber, as treasurer;	)	
Susan Brooks.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 28, 1997, the Commission decided by a vote of 5-0 to take the following actions in MUR 4080:

1. Take no further action against California's Republic Reporter and Dani Adler, as owner, California's Republic Reporter and Ronald Yates, acting as treasurer, Susan Brooks, and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer.

2. Approve the appropriate letters, as recommended in the General Counsel's Report dated August 22, 1997.

3. Close the file.

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

Attest:

8-28-97
Date

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

Received in the Secretariat:	Fri.,	Aug. 22, 1997	4:42 p.m.
Circulated to the Commission:	Mon.,	Aug. 25, 1997	11:00 a.m.
Deadline for vote:	Thurs.,	Aug. 28, 1997	4:00 p.m.

bjr

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 12, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald M. Florance
1025 Via Mirabel
Palos Verdes Estates, CA 90274

RE: MUR 4080

Dear Mr. Florance:

This is in reference to the complaint you filed with the Federal Election Commission on, October 6, 1997, concerning possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

Based on that complaint, on February 19, 1997, the Commission found that there was reason to believe California's Republic Reporter and Ronald Yates, acting as treasurer, violated 2 U.S.C. §§ 433(a), 434(a), 434(b), 441a(a)(1)(A), 441b(a), 441d, and 11 C.F.R. § 102.5(a)(1), California's Republic Reporter and Dani Adler, as owner, violated 2 U.S.C. §§ 441a(a)(1)(A) and 441d, and Susan Brooks and the Susan Brooks for Congress Committee and Hilda Daiber, as treasurer, violated 2 U.S.C. §§ 434(b), 441a(f), and 441b(a), and instituted an investigation of this matter. However, after considering the circumstances of this matter, the Commission determined to take no further action against these respondents, and closed the file in this matter on August 28, 1997.

This matter will become part of the public record within 30 days. The Federal Election Campaign Act of 1971, as amended, allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

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If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Eugene Bull
Attorney

Enclosures
General Counsel's Report

97043843510

FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 12, 1997

John B. Duke, Treasurer
John Bernard Duke For Congress Committee
P.O. Box 20463
Long Beach, CA 90801

RE: MUR 4080
John Bernard Duke For Congress
Committee, John B. Duke, Treasurer

Dear Mr. Duke:

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) 219-3690.

Sincerely,

Eugene Bull
Attorney

97043835111

FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 12, 1997

Edward E. Firth, Treasurer
Wolf Dalichau for U.S. Senate Committee
3156 Glendale Blvd.,
Los Angeles, CA 90039

RE: MUR 4080
Wolf Dalichau for U.S. Senate Committee, Edward E. Firth, Treasurer

Dear Mr. Firth:

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) 219-3690.

Sincerely,

Eugene Bull
Attorney

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 12, 1997

Anthony H. Trembley, Esq.
Nordman, Cormany, Hair & Compton
1000 Town Center Drive
6th Floor
Post Office Box 9100
Oxnard, CA 93031

RE: MUR 4080
L.A. Rubber Company

Dear Mr. Trembley:

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) 219-3690.

Sincerely,

Eugene Bull
Attorney

97043835113

FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 12, 1997

Joe Vilarino
Joe Vilarino's Showcase
1201 S. Pacific Coast Highway
Redondo Beach, CA 90277

RE: MUR 4080
Joe Vilarino's Showcase

Dear Mr. Vilarino:

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) 219-3690.

Sincerely,

Eugene Bull
Attorney

97043835114

FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 12, 1997

Hilda Daiber, Treasurer
Susan Brooks for Congress Committee
727 Silver Spur Road, #200
Palos Verdes Peninsula, CA 90274

RE: MUR 4080
Susan Brooks for Congress Committee

Dear Ms. Daiber:

On February 19, 1997, you were notified that the Federal Election Commission found reason to believe that Susan Brooks for Congress Committee, and you, as treasurer, violated 2 U.S.C. §§ 434(b), 441a(f), and 441b(a). On April 22, 1997, Susan Brooks submitted a response to the Commission's reason to believe findings. After considering the circumstances of the matter, the Commission determined on August 28, 1997, to take no further action against Susan Brooks for Congress Committee, and you, as treasurer, and closed the file 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.

