



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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Gary J. LaPaille
489 Merchandise Mart
Chicago, Illinois 60654
September 19, 1996

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FEDERAL ELECTION
COMMISSION
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SEP 20 3 07 PM '96

Hon. Lee Ann Elliott
Chairman
Federal Election Commission
999 E Street, N.W.
Washington, DC 20436

MUR 4474

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
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Dear Chairman Elliott:

This letter is a complaint against the Al Salvi for US Senate Committee ("committee"), Albert J. Salvi ("Salvi"), and undisclosed contributors.

Salvi funneled \$1.2 million into his own campaign treasury, but tried to hide this by failing to disclose over \$600,000 in loans. The committee and the candidate violated the provisions of the Federal Election Campaign Act of 1974 and Federal Election Commission regulations by failing to timely disclose \$607,234 in loans by the candidate to the committee.

More importantly, based on Salvi's financial disclosures and other statements, it does not appear that Salvi had sufficient personal resources to loan the committee \$1.2 million. Even under a scenario where Salvi liquidated all of his personal assets, Salvi cannot account for between \$287,000 and \$544,000 of funds lent to the campaign. The failure to disclose the source of these funds is a serious FEC violation. Furthermore, without a full disclosure on Salvi's part, one cannot say with any degree of certainty that the money was legally contributed to the committee. The likely receipt of illegal and undisclosed moneys by a candidate for the United States Senate deserves immediate investigation by the Federal Election Commission.

Background

Albert J. Salvi ("Salvi") is a candidate for the office of United States Senator for the State of Illinois at the election to be held on November 5, 1996. On July 21, 1995, Salvi formed the "Al Salvi for U.S. Senate Committee." Its address is 800 E. Northwest Highway, Suite 220, Palatine, Illinois 60067.

At the time the committee was formed, its treasurer was Torrie Mark Newsome ("Newsome"). Subsequently, Jim Thacker ("Thacker") became treasurer. Thacker resigned as treasurer on June 10, 1996; the current treasurer is Dana Grigoroff ("Grigoroff").

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Upon information and belief, certain contributors to the committee have been undisclosed. Therefore, complainant is unable to provide the names and addresses of such contributors.

The primary election for nominations as candidates of major political parties in the State of Illinois occurred on March 19, 1996. Salvi was nominated to be the GOP candidate for US Senate at this election.

Failure to properly disclose loans

During the primary election campaign, Salvi had publicly stated on numerous occasions that he would finance his campaign through personal assets. **Exhibit I.** According to amended reports filed with the Federal Election Commission ("FEC"), Salvi loaned his campaign in excess of \$1.2 million for the primary election cycle. According to documents filed with the FEC, Salvi lent his campaign the following amounts:

<u>Date of loan:</u>	<u>Amount:</u>	<u>Date loan first reported:</u>
Aug. 1, 1995	\$226,100.00	Jan. 31, 1996
Jan. 26, 1996	\$177,537.00	Apr. 12, 1996 (after primary)
Jan. 30, 1996	\$236,192.00	March 6, 1996
Feb. 1, 1996	\$137,990.00	March 6, 1996
Feb. 23, 1996	\$53,000.00	Apr. 12, 1996 (after primary)
Feb. 29, 1996	\$137,000.00	Apr. 12, 1996 (after primary)
Mar. 8, 1996	\$183,737.00	Apr. 12, 1996 (after primary)
Mar. 15, 1996	\$55,960.00	Apr. 12, 1996 (after primary)

Of the eight loans listed above, five loans totaling \$607,234 were not reported until after the March 19, 1996, election. FEC regulations require that loans to a committee be reported in the report covering the period in which the committee received the loan. 11 C.F.R. § 104.3 (d). In all cases, the regulations require that the loan be reported *prior* to the election.

The regulations require that a report be filed twelve days prior to a primary election, disclosing all receipts and disbursements as of the twentieth day before the primary. 11 C.F.R. § 104.5(a)(1)(A) and (B). In this case, a report was required to be filed by March 6, 1996, covering all receipts and disbursements through February 29, 1995. Salvi's March 6, 1996, report does not include the following loans:

<u>Date of loan:</u>	<u>Amount of loan:</u>	<u>Date first reported:</u>
Jan. 26, 1996	\$177,537.00	Apr. 12, 1996, on amended report
Feb. 23, 1996	\$53,000.00	Apr. 12, 1996, on amended report
Feb. 29, 1996	\$137,000.00	Apr. 12, 1996, on amended report

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According to FEC regulations, contributions (including loans) over \$1,000 received after the twentieth day (but before 48 hours) before the election must be disclosed within 48 hours of receipt by the campaign. Salvi did not report the following loans within 48 hours, as required by law:

<u>Date of loan:</u>	<u>Amount:</u>	<u>Date first reported:</u>
Mar. 8, 1996	\$183,737.00	Apr. 12, 1996, on amended report
Mar. 15, 1996	\$55,960.00	Apr. 12, 1996, on amended report

Upon information and belief, the loans were reported only because of newspaper articles on the financing of Salvi's campaign first appearing on March 25, 1996. **Exhibit 2.**

Illegal contributions

The fundamental principle of the Federal Election Campaign Act of 1974 is that contributions from individuals are limited to \$1,000. The only exception to this fundamental principle is use of personal funds. *Buckley v. Valeo*, 424 U.S. 1 (1976). Candidates for the United States Senate may make unlimited expenditures from personal funds. 11 C.F.R. § 110.10(a).

"Personal funds" are strictly defined by FEC regulations. Personal funds are either assets to which, under applicable state law, the candidate had a legal or equitable right at the time he became a candidate, 11 C.F.R. § 110.10(b)(1); or salary and other earned income from bona fide employment; various investment income; lottery proceeds; and gifts of a personal nature which had been customarily received prior to the candidacy. 11 C.F.R. § 110.10(b)(2). A candidate may use a portion of assets jointly owned with his or her spouse as personal assets, but only the candidate's share of the assets as disclosed by the instruments of ownership or, if not disclosed, one half of the value of the assets. 11 C.F.R. § 110.10(b)(3).

On or about September 1, 1995, Salvi filed a Personal Finance Disclosure Report ("PFDR") with the Secretary of the Senate. **Exhibit 3.** The PFDR, which was signed by Salvi under penalty of perjury, listed no significant assets, such as a checking account, savings account or stock. The PFDR, which covers the period January 1994 to September 1995, discloses \$505,320 in income from Albert J. Salvi & Associates, a law practice which, on information and belief, is a partnership consisting of Albert J. Salvi and Kathleen Keller (Salvi), and \$33,405 from legislative salary. **Exhibit 4.**

Salvi filed an amended PFDR *after* newspaper articles appeared questioning the source of his primary campaign financing. **Exhibit 5.** The amended PFDR showed, as of September 1, 1995, between \$65,002 and \$165,000 in checking and savings accounts and between \$351,003 and \$765,000 in mutual funds. The PFDR did not disclose specifically the ownership of the assets, with the exception of \$1,000-\$15,000 in a mutual fund owned by Kathy Salvi. However, Salvi has indicated that his assets are owned jointly.

