

KAYLIN LOVELAND
310 SOUTH 1300 EAST SALT LAKE CITY, UTAH 84102
(801) 538-3215

March 29, 1996

General Counsel's Office
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RE: MUR 4322

To whom it may concern:

On March 19, 1996 I received a letter from Mary L. Taksar, Attorney, dated March 13, 1996 indicating that the Federal Election Commission (FEC) believes I may have violated the Federal Election Campaign Act of 1971, as amended. The assertion is based on a complaint received from Powell, Goldstein, Frazer & Murphy on behalf of Enid Greene Waldholtz as Treasurer of Enid '94 and Enid '96.

I am listed in the complaint as the Assistant Treasurer of Enid '94; as preparing and signing the January 31 Year-End Report for Enid '94; and as preparing and signing the April 15 Quarterly Report for Enid '94. **I have reviewed the complaint and am writing this letter to demonstrate that no action should be taken against me in this matter.** I submit the following as facts in this case:

I worked for Enid '94 from December 1, 1993 to June 30, 1994. During that time I was the Assistant Treasurer for Enid '94 to Joseph Waldholtz, Treasurer of Enid '94.

I did not prepare the January 31 Year-End Report or the April 15 Quarterly Report for Enid '94. Enid Greene Waldholtz had given Joseph Waldholtz the responsibility of maintaining all financial records related to Enid '94 including campaign receipts, disbursements, and obligations. I did not have access to this information and was denied access upon every request. Therefore, I could not have prepared the reports. Both reports were prepared in a hand-written form; the handwriting of neither report matches my handwriting.

At the request of Joseph Waldholtz I signed the January 31 Year-End Report for Enid '94, and at the request of Enid and Joseph Waldholtz I signed the April 15 Quarterly Report for Enid '94.

When I signed the reports I did not have any knowledge of misrepresentations regarding the financial status of Enid '94, campaign receipts, campaign contributions, or campaign obligations or knowledge of FEC violations; nor did I have any reason to suspect that there would be misrepresentations and FEC violations in the reports.

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COUNSEL

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During May and June, 1994 I began to suspect that the April 15 Quarterly Report for Enid '94, as well as the April 21 report, might have errors that could possibly constitute FEC violations. I did not have access to any financial records, thus I could not prove or disprove my suspicions. However, through my personal knowledge and memory of certain campaign transactions, I was able to identify items on the April 15 Quarterly Report, as well as the April 21 report, that I believed were potential FEC violations and possibly misrepresentations of campaign transactions.

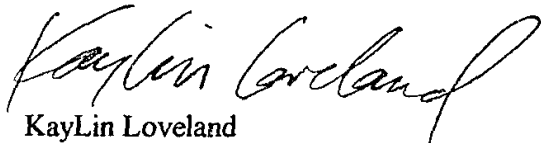
After addressing my concerns with Joseph Waldholtz on several occasions without adequate resolution, I wrote a memorandum to Enid Greene Waldholtz regarding my concerns and delivered it to her on June 14, 1994 (see attachment). On June 17, 1994 Enid Greene Waldholtz and I had a discussion regarding my concerns. Enid represented to me that Joseph Waldholtz had filed amendments correcting my concerns. Contrary to the statements made to me by Enid Greene Waldholtz, a call to the FEC confirmed to me that no amendments had been filed to the FEC for reports from Enid '94. Not being satisfied with the explanation for the perceived errors or the remedy provided by Enid Greene Waldholtz and not having access to financial records to investigate my suspicions and correct errors, I submitted a letter of resignation to Enid Greene Waldholtz on June 17, 1994 (see attachment).

In addition to speaking with Enid Greene Waldholtz, I spoke with an attorney active in Utah Republican politics and with a liaison from the National Republican Congressional Committee who committed to follow-up with my concerns regarding the financial integrity of Enid '94.

I did not willfully or knowingly violate the Federal Election Campaign Act of 1971, as amended. After suspecting problems, I made multiple efforts to discover if actual violations of the Act had been made. I warned the candidate of my concerns, and she assured me that any violations would be amended. Most importantly, I terminated my employment when I had no further means of resolving my questions and concerns. As a result, **I believe that I fulfilled my duties as Assistant Treasurer in an honest and straightforward manner; thus no action should be taken against me by the Federal Election Commission.**

If the Commission were to request, I would swear to the above facts under oath, either by affidavit or in person. If you have any further questions regarding this matter, please contact me.