The Commission reminds you that accepting prohibited funds in excess of contribution limits, and failing to report such activity, appears to be a violation of the Act. You should take steps to ensure that this activity does not occur in the future.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Eugene Bull
Attorney

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 12, 1997

Susan Brooks
3419 Corrina Drive
Rancho Palos Verdes, CA 90274

RE: MUR 4080

Dear Ms. Brooks:

On February 19, 1997, you were notified that the Federal Election Commission found reason to believe that you violated 2 U.S.C. §§ 434(b), 441a(f), and 441b(a). On April 22, 1997, you submitted a response to the Commission's reason to believe findings. After considering the circumstances of the matter, the Commission determined on August 28, 1997, to take no further action against you and closed the file 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.

The Commission reminds you that accepting prohibited funds in excess of contribution limits, and failing to report such activity, appears to be a violation of the Act. You should take steps to ensure that this activity does not occur in the future.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Eugene Bull
Attorney

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 12, 1997

Dani Adler, Owner
California's Republic Reporter
1501 Sunnyside Terrace
San Pedro, CA 90732

RE: MUR 4080
California's Republic Reporter,
Dani Adler, as owner

Dear Ms. Adler:

On February 19, 1997, you were notified that the Federal Election Commission found reason to believe that California's Republic Reporter, and you, as owner, violated 2 U.S.C. §§ 441a(a)(1)(A) and 441d provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). After considering the circumstances of the matter, the Commission determined on August 28, 1997, to take no further action against California's Republic Reporter, and you, as owner, and closed the file 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.

If you have any questions, please contact me at (202) 219-3690

Sincerely,

Eugene Bull
Attorney

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 12, 1997

Ronald R. Yates, Acting As Treasurer
California's Republic Reporter
1501 Sunnyside Terrace
San Pedro, CA 90732

RE: MUR 4080

Dear Mr. Yates:

On February 19, 1997, you were notified that the Federal Election Commission found reason to believe that California's Republic Reporter, and you, acting as treasurer, violated 2 U.S.C. §§ 433(a), 434(a), 434(b), 441a(a)(1)(A), 441b(a), and 441d, and 11 C.F.R. § 102.5(a)(1). After considering the circumstances of the matter, the Commission determined on August 28, 1997, to take no further action against California's Republic Reporter, and you, acting as treasurer, and closed the file 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.

The Commission reminds you that failing to register a political committee and report its receipts and disbursements, coordinating the publication of articles which expressly advocate the election or defeat of clearly identified candidates -- without disclaimers, and in excess of contribution limits -- and introducing prohibited funds into the federal electoral process, appear to be a violation of the Act. You should take steps to ensure that this activity does not occur in the future.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Eugene Bull
Attorney

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4080

DATE FILMED 10-14-97 CAMERA NO. 2

CAMERAMAN JmH

9704384519

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Date: 11/7/97

✓ Microfilm

_____ Press

THE ATTACHED MATERIAL IS BEING ADDED TO CLOSED MUR 4080

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L. A. RUBBER CO.
Distributor of industrial supplies since 1898

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

OCT 6 2 59 PM '97

CLOSED

CLOSED

September 26, 1997

Mr. Eugene Bull
Federal Election Commission
Washington, DC 20463

Dear Mr. Bull this is in reference to matter MUR 4080 (L.A. Rubber Company/ Michael Durst). I would like to make this letter part of the public record.

Having placed advertisements in many magazines over the years and never having been responsible for or in control of the editorial policies of these publications, I was amazed to find we had been named in this matter. I wish to say that I consider our being named in this matter to have been a ridiculous charge and a terrible waste of time for everyone involved.

Sincerely,

Michael A. Durst

Michael A. Durst
President

cc: Anthony H. Trembly, Esq.

9704584492

2915 East Washington Blvd., P.O Box 23910 • Los Angeles, California 90023
(213) 263-4131 • (800) 464-2358 • Fax (213) 269-2033