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Exhibit 6. According to FEC regulations, half of these assets qualify as personal funds, 11 C.F.R. §110.10(b)(3). As of September 1, 1995, Salvi had between \$208,002.50 and \$465,000 legally available for campaign expenditures. The PFDR filed for the entire calendar year 1995 lists the same assets. **Exhibit 7.**

The total amount loaned to the campaign after September 15, 1995, was \$797,679. Salvi explained that the remainder of the funds used to finance his campaign were the result of the settlement of two or three large personal injury lawsuits by his law partnership. **Exhibit 8.** Subsequently, Salvi's counsel told the FEC that the money was from the settlement of only one lawsuit, the *Christiansen* case. **Exhibits 9 and 10.** Court records show the fee from this settlement was \$1,083,333.33, and was earned by Albert J. Salvi & Associates, Salvi's law partnership. **Exhibit 11.**

Real estate records show that Salvi paid a \$203,000 mortgage on Salvi's residence on February 14, 1996. **Exhibit 12.** Upon information and belief, the mortgage had a present value of approximately \$178,000.¹ In addition, Salvi was also paid \$247,971 in taxes owed for 1995 on April 15, 1996, **Exhibit 13;** and he was required to make an estimated quarterly tax payment for the settlement on April 15, 1996. Upon information and belief, Salvi has no other significant source of income for the first quarter of 1996.² Even assuming Salvi was entitled to the entire \$1,083,333.33 legal fee earned by the partnership, his disclosures do not add up:

<i>Salvi assets</i>	Max. assets	Min. assets
Assets available	\$465,000.00	\$208,002.50
<i>Christiansen</i> settlement	\$1,083,333.33	\$1,083,333.33
Subtotal available:	<u>\$1,548,333.33</u>	<u>\$1,291,335.83</u>
January 26, 1996, loan.....	(\$177,537.00)	(\$177,537.00)
January 30, 1996, loan.....	(\$236,192.00)	(\$236,192.00)
February 1, 1996, loan.....	(\$137,990.00)	(\$137,990.00)
February 23, 1996, loan.....	(\$53,000.00)	(\$53,000.00)
February 29, 1996, loan.....	(\$137,000.00)	(\$137,000.00)
March 8, 1996, loan.....	(\$183,737.00)	(\$183,737.00)
March 15, 1996 loan.....	(\$55,960.00)	(\$55,960.00)
Estimated mortgage payment (2/14/96)	(\$177,000.00)	(\$177,000.00)
1995 Tax payment (4/15/96)	(\$247,971.00)	(\$247,971.00)
Estimated tax payment (4/15/96) ³	(\$429,000.00)	(\$429,000.00)
Net unaccounted for:	<u>(\$287,053.67)</u>	<u>(\$544,051.17)</u>

¹ / The \$203,000 mortgage was given on September 30, 1993, and was for a fifteen year term. Assuming timely payments over 40 months at 8.5% interest, the present value (or pay-out value) of the mortgage would have been \$177,158.44.

² / Salvi's year-end PFDR fails to disclose any significant new income from his law practice for the last quarter of 1995, as required.

³ / This is based on the applicable tax liability. For married couples filing jointly, the effective tax rate at this income level is 39.6%. The estimated liability is \$428,999.87. Theoretically, Salvi may avoid penalties for underwithholding if he paid one quarter of 110% of his previous year's tax liability, which is equal to \$121,000. It is unlikely that Salvi would under-withhold income to this extent, particularly since he is contemplating receiving a U.S. Senate salary, which is much less than his income currently. Moreover, even with the lower amount withheld, it appears clear that Salvi did not have sufficient funds to account for monies received as loans by his committee.

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Upon information and belief, the net amount of loans unaccounted by Salvi's financial disclosures are the result of an illegal and undisclosed contribution or contributions. This contribution ranges from \$288,053.67 to \$545,051.17, assuming that Salvi was entitled to the entire fee earned by the law partnership. This scenario presumes that Salvi liquidated *all* of his assets.

Moreover, the *Christiansen* settlement was not approved by the probate court until February 2, 1996. **Exhibit 14.** According to the Illinois Rules of Professional Conduct, an attorney may not receive a legal fee in a contingent fee case until all amounts are accounted for. Rule 1.5(c), Ill. Rules of Professional Conduct. Thus, Salvi was not entitled to any portion of the *Christiansen* settlement as his own until February 2, 1996. However, between January 26, 1996, and February 2, 1996, Salvi loaned his campaign \$374,182.00. In a July 10, 1996, letter to the FEC, Salvi's attorney explicitly stated that the source of the loans to the committee was the *Christiansen* settlement. Money which is required to be kept in a client trust account and cannot be spent by an attorney does not meet the definition of personal funds, and could not have been loaned to the committee.

The serious nature of these violations warrants immediate investigation by the Federal Election Commission. Moreover, because of Salvi's past history of filing amended disclosures which differ significantly from original reports, the Commission cannot ignore the possibility that Salvi and his committee will violate disclosure rules again. This possibility is heightened by the exceptionally lax nature of disclosures in the committee's latest report, where 23% of contributors' occupation was not disclosed, and where approximately \$100,000 of contributions were required to be re-designated.

Sincerely,

Gary J. LaPaille

I, Gary LaPaille, have read the foregoing complaint, and certify under penalty of law that the statements made therein are true; or, in the case of statements made on information and belief, a good faith basis exists for these statements.

Subscribed and sworn to
before me, a notary public,
this 19th day of September, 1996.