Sincerely,


KayLin Loveland

attachments: Memorandum to EGW
Letter of Resignation to EGW

cc: Mary L. Taksar, Attorney, Central Enforcement Docket

Memorandum

To: Enid
CC:
From: KayLin
Date: June 14, 1994
Subject: FEC

There is an issue that is of great concern to me regarding the FEC reports of April 15 and April 21. Shortly after filing the April 15 report, which I signed, I noticed some omissions in the disbursement and obligation sections of the report.

I spoke to Joe about these discrepancies. He acknowledged that he had forgotten to include some items and that he was planning to file an amended report. On several occasions, I have requested that we work together on amending the report. As you know, he has been very busy. So, I would like to make a list of items which I am concerned about and suggest a quick method of resolving the errors and filing an amended report.

I do not have access to the checking accounts or billings of the campaign. So, I am summarizing on the basis of memory and based on copies of the reports.

April 15 Report --

Tri-Tel Communications was paid with a campaign check. It is not listed as a disbursement.

Tri-Tel Communications had sent invoices, which at April 15 were not paid, this is not listed as an obligation of the campaign.

I was paid two months of salary on a personal check signed by Joe. This was not listed as an in-kind contribution to the campaign or as a disbursement of the campaign in any way.

One salary disbursement to Aaron Edens was not listed as a disbursement. I do not know how the salary was paid.

Wilson Communication invoices were not listed as obligations owing.

There was no listing of the in-kind contributions made to the campaign by you,

i.e. phone usage while the campaign was at your home, computer equipment, copier, fax machine, etc.
Cellular One was paid with a campaign check, but it is not listed as a disbursement.

April 21 Report --

NorthWest Litho invoices were not listed as obligations owing.
Strategies West invoices were not listed as obligations owing.
There were no salary disbursements listed or salaries listed as obligations owing.
Tri-Tel Communications was not listed as an obligation owing.

I am concerned about these discrepancies because they are easily traceable. For example, the amount of payroll taxes we paid does not match the amount of salary disbursement listed. There are checks paid from a campaign account but not listed as disbursements.

Since Joe is now even busier with the neighborhood walking program, I suggest that we ask either Stan DeWall or Larry Lee to offer their services in a one time audit of the books from the beginning of the campaign and prepare an amended FEC report.

I feel strongly about this issue to preserve both my personal and the campaign integrity. I appreciate your time in listening to my concerns.

6-7-77 10:00 PM

June 17, 1994

Enid Greene Waldholtz
PO Box 11232
Salt Lake City, UT 84145-0232

Dear Enid,

As a result of situations beginning in February, 1994, and detailed in memos delivered to you June 14 and June 17, 1994, I offer my resignation to the Enid '94 campaign. To minimize any public scrutiny of my departure in association with recent press coverage and the departure of Steve Taggart, I suggest that I remain as campaign manger until the end of the next pay period (June 30, 1994).

I believe that my resignation could solve many problems between you and I personally and with my performance as campaign manager. Even though we did not sign a written contract, it was discussed that if I at any time leave the campaign before November, that I would be held to strict confidentiality in relation to campaign matters. I am willing to uphold that verbal agreement. I have no desire to speak with the press or any other members of the public regarding confidential campaign matters.

I would expect that I receive paychecks for the pay period ending June 15, 1994, and anytime I continue to work beyond that on the designated pay dates (June 23, 1994, etc.). Also, I am due an agreed upon convention bonus of \$2,000, a reimbursement request of around \$190 and miscellaneous receipts of around \$30. I would like these paid in full on my final date of departure and would like to discuss possible severance pay.

I am willing to attempt to work out any problems we might have and consider remaining as your campaign manager if we can come to an agreement on certain issues.

I truly believe that you are the best candidate for Congress in this district, and wish you the best of luck.

Sincerely,



KayLin Loveland
Campaign Manager