Notary Public

~~~~~  
"OFFICIAL SEAL"  
Michael Kreloff  
Notary Public, State of Illinois  
My Commission Expires 04/12/00  
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Seal:

cc: Lawrence Noble, General Counsel

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Primary battles more likely as Senate seat interest grows

By **BERNARD SCHOENBURG**

STAFF WRITER

Former Illinois Treasurer Patrick Quinn; state Rep. Al Salvi, R-Wauconda; and Rich Williamson, a Chicago lawyer who ran for U.S. Senate in 1992, all expressed interest Friday in running for U.S. Sen. Paul Simon's seat in 1996.

The field of potential candidates continued to widen in a race that appeared just days ago as if it could come down to a post-primary battle between U.S. Rep. Dick Durbin of Springfield on the Democratic side and Lt. Gov. Bob Kustra for the Republicans.

Durbin's path had seemed cleared of a major obstacle when former Democratic Attorney General Neil Hartigan withdrew his name from consideration. But former Democratic National Committee chairman David Wilhelm of Chicago took Hartigan's departure as a cue to give serious consideration to the race himself, and Quinn on Friday was talking like a possible candidate.

"I definitely think that's an election that can help define the next century," Quinn said in a telephone interview. He said he would probably "take a more formal look" at a possible run in the next couple of weeks.

Quinn said the Senate seat for which Simon will not seek another term once belonged to the late Illinois Democrat Paul Douglas.

"When I was growing up, Paul Douglas was an economic popu-

list who never gave in to powerful lobbies," Quinn said. "We really need a senator in Illinois who carries on that tradition."

Quinn, who grew up in Hinsdale, said he's lived in Chicago, the suburbs and downstate, bucked the party machinery to win a Cook County Board of (Tax) Appeals post in 1983 and overcame an endorsed Democratic candidate to get into his winning race for state treasurer in 1990. He lost a race last year for secretary of state, but said, "I've won more than I've lost."

On the Republican side, both Williamson and Salvi said Friday they represent more conservative policies than Kustra.

Williamson, who lost the 1992 statewide race to Democratic U.S. Sen. Carol Moseley-Braun, said he's taking a "pretty serious" look at the 1996 contest.

"I think the voters generally, but certainly within the Republican Party... want folks that are fiscally conservative and want lower taxes. Bob Kustra's a great guy, but that's not his voting record," Williamson said.

He said Kustra's voting record in the state Senate matches that of Dawn Clark Netsch, the Democratic candidate who lost to Gov. Jim Edgar last year — "97 percent on spending bills and over 80 percent on tax bills."

Williamson said that as a White House aide under then-President Reagan, he worked with an administration seeking "tax cuts and substantial cuts in spending."

Kustra aides bristled at Wil-

liamson's comparison of Kustra's voting record to that of Netsch.

Chris Allen, Kustra's press secretary, said it's a flawed comparison because it apparently examines only budget bills in their final form — most of which passed unanimously. He said it doesn't take into account votes on amendments where policy differences would be apparent.

Jim Bray, Kustra's chief of staff, said Williamson was distorting Kustra's record, making a "ridiculous" comparison with a "meaningless statistic." Bray said since Williamson has never been elected to an office, "he doesn't have a record" to attack.

Williamson is exhibiting the kind of campaigning that people are tired of, Bray added.

Salvi said he's "getting more and more encouragement every day" about a possible candidacy.

He said he favors every item in the U.S. House GOP's "Contract with America," and "I'm hoping that Bob is too." He said he also supports the Christian Coalition's family-oriented contract.

Salvi, a trial lawyer, said he is prepared to use \$1 million of his own money to make the race — if he decides to get in. He plans to meet with Kustra soon.

Salvi said he'd be more likely to run if Williamson is in the race because based on position papers, "I consider him liberal."

Salvi said he thinks a primary fight would be good for the GOP.

Neither Durbin nor Kustra has said they would definitely be in the race.

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SJR 6/3/95



Salvi: Time right for conservative challenge

By PAUL KRAWZAK

COPLEY NEWS SERVICE

CHICAGO — State Rep. Al Salvi, R-Wauconda, figures he could be the first conservative Republican in recent history to win an Illinois U.S. Senate seat.

"If it is ever to be possible for a conservative to win a seat like this and to change the face of the party in Illinois, now is the time," said the Lake County resident, who is serving his second term in the state House.

Salvi is the main threat to the favored GOP candidate, Lt. Gov. Bob Kustra, a state government veteran who has won endorsements from Gov. Jim Edgar and most of the state's GOP hierarchy.

Three other Republicans are vying for their party's March 19 nomination in the contest to succeed the retiring U.S. Sen. Paul Simon, a Democrat. Simon took office in 1985 after beating the state's last GOP senator, moderate Charles Percy.

While he can't claim much GOP establishment support, Salvi, 35, feels that the conservative tide that helped Republicans capture control of Congress in 1994 is working

■ More U.S. Senate candidates/page 6

In his favor.

During his short time in the General Assembly, Salvi has built a respectable record but not one that generated much publicity outside his Lake County district.

However, as a wealthy, self-made personal injury attorney, he can afford to wage a serious campaign. Salvi has used aggressive television advertising to dramatically increase his statewide profile. He plans to pump \$750,000 of his own money into his \$2 million campaign.

Salvi and his wife, Kathy, also an attorney, established their lucrative law practice in 1991, after Salvi had spent several years working for private law firms, including one owned by a brother.

In the race against Kustra, Salvi's strategy is based on the gamble that he can convince voters that Kustra, who calls himself a conservative, was a regular supporter of tax and spending increases during the decade he was a legislator.

"His overall record is profound-

ly bad," said Salvi, who compares Kustra's votes to those of liberal Democrats like then state legislators Carol Moseley-Braun and Dawn Clark Latsch.

In a second line of attack, Salvi contends he is more likely to stick with his convictions than Kustra, who switched from being anti-abortion to pro-choice six years ago.

"My hope is that people will want to have someone who believes in what they are doing," he said.

Salvi's political philosophy calls for minimizing the influence of the federal government on individuals and the economy while preserving traditional social values and parental rights.

Along with supporting most of the GOP congressional agenda to cut taxes and spending and spin off federal responsibilities to the states, Salvi is adamantly opposed to abortion and gun control.

As a legislator, he has demonstrated both independence and flexibility.

While a strong backer of the free market, he supports tough environmental laws and has a voting record that the Illinois Environmen-

tal Council, a statewide coalition of environmental groups, ranks as one of the best in recent years.

Lynne Padovani, legislative director for the council, credits Salvi with being a "good listener who isn't afraid to vote against the tide."

Similarly, while he is clearly the most anti-abortion candidate in the race, Salvi refuses to condemn women who undergo the procedure and he has sought to expand alternatives to abortion.

Last year, he sponsored a controversial but successful bill prohibiting social workers from discriminating during adoptions. Many, he said, opposed the adoption of black orphans by white couples.

"We have thousands of beautiful children, most of whom are black, in the (state's social service) system," Salvi explained. "We have hundreds of families who want to adopt these children."

Salvi is also proud of legislation he sponsored last year that established a "protocol" to make it easier for state social workers to refer mothers with drug addictions to the Illinois Department of Alcohol and Substance Abuse.

That's the kind of law, he said,

that can prevent the birth of additional "cocaine babies" injured by their mother's drug abuse.

Salvi's approach may owe something to the fact he wasn't always a Republican.

Raised in Lake Zurich, he grew up the middle child among nine siblings whose parents were and remain "John F. Kennedy Democrats."

A "political junkie" from an early age, Salvi had stumped for his father in unsuccessful bids for Illinois senator and congressman before his ninth birthday.

The GOP won Salvi over in 1980, when Ronald Reagan was elected president. Reagan "made me a Republican," he recalled. "I remember being profoundly impressed by Ronald Reagan — his optimism and his smile and, I thought, his effective leadership skills."

Salvi graduated from Notre Dame before earning his law degree from the University of Illinois at Champaign in 1985. The next year, he unsuccessfully challenged then U.S. Rep. Terry Bruce, a Democrat, in a downstate district.

The defeat taught Salvi that in

See SALVI on page 6A

Spfld SJR 3/14/96
Special Election Insert

7 8 0 4 3 8 5 4 3 4 5

"Taxes, baby," Roskam says.

Salvi, an attorney from Wauconda and a staunch abortion foe, knows he needs to branch out beyond a base of like-minded conservatives to win the Senate seat being vacated by retiring Democrat Paul Simon.

Trailing Kustra in recent polls, and with most of the state Republican hierarchy — including Gov. Jim Edgar — supporting Kustra, Salvi hopes to make an impact with a projected \$2 million campaign budget — including about \$750,000 of his own money. Kustra has budgeted \$1.5 million.

Salvi, 35, hopes to build broader support by promoting his anti-tax stance. He's blitzed television airwaves with an ad campaign costing about \$550,000 over two weeks — tapping a bartender to slam home the anti-tax theme.

"Barney the bartender represents the average guy out there," Salvi says.

Salvi wants to connect with the average voter. But he also is making the right moves to galvanize a strong voting bloc, said Jack Roeser, a conservative businessman who unsuccessfully challenged Gov. Jim Edgar in the 1994 GOP primary.

Roeser says Salvi is building a coalition of tax and abortion opponents, gun rights and term limits advocates, religious and pro-family groups, Ross Perot supporters and a handful of state lawmakers willing to buck Kustra.

"People are upset with party hacks that are going to give them politics as usual, and Salvi breaks out of that," says Roeser, who supports Salvi. "Salvi's not a malcontent, but he's proven he's a stand-up guy."

Salvi, who is Catholic, says that if elected, he wants to be the

"Abortion is the greatest moral issue of our time," Salvi recently told about 50 gathered in a theater at the University of Illinois at Springfield.

Last spring, Salvi provoked controversy in a failed bid to pass a bill to block Medicaid-funded abortions except for those needed to save a woman's life.

On other issues, Salvi backs a 16 percent flat rate income tax after the first \$36,000 for a family of four.

Over time, Salvi wants to convert Social Security to a private system. Benefits should be preserved for current recipients but eventually phased out for future generations in favor of a private system that improves benefits, he says.

For years, Salvi's sights have been lofty.

When his father unsuccessfully ran as a Democrat for the U.S. House, 8-year-old Al decided to run for Congress as soon as he reached the minimum age of 25.

In 1986, shortly after he finished the University of Illinois College of Law, Salvi ran as a Republican and lost by a 2-1 margin. But he learned a valuable lesson: It takes money to win.

"I went about trying to make some money, and that's what I did," Salvi says. He practices law with his wife and four other lawyers in Lake County and with Roskam, a Wheaton Republican, in DuPage County.

With polls showing public opinion of lawyers is low, Kustra nearly sneers every time he tells an audience that Salvi is an attorney. Salvi, in turn, calls Kustra a "career politician."

"If my message can overcome this 'trial lawyer, trial lawyer, trial lawyer' symphony of Bob Kustra," Salvi says, "I think I can win this race."

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AL SALVI'S BIG BLUFF:
SURPRISE! THE RICH KID WASN'T ALL THAT RICH

By PAUL MERRION

WASHINGTON -- With his reputation as an affluent personal injury lawyer, state Rep. Al Salvi never lacked for financial credibility during his come-from-way-behind win in last week's Republican primary for U.S. Senate.

Yet his financial disclosure forms and campaign finance reports reveal that Mr. Salvi's pockets weren't so deep after all -- at least in the beginning of the race

Although he delivered on expectations that he would pump hundreds of thousands of dollars of his own money into his primary run, a Senate financial disclosure form filed when he became a candidate last September reports a puzzling lack of significant assets or investment income.

For someone who reported making almost \$540,000 last year, there were no stocks, no bonds, no savings accounts worth reporting.

"Most of my money has gone into my home," Mr. Salvi explained.

To launch his campaign, Mr. Salvi said, he borrowed against his \$600,000 Lake County house. The rest came from a big payday at his law firm in January.

But by obscuring how he was able to jump-start his campaign -- a report to the Federal Election Commission (FEC) says his loan to the campaign came from "personal funds," not borrowing -- Mr. Salvi may have run afoul of federal campaign finance disclosure rules, a common misstep that nevertheless could result in thousands of dollars in fines from the FEC.

The paper trail offers an intriguing look at how the 35-year-old financed his primary campaign. And it's clear from a brief interview with Mr. Salvi last week that he does not have the kind of personal wealth needed to make a dent in the multimillion-dollar race against his Democratic opponent, U.S. Rep. Richard Durbin of Springfield.

"If I needed to, I couldn't really put much more money in," said Mr. Salvi,



acknowledging that he loaned his campaign \$750,000 during the primary. "I do not have a mortgage on my home, but I don't want to get a mortgage on my home for the race. I don't think I need to. I have to raise \$8 million. If I'm able to do that, I'll be able to run a good campaign."

To win the GOP nomination, Rep. Salvi's loans meant that his campaign could spend a total of roughly \$1.4 million, allowing him to match Lt. Gov. Bob Kustra, the party-endorsed favorite, nearly dollar for dollar.

The two-term conservative from Wauconda was taken seriously in political circles when he entered the race in September, hinting that he was prepared to spend up to \$1 million of his own money to win the primary. Indeed, Mr. Salvi had kicked off his exploratory committee with a \$226,100 loan in August.

NO SIGNIFICANT ASSETS

What is not widely known is that on Sept. 15, he filed a Senate public financial disclosure document that reported earnings in the mid-six figures from his law practice and the state, but no significant assets or investment income -- in fact, no assets exceeding \$1,000 or investment income exceeding \$200 at all in the preceding 21 months.

In an interview last week, Mr. Salvi said the bulk of the money he loaned his campaign came from three large legal settlements on which he collected fees in January, which allowed him to start buying costly TV advertising time that secured his chance to beat Mr. Kustra.

Otherwise, "I wouldn't have been able to do it," Mr. Salvi said. "The timing was great."

One of those cases, a wrongful death lawsuit, was settled for \$3.25 million. Mr. Salvi declined to reveal his take, but the standard contingency fee is about one-third.

"I've had a very, very, very good 1996," Mr. Salvi added, referring to his law practice rather than his political success. "I anticipate I will be reporting (to the) IRS that I will be earning \$3 million."

Most of his settlements in 1994 and 95 were less lucrative, according to his Senate disclosure report

In an amendment filed in response to the Senate Ethics Committee's request for

a list of his clients. Mr. Salvi tallied more than 250 settlements, ranging from more than \$800,000 down to two for \$31.88 each, with most well under \$20,000.

To get his campaign going last year, Mr. Salvi now says, he tapped the equity line on his \$600,000 house because it was his largest asset at the time.

"Early on, I wrote a couple of checks on a home equity loan," he said. "I was able to pay off the home equity loan at the end of the year," after campaign contributions started coming in.

"I did have a lot of money in checking accounts," he added. (A checking account does not have to be listed on the disclosure report as an asset unless it exceeds \$5,000 or generates more than \$200 in unearned income during the reporting period.)

While Mr. Salvi recently purchased some stocks, he said the report accurately reflects that, for the 1994-through-September-1995 period, "I don't have investments in stocks or anything like that. I don't."

However, his FEC finance reports say his first loan to the campaign came from "personal funds," not a home equity line, the details of which must be reported by law.

Loans from candidates are as heavily regulated as contributions from outsiders, and the FEC requires candidates to report the original source of such loans, which Mr. Salvi did not specify in his original year-end report.

"You are indeed required to report the original source of the loan, even with a home equity line," said an FEC spokesman. "A house is collateral, that's all."

SEEKING THE SOURCE

Earlier this year, the FEC asked the Salvi campaign to provide additional information, such as the original source of the loan or an acknowledgment that it came from personal funds of the candidate.

In response, a March 4 letter to the FEC from campaign treasurer Torrie Mark Newsome says "the loan from Representative Salvi of \$226,100 is from is (sic) personal funds." (Mr. Newsome declined to comment.)

"This is a problem, even though it's a very common mistake" for a candidate to consider a home equity loan to be personal funds, said Judy Corley, a partner in the Washington law firm Perkins Coie, which specializes in political law.

The FEC could impose a fine equal to the size of the loan for failing to report the original source, but such fines typically are in the 15%-to-25% range, if the FEC pursues the matter, and it is not likely to unless it receives a complaint.

At one point, the Kustra campaign was debating whether to write a letter to the FEC pointing out the sums that Mr. Salvi was putting into the race after reporting no significant assets on his financial disclosure form.

"I do know the complaint was drafted," said Kustra campaign manager Don Totten.

But it was never filed by Mr. Kustra. The question of whether to pursue the matter came up late in the race and, besides, it "isn't the candidate's demeanor to do something like that," insists Mr. Totten.

What caught the Kustra campaign's eye was that Rep. Salvi checked "no" where the form asks: "Did you, your spouse or dependent child receive unearned or investment income of more than \$200 in the reporting period or hold any reportable asset worth more than \$1,000 at the end of the period?"

At this point, however, it's unclear what Rep. Salvi meant to report.

Asked last week why he listed no assets, Mr. Salvi said, "If I said no, that was a mistake."

Maybe not. Although Mr. Salvi said his "mistake" was that his house should have been listed as an asset, Senate rules do not require the ownership of a personal residence to be reported.

What is clear is that last year's home equity loan and the January settlements were the source of the money he loaned his campaign. "No, I did not" liquidate any assets, he said.

While he was reached in mid-air en route to Springfield last week, Mr. Salvi's explanations were cut short when the cellular connection was lost during the interview, and he could not be reached again for comment. A campaign official later said the candidate was on a post-primary vacation.



Al Salvi

Didn't report home equity loan

Salvi May Face Fines Over Loan Disclosure

WASHINGTON—Republican Senate candidate Al Salvi may have violated Federal Election Commission rules by not disclosing a home equity loan he obtained to help finance his campaign.

Salvi, a state representative and personal injury attorney, also could not detail in an interview Monday with the Chicago Sun-Times how much of his own money he put into his campaign.

Records filed with the Secretary of the Senate and the FEC show only \$200,202 in loans. Salvi said he estimated lending his campaign \$750,000. Campaign manager Jim Thacker said the total could reach \$900,000.

Salvi filed documents saying the loans were from personal funds, after being asked in a Feb. 12 letter from the FEC whether the money came from personal funds or a lending institution.

Salvi said Monday that he took out a home equity loan on his \$500,000 Lake County home last November or December "with the campaign in mind." He would not say where he got the loan.

FEC spokesman Ian Stinton would not comment on the Salvi case. In general, "any line of credit should be reported as an original source of the loan," he said.

Salvi's campaign could face thousands of dollars in fines.

In other financial matters Salvi said his net worth is about \$1 million. While federal records show surprisingly few assets, he owns his home outright, he said. Salvi repaid his home equity loan with the proceeds from three lucrative settlements.

Lynn Sweet

SunTimes 3/26/96

28043854351

UNITED STATES SENATE PUBLIC FINANCIAL DISCLOSURE REPORT FOR NEW EMPLOYEE AND CANDIDATE REPORTS

Last Name SALVI	First Name and Middle Initial AL J.	Date of Employment New Employee Report	Senate Office - Agency in which Employed
Mailing Address (Number, Street, City, State, and ZIP Code) PO BX 459 WAUCONDA 60084	Telephone No. (include Area Code) (708) 526-8460 (708) 662-3303	Commencement of Candidacy Candidate Report APPX 9-1-95	State IL

AFTER READING THE INSTRUCTIONS - ANSWER EACH OF THESE QUESTIONS

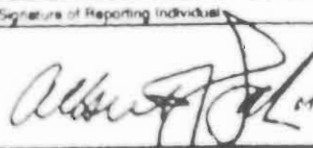
Did you or your spouse have earned income (e.g., salaries or fees) or non-investment income of more than \$200 from any reportable source in the reporting period? If yes, Complete and Attach PART II.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Did you hold any reportable positions during the reporting period? If yes, Complete and Attach PART VIII.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
Did you, your spouse, or dependent child receive unearned or investment income of more than \$200 in the reporting period or hold any reportable asset worth more than \$1,000 at the end of the period? If yes, Complete and Attach PART IIIA and/or IIIB.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	Did you have any reportable agreement or arrangement with an outside entity on the filing date? If yes, Complete and Attach PART IX.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
Did you, your spouse, or dependent child have any reportable liability (more than \$10,000) during the reporting period? If yes, Complete and Attach PART VII.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	NEW EMPLOYEES ONLY Did you receive compensation of more than \$5,000 from a single source in the two prior years? If yes, Complete and Attach PART X.	YES <input type="checkbox"/> NO <input type="checkbox"/> N/A

Each question must be answered and the appropriate PART attached for each "Yes" response.

File this report and any amendments with the Secretary of the Senate, Office of Public Records, Room 232, Hart Senate Office Building, U.S. Senate, Washington, D.C. 20510. \$200 Penalty for filing more than 30 days after due date.

This Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The statement will be made available by the Office of the Secretary of the Senate to any requesting person upon written application and will be reviewed by the Select Committee on Ethics. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. (See 5 U.S.C. app. 6, 104 and 18 U.S.C. 1001.)

For Official Use Only - Do Not Write Below This Line

Certification I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Signature of Reporting Individual 	Date (Month, Day, Year) 9-15-95	EXHIBIT 3
For Official Use Only - Do Not Write Below This Line It is the opinion of the reviewer that the statements made in this form are in compliance with Title I of the Ethics in Government Act.	Signature of Reviewing Official	Date (Month, Day, Year)	

2 3 4 5 8 7 0 8 2

3
A

Reporting in: Name
Ar Salvi

PART II. EARNED AND NON-INVESTMENT INCOME

Page Number
1

Report the source (name and address), type, and amount of earned income to you from any source aggregating \$200 or more during the reporting period. For your spouse, report the source (name and address) and type of earned income which aggregates \$1000 or more during the reporting period. No amount needs to be specified for your spouse. Do not report income from employment by the U.S. Government for you or your spouse.

Individuals not covered by the Honoraria Ban:

For you and/or your spouse, report honoraria income received which aggregates \$200 or more by exact amount, give the date of, and describe the activity (speech, appearance, or article) generating such honoraria payment. Do not include payments in lieu of honoraria reported on Part I.

	Name of Income Source	Address (City, State)	Type of Income	Amount
Examples:	JP Computers	Wash., D.C.	Salary	\$15,000
	MCI (Spouse)	Arlington, VA	Salary	Over \$1,000
1	<i>Albert J. Salvi + Associates</i>	<i>111 N. County Waukegan IL</i>	<i>Income from law practice (self employed)</i>	<i>\$505,320</i>
2				
3	<i>State of Illinois</i>	<i>Springfield, IL</i>	<i>State Rep</i>	<i>33,405</i>
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AL SALVI

PART II. EARNED AND NON-INVESTMENT INCOME

1

Report the source (name and address), type, and amount of earned income to you from any source aggregating \$200 or more during the reporting period. For your spouse, report the source (name and address) and type of earned income which aggregates \$1000 or more during the reporting period. No amount needs to be specified for your spouse. Do not report income from employment by the U.S. Government for you or your spouse.

Individuals not covered by the Honoraria Ban:

For you and/or your spouse, report honoraria income received which aggregates \$200 or more by exact amount, give the date of, and describe the activity (speech, appearance, or article) generating such honoraria payment. Do not include payments in lieu of honoraria reported on Part I.

	Name of Income Source	Address (City, State)	Type of Income	Amount
Examples:	JP Computers MCI (Spouse)	Wash., D.C. Arlington, VA	Salary Salary	\$15,000 Over \$1,000
1	Albert J. Salvi + Associates	111 N. County Waukegan IL	Income from law practice (self employed)	\$505,320
2				
3	State of Illinois	Springfield, IL	State Rep	33,405
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See attached

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400 N. WASHINGTON ST.

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ALBERT J. Salvi

* = MONEY HAS BEEN RECEIVED

SETTLEMENTS

JANUARY, 1994

288.	* Ptak, David, January 7, 1994,	\$3,125.00
289.	* Gutierrez, Daniel, January 10, 1994	\$1,350.00
300.	* Tracy, Ilona, January 13, 1994	\$4,745.15
301.	* Rasmussen, Diane, January 18, 1994	\$ 450.00
302.	* Basham, Nora, January 28, 1994	\$2,222.22

February, 1994

303.	* Navarro, Roberto, February 4, 1994	\$2,127.15
304.	* Vasquez, Ramon, February 4, 1994	\$1,200.00
305.	* Myers, Calvin, February 17, 1994	\$ 530.32
306.	* Graham, Wanda, February 17, 1994	\$ 509.25
307.	* Harris, Katie, February 22, 1994	\$3,000.00
308.	* Rubin, Mariann, February 23, 1994	\$7,750.00
309.	* Harris, Michael, February 24, 1994	\$249,333.33
310.	* Grampo, Ginette, February 24, 1994	\$ 5,000.00

March, 1994

311.	* Hickman, Ruth, March 3, 1994	\$5,300.81
312.	* Hyde, Donna, March 14, 1994	\$6,300.00
313.	* Hyde, Donna, March 14, 1994	\$4,500.00
314.	* Raiden, Mary Ann, March 15, 1994	\$ 333.33
315.	* Doro, Patricia, March 15, 1995	\$4,000.00
316.	* Rich, Shelly, March 17, 1994	\$2,666.66
317.	* Kincaid, Otis, March 17, 1994	\$1,796.25
318.	* Guzman, Alicia, March 21, 1994	\$1,050.00
319.	* Swopes, Randy, March 22, 1994	\$ 666.66
320.	* Rivera, Maria, March 24, 1994	\$6,500.00

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321. * Maze, Bessie, March 24, 1994 \$ 666.67
322. * Kennedy, Maxine, March 24, 1994 \$4,000.00
323. * Hyde, Terri, March 31, 1994 \$5,833.33

April, 1994

324. * Perz, Linda, April 6, 1994 \$11,666.66
325. * Schlarbaum, Nancy, April 12, 1994 \$ 2,416.66
326. * Holden, Joseph, April 14, 1994 \$10,000.00
327. * Young, Anita, April 13, 1994 \$ 555.56
328. * Moore, Michael, April 18, 1994 \$ 1,560.00
329. * Malmstedt, Ryan, April 19, 1994 \$ 5,000.00
330. * Ryan, William, April 20, 1994 \$21,500.00
331. * Gonzales, Gil, April 28, 1994 \$ 3,360.00
332. * Harmon, Lori, April 28, 1994 \$ 1,946.67
333. * Harmon, Sebastian, April 28, 1994 \$ 264.00

May, 1994

334. * Werner, Geralyn, May 4, 1994 \$ 3,333.33
335. * Schlarbaum, Zackary, May 5, 1994 \$ 875.00
336. * Bell, Betty, May 6, 1994 \$ 1,485.00
337. * McCaffery, James, May 11, 1994 \$ 8,666.66
338. * Lee, Brenda, May 16, 1994 \$ 4,000.00
339. * Dziekan, Ronnica, May 19, 1994 \$10,000.00
340. * Templeton, Sharon, May 24, 1994 \$ 4,050.00
341. * Kuersten, Jolene, May 25, 1994 \$ 1,700.00
342. * Glass, Stephanie, May 27, 1994 \$ 2,500.00
343. * Wiatrowski, David, May 27, 1994 \$ 2,962.96
344. * Wiatrowski, Therese, May 27, 1994 \$ 2,962.96
345. * Lowery, Murtise, May 27, 1994 \$1,000.00

28043854356

346. * Taylor, Angela, May 27, 1994 \$1,020.00
 347. * Marshall, Idella, May 27, 1994 \$ 870.00
 348. * Romero, Angel, May 31, 1994 \$ 6,666.66

JUNE, 1994

349. * Schmidt, Martha, June 3, 1994 \$16,000.00
 350. * Pinkston, Patricia, June 3, 1994 \$ 2,333.33
 351. * Pinkston, Lawrence, June 3, 1994 \$ 500.00
 352. * Pinkston, Marques, June 3, 1994 \$ 500.00
 353. * Anderson, Bill, June 7, 1994 \$ 2,333.33
 354. * Kuceravy, Vlado, June 8, 1994 \$ 8,333.33
 355. * Sarkan, Cherie, June 13, 1994 \$ 2,500.00
 356. * Kowalski, Denise, June 15, 1994 \$ 7,350.00
 357. * Clark, Patricia, June 17, 1994 \$ 6,666.66
 358. * Cotton, Vannie, June 20, 1994 \$ 1,500.00
 359. * Watkins, Luetisha, June 20, 1994 \$ 2,000.00
 360. * Smith, Melvin, June 22, 1994 \$ 5,000.00
 361. * Truitt, Sheryl, June 24, 1994 \$ 833.33
 362. * Cohn, Dennis, June 24, 1994 \$ 400.00
 363. * Montejo, America, June 27, 1994 \$ 6,666.66
 364. * Esaw, Charles, June 28, 1994 \$ 1,111.11

JULY, 1994

365. * Lein, Andrea, July 13, 1994 \$ 7,500.00
 366. * Duda, Dawn, July 19, 1994 \$ 2,083.33
 367. * Ellis, Tina, July 19, 1994 \$ 2,500.00
 368. * Lazansky, Susan, July 27, 1994 \$ 1,500.00
 369. * McKimmy, Mary, July 29, 1994 \$25,000.00
 370. * McKimmy, Megan, July 29, 1994 \$ 3,000.00

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371. * McKimmy, Vanessa, July 29, 1994 \$ 2,000.00

August, 1994

372. * Lindberg, Sandra, August 2, 1994 \$ 4,666.66

373. * Allen, Sharon, August 5, 1994 \$ 1,700.00

374. * Hernandez, Nora, August 8, 1994 \$ 3,083.33

375. * Franz, Hannelore, August 16, 1994 \$ 333.33

376. * Franz, Hannelore, August 16, 1994 \$ 4,333.33

377. * Gentry, James, August 18, 1994 \$ 1,333.33

378. * Torres, Gilberto, August 20, 1994 \$ 3,333.34

379. * Boyes, James, August 23, 1994 \$ 3,500.00

380. * Pepper, Phillip, August 24, 1994 \$ 180.00

381. * Sadikoff, Hasan, August 25, 1994 \$ 2,222.22

382. * Rossman, Joanne, August 29, 1994 \$ 3,000.00

SEPTEMBER, 1994

383. * Pusch, Cindy, September 6, 1994 \$ 8,333.33

384. * Slay, Sandra, September 7, 1994 \$10,000.00

385. * Hogan, Shirley, September 12, 1994 \$ 1,750.00

386. * Persson, Raymond, September 14, 1994 \$ 2,550.00

387. * Ingalz, Penny, September 16, 1994 \$ 1,833.33

388. * Curtis, Marlene, September 20, 1994 \$ 8,333.33

389. * Gray, Shikeitha, September 23, 1994 \$ 1,000.00

390. * Gray, Alfreidia, September 23, 1994 \$ 1,666.66

391. * Moore, Louise, September 29, 1994 \$ 4,000.00

October, 1994

392. * Anderson, Jonathan, October 7, 1994 \$1,345.83

393. * Coburn, Joseph, October 10, 1994 \$4,675.00

394. * Dougherty, Colleen, October 11, 1994 \$1,133.34

98043854358

395. * Cordova, Delfino, October 18, 1994 \$2,550.00

November, 1994

396. * Graham, Willie, November 2, 1994 \$ 1,841.66

397. * Hoth, Constance, November 2, 1994 \$22,222.22

398. * Gonzales, Edward, November 7, 1994 \$ 833.33

399. * Seppala, Eino, November 14, 1994 \$ 18,898.97

400. * Imrichova, Edita, November 15, 1994 \$ 4,000.00

401. * Dzikowski, Wanda, November 15, 1994 \$ 5,823.92

402. * Ramirez, Irma, November 16, 1994 \$ 3,333.33

403. * Scott, Lue, November 21, 1994 \$ 4,250.00

December, 1994

404. * Bermea, Saul, December 2, 1994 \$ 22,666.66

405. * Bermea, Claudia, December 2, 1994 \$ 8,500.00

406. * Gonzales, Leodan, December 6, 1994 \$ 10,500.00

407. * Weber, Alicia, December 8, 1994 \$ 1,250.00

408. * Weber, Patricia, December 8, 1994 \$ 11,666.66

409. * Mercado, Awilda, December 10, 1994 \$ 6,750.00

410. * Forster, Janet, December 12, 1994 \$ 5,000.00

411. * Watson, Amber, December 21, 1994 \$ 1,141.56

JANUARY, 1995

412. * Pogvara, Judith, January 9, 1995 \$ 5,000.00

413. * Mullet, William, January 9, 1995 \$ 10,000.00

414. * Graves, Eugene, January 10, 1995 \$ 2,833.33

415. * Garcia, Antonio, January 11, 1995 \$ 453.33

416. * Doerr, Jennifer, January 18, 1995 \$ 1,500.00

417. * Ruzek, Edward, January 13, 1995 \$833,333.25

418. * Rebecca Weeks, January 19, 1995 \$ 13,333.32

98043854359

419.*	Otis Linder, January 19, 1995	\$	355.55
420.*	Sophia Melendez, January 19, 1995	\$	166.67
421.*	Destiny Atkins, January 19, 1995	\$	183.33
422.*	Ada Melendez, January 19, 1995	\$	977.77
423.*	Johnny DeJesus, January 23, 1995	\$	616.67

FEBRUARY, 1995

424.*	Mary Perko, February 2, 1995	\$	1,888.89
425.*	Todd Simec, February 2, 1995	\$	2,000.00
426.*	Tamala Wettstein, February 2, 1995	\$	13,466.67
427.*	Linda M. Bergin, February 3, 1995	\$	32,666.66
428.*	Melissa Bergin, February 3, 1995	\$	500.00
429.*	Kesley Mortensen, February 3, 1995	\$	16,250.00
430.*	Murray Allen, February 17, 1995	\$	5,833.33
431.*	Doug Auten, February 18, 1995	\$	2,166.66
432.*	Kathy Clark, February 18, 1995	\$	3,666.66
433.*	Lori Clark, February 18, 1995	\$	2,666.66
434.*	Nereida Hart, February 21, 1995	\$	4,250.00

MARCH, 1995

435.*	Molly McKimmy, March 1, 1995	\$	2,166.67
436.*	Anne Salgado, March 1, 1995	\$	2,333.33
437.*	Alvaro Rodriguez, March 1, 1995	\$	4,000.00
438.*	Patricia Rodriguez, March 1, 1995	\$	6,000.00
439.*	Leah Weidner, March 2, 1995	\$	1,500.00
440.*	Michael McMahon, March 6, 1995	\$	1,166.67
441.*	Lori Gober, March 6, 1995	\$	2,500.00
442.*	Teresa Powers, March 10, 1995	\$	19,833.33
443.*	Patricia Leipart, March 10, 1995	\$	256.97

98043854360

444.* Ellis Davis, March 10, 1995	\$ 2,417.97
445.* Michael Spears, March 10, 1995	\$ 1,226.55
446.* Larissa Pepler, March 15, 1995	\$ 4,747.16
447.* Odeta Motiekaityte, March 23, 1995	\$ 8,333.33
448.* Donna King, March 23, 1995	\$ 3,333.33
449.* Dale Tatum, March 23, 1995	\$ 1,666.67
450.* Kimberly Freitage, March 24, 1995	\$ 142.40
451.* Rhonda Buckingham, March 24, 1995	\$ 2,666.67
452.* Norman Buckingham, March 24, 1995	\$ 2,333.33
453.* Delores Hamil, March 29, 1995	\$ 11,666.66

APRIL, 1995

454.* Pamela McBride, April 6, 1995	\$ 8,333.33
455.* Daniel Magana, April 6, 1995	\$ 883.33
456.* Natasha Houston, April 6, 1995	\$ 1,000.00
457.* Melvin Smith, April 6, 1995	\$ 833.33
458.* Ryan Malmastedt,	\$ 5,000.00
459.* Susie Masella, April 5, 1995	\$ 3,400.00
460.* Kerri Grendel, April 6, 1995	\$ 437.50
461.* George Johnson, April 3, 1995	\$ 3,116.67
462.* Melissa Smith, April 11, 1995	\$ 4,250.00
463.* Jill Becmer, April 14, 1995	\$ 1,785.00
464.* Richard Becmer, April 14, 1995	\$ 210.00
465.* Mari Rae Garner, April 19, 1995	\$ 7,000.00
466.* Musphe Lang, April 24, 1995	\$ 1,000.00
467.* Robert Hixson, April 24, 1995	\$ 6,666.67
468.* Jean Potter, April 24, 1995	\$ 1,000.00
469.* Frances Caldwell, April 24, 1995	\$ 2,550.00

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470.* Jason Frese, April 19, 1995	\$	31.88
471.* Stephen Frese, April 19, 1995	\$	31.88
472.* James Frese, April 19, 1995	\$	1,700.00

MAY, 1995

473. Wendi Parker, May 4, 1995	\$	3,750.00
474.* Meifa L. Crozier, May, 1995	\$	5,950.00
475.* Odilon Tellez, May 8, 1995	\$	4,533.33
476.* Belinda Herrera, May 8, 1995	\$	708.33
477.* Julio Martinez, May 8, 1995	\$	70.83
478.* Jon Gillmer, May 9, 1995	\$	1,000.00
479.* Alice Hofmaster, May 9, 1995	\$	633.33
480.* Patricia Atkins, May 9, 1995	\$	1,416.67
481.* Vishnu Mahant, May 9, 1995	\$	2,500.00
482.* David Johnson, May 15, 1995	\$	1,500.00
483.* Robert Williams, May 18, 1995	\$	3,171.16
484.* Mary Bittner, May 19, 1995	\$	755.99
485.* Mitchell Szydlowski, May 24, 1995	\$	6,666.67
486.* Diane Voights, May 24, 1995	\$	62,500.00
487.* Robert Maddock, May 31, 1995	\$	48,000.00
488.* Katie Jackson, May 31, 1995	\$	2,833.33
489.* Brian Chandler, May 31, 1995	\$	1,000.00
490.* Jerald Branch, May 31, 1995	\$	875.00

JUNE, 1995

491.* Marie Fitzgerald, June 1, 1995	\$	1,275.00
492.* Carolyn A. Gray, June 1, 1995	\$	2,266.67
493.* Matilda Hood, June 2, 1995	\$	1,333.33
494.* Steven Turus, June 3, 1995	\$	5,666.67

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495.* Paul Schultz, Jr., June 5, 1995 \$ 375.00
 496.* Juan Jose Salgado, June 8, 1995 \$ 3,500.00
 497.* Steven Dietmeyer, June 10, 1995 \$ 2,550.00
 498. Gamaliel Santana, June 12, 1995 \$ 400.00
 499.* Juanita Barnes, June 20, 1995 \$ 150.00
 500.* Lorna Garbett, June 20, 1995 \$ 2,408.33
 501.* Jenaro Alvarez, June 20, 1995 \$ 1,066.67
 502. Dwight Graves, June 21, 1995 \$ 100.00
 503.* Marjorie Biddlecom, June 22, 1995 \$ 600.00
 504.* David Sargis, June 23, 1995 \$ 2,493.33
 505.* Norman Goldman, June 29, 1995 \$ 3,400.00

JULY, 1995

506.* Jeanne Zajac, July 7, 1995 \$ 2,975.00
 507.* Roberto Navarro, Jr., July 7, 1995 \$ 2,335.00
 508.* Kevin Kanoon, July 10, 1995 \$ 1,062.50
 509.* Richard Ramos, July 10, 1995 \$ 1,733.33
 510.* John Jackson, July 11, 1995 \$ 1,300.00
 511.* Michael Savage, July 12, 1995 \$ 1,166.67
 512.* Janet Johnson, July 17, 1995 \$ 10,000.00
 513.* Omar Rosa, July 18, 1995 \$ 1,222.22
 514.* Judy May, July 18, 1995 \$ 6,516.67
 515.* Eleanor Ehlers, July 19, 1995 \$ 323.20
 516. Robin Guerrero, July 19, 1995 \$ 323.60
 517.* Melvin Smith, July 27, 1995 \$ 3,166.67
 518.* Jacqueline Jones, July 27, 1995 \$ 1,550.00

AUGUST, 1995

519.* Jeanne Zajac, August 1, 1995 \$ 1,500.00

98043854363

520.* Leonard Petruska, August 1, 1995	\$ 2,666.67
521.* Gerald Savage, August 2, 1995	\$ 1,000.00
522.* Leo Syler, August 3, 1995	\$ 5,000.00
523. Cindy Campos, August 3, 1995	\$ 6,375.00
524.* Wendy Campos, August 3, 1995	\$ 212.50
525.* Jacob Campos, August 3, 1995	\$ 5,666.67
526.* Elba Hernandez, August 3, 1995	\$ 666.67
527.* Hugo Hernandez, August 3, 1995	\$ 166.67
528.* Dennis Selof, August 4, 1995	\$ 10,000.00
529.* Ilona Tracy, August 7, 1995	\$ 7,631.71
530.* Ruthie McMillon, August 8, 1995	\$ 1,841.67
531.* Tiara Howell, August 8, 1995	\$ 1,875.00
532. William John Troxel, Jr. August 8, 1995	\$ 5,000.00
533.* John Smilie, Isabel Gonzalez, August 9, 1995	\$ 3,500.00
534.* William L. Poteet, August 11, 1995	\$ 1,000.00
535.* Thomas Fell, August 16, 1995	\$ 5,000.00
536.* Dennis Frechette, August 17, 1995	\$ 1,250.00
537.* Douglas Stelter, August 17, 1995	\$ 625.00
538.* Shane McDonald, August 18, 1995	\$ 1,500.00
539.* Tara Camm, August 23, 1995	\$ 3,000.00
540.* Angel Campos, August 28, 1995	\$ 100.00
541.* Jeffery Cato, August 29, 1995	\$ 1,833.33
542.* Corina A. Cato, August 29, 1995	\$ 1,166.67
543.* Quanda Mordica, August 30, 1995	\$ 2,575.00
544.* Valeka Lewis, August 30, 1995	\$ 2,652.00

SEPTEMBER, 1995

98043854364

545.	Maria Troxel, Sept. 7, 1995	\$	900.00
546.	Stacy Crane, September 13, 1995	\$	1,350.00
547.*	Steven Woodward, Sept. 14, 1995	\$	2,000.00
548.	Donna Batteau, Sept. 19, 1995	\$	16,666.65
549.	Scott Grendl, Sept. 21, 1995	\$	450.00
550.	Matthew P. Stroik, Sept. 21, 1995	\$	666.67
551.*	Charles Gillette, Sept. 21, 1995	\$	1,050.00
552.*	Marcus Gray, Sept. 25, 1995	\$	5,000.00
553.*	Ralph Gray, Sept. 25, 1995	\$	6,000.00
554.*	Joel Guadarrama, Sept. 26, 1995	\$	<u>2,068.33</u>

[36,151.65]

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ALBERT J. SALVI & ASSOCIATES
ATTORNEYS AT LAW

IS PLEASED TO ANNOUNCE
THAT

KATHLEEN R. KELLER

HAS BECOME A PARTNER IN THE FIRM
WHICH WILL CONTINUE TO CONCENTRATE
SOLELY IN PLAINTIFF'S PERSONAL
INJURY LITIGATION

ALSO

WE ARE PLEASED TO ANNOUNCE THE
OPENING OF OUR WAUCONDA BRANCH OFFICE
LOCATED AT

124-A East Liberty Street
Wauconda, Illinois 60084
Phone (708) 487-0042
Fax (708) 487-0221

Albert J. Salvi
Kathleen R. Keller

111 North County Street
Suite 4

David H. Harris, Jr.

Waukegan, Illinois 60085
Phone: (708) 662-3303
Fax: (708) 662-3453

February, 1993



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UNITED STATES SENATE PUBLIC FINANCIAL DISCLOSURE REPORT FOR NEW EMPLOYEE AND CANDIDATE REPORTS

EXHIBIT
5

Last Name SALVI	First Name and Middle Initial ALBERT J.	Date of Employment New Employee Report Due within 30 days of emp. date	Senate Office/Agency in which Employed
Mailing Address (Number, Street, City, State, and ZIP Code) P. O. Box 459 Wauconda, IL 60084	Telephone No. (Include Area Code) (847) 526-8460 (847) 662-3303	Commencement of Candidacy Candidate Report Approx. 9/01/95 See p. 2 of instructions for due date	State Illinois

AFTER READING THE INSTRUCTIONS - ANSWER EACH OF THESE QUESTIONS

Did you or your spouse have earned income (e.g., salaries or fees) or investment income of more than \$200 from any reportable source during the reporting period? If yes, Complete and Attach PART II.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Did you hold any reportable positions during the reporting period? If yes, Complete and Attach PART VIII.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
Did you, your spouse, or dependent child receive unearned or investment income of more than \$200 in the reporting period or hold any reportable asset worth more than \$1,000 at the end of the period? If yes, Complete and Attach PART IIIA and/or IIIB.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Did you have any reportable agreement or arrangement with an outside entity on the filing date? If yes, Complete and Attach PART IX.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
Did you, your spouse, or dependent child have any reportable liability (more than \$10,000) during the reporting period? If yes, Complete and Attach PART VII.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	NEW EMPLOYEES ONLY	
		Did you receive compensation of more than \$5,000 from a single source in the two prior years? If yes, Complete and Attach PART X.	YES <input type="checkbox"/> NO <input type="checkbox"/>

Each question must be answered and the appropriate PART attached for each "Yes" response.

File this report and any amendments with the Secretary of the Senate, Office of Public Records, Room 232, Hart Senate Office Building, U.S. Senate, Washington, D.C. 20510. \$200 Penalty for filing more than 30 days after due date.

The Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The statement will be made available to the Office of the Secretary of the Senate to any requesting person upon written application and will be reviewed by the Select Committee on Ethics. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. (See 5 U.S.C. app. 6, 104, 18 U.S.C. 1621, and 28 U.S.C. 1746.)

For Official Use Only - Do Not Write Below This Line

Certification	Signature of Reporting Individual 	Date (Month, Day, Year) 5-13-96
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OFFICE OF THE SECRETARY OF THE SENATE
 ROOM 1010
 WASHINGTON, D.C. 20510

For Official Use Only - Do Not Write Below This Line		
It is the opinion of the reviewer that the statements made in this form are in compliance with Title I of the Ethics in Government Act.	Signature of Reviewing Official	Date (Month, Day, Year)

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Reporting Individual's Name
ALBERT J. SALVI

PART II. EARNED AND NON-INVESTMENT INCOME

Page Number
 2

Report the source (name and address), type, and amount of earned income to you from any source aggregating \$200 or more during the reporting period. For your spouse, report the source (name and address) and type of earned income which aggregate \$1,000 or more during the reporting period. No amount needs to be specified for your spouse. Do not report income from employment by the U.S. Government for you or your spouse.

Individuals not covered by the Honoraria Ban:

For you and/or your spouse, report honoraria income received which aggregates \$200 or more by exact amount, give the date of, and describe the activity (speech, appearance or article) generating such honoraria payment. Do not include payments in lieu of honoraria reported on Part I.

Name of Income Source		Address (City, State)	Type of Income	Amount
Examples:	JP Computers MCI (Spouse)	Wash., D.C. Arlington, VA	Salary Salary	\$15,000 Over \$1,000
1	Law Office of Albert J. Salvi	Waukegan, Illinois	Proprietor	\$1,500,022
2	State of Illinois	Springfield, Illinois	Salary	57,982
3				
4		NOTE: The income from each of these		
5		entities represents income earned during		
6		the 19-month period from 1/01/94 to		
7		8/31/95.		
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14				

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Reporting Indiv. Name
ALBERT J. SALVI

PART IIIA. PUBLICLY TRADED ASSETS AND UNEARNED INCOME SOURCES

Page Number
3

BLOCK A			BLOCK B								BLOCK C																								
Identity of Publicly Traded Assets and Unearned Income Sources			Valuation of Assets								Type and Amount of Income																								
Report the complete name of each publicly traded asset held by you, your spouse, or your dependent child, for production of income or investment which: (1) had a value exceeding \$1,000 at the close of the reporting period; and/or (2) generated over \$200 in "unearned" income during the reporting period. Include on this Part IIIA a complete identification of public bond, mutual fund, publicly traded partnership interest, excepted investment funds, bank accounts, excepted and qualified blind trusts, and publicly traded assets of a retirement plan.			At close of reporting period. If none, or less than \$1,001, check the 1st column.								If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item. This includes income received or accrued to the benefit of the individual.																								
			Type of Income		Amount of Income								Actual Amount																						
			None (or less than \$1,001)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000***	\$1,000,001 - \$5,000,000	\$5,000,001 - \$25,000,000	\$25,000,001 - \$50,000,000	Over \$50,000,000	Dividends	Rent	Interest	Capital Gains	Excepted Investment Funds	Excepted Trust	Qualified Blind Trust	Other (Specify Type)	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000	\$1,000,001 - \$5,000,000	Over \$5,000,000	Required if "Other" Specified	
5	DC	Examples																																	
		IBM Corp. (stock)				X								X									X												
		Keystone Equity Fund (widely diversified)					X											X						X											
1		Biosafety Systems, Inc. (Stock)		X										X									X												
2		First Midwest Bank			X																														
3		First of America (Bank)		X																			X												
4		Phoenix Funds (Widely diversified)		X																			X												
5		Fidelity Funds (Widely diversified)						X															X												
6		Nationwide Life Insurance (SEP-Widely diversified)					X																X												
7		Lakeland Community Bank				X																	X												
8		NOTE: The income from each of these entities represents																																	
9		income earned during the																																	
10		19-month period from 1-01-94 to 8-31-95.																																	

EXEMPTION TEST: If you omitted any asset because it meets the three-part test for exemption described in the instructions, please check here.

*** This category applies only if the asset is/was held independently by the spouse or dependent child. If the asset is/was either held by the filer or jointly held, use the other categories of value, as appropriate.

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9 5 0 2 0 0 1 2 5 5 6

Reporting Individual: **ALBERT J. SALVI**

je Number: **4**

PART III B. NON-PUBLICLY TRADED ASSETS AND UNEARNED INCOME SOURCES

BLOCK A		BLOCK B								BLOCK C										
Identity of Non-Publicly Traded Assets and Unearned Income Sources		Valuation of Assets At close of reporting period. If none, or less than \$1,001, check the 1st column.								Type and Amount of Income If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item. This includes income received or accrued to the benefit of the individual.										
Report the name, address (city, state), and description of each interest held by you, your spouse, or your dependent child for the production of income or investment in a non-public trade or business which: (1) had a value exceeding \$1,000 at the close of the reporting period, and/or generated over \$200 in income during the reporting period. Provide the above report for each underlying asset which is not incidental to the trade or business. Publicly traded assets held by a non-public entity may be listed on Part III A.		None (or less than \$1,001)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000***	Type of Income	Amount of Income									Actual Amount
		\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000***	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000***	\$1,000,001 - \$5,000,000	Over \$5,000,000	Only if "Other" Specified
B, DC or J	Examples			X					X	Rent										
	JP Computers, Wash. D.C. (Computer Sales)			X																
	Undeveloped land in Dubuque, Iowa				X															
1	Salvi & Roskam (Law Partnership)		X																	72292
2																				
3																				
4																				
5																				
6																				
7																				

EXEMPTION TEST: If you omitted any asset because it meets the three-part test for exemption described in the Instructions, please check here.

*** This category applies only if the asset is/was held independently by the spouse or dependent child. If the asset is/was either held by the filer or jointly held, use the other categories of value, as appropriate.

Reporting In: ALBERT J. SALVI	PART VIII. POSITIONS HELD OUTSIDE U.S. GOVERNMENT	Page Number: 5
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Report any positions held by you during the applicable reporting period whether compensated or not. Positions include, but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution.

Exclude: Positions with federal government, religious, social, fraternal, or political entities, and those solely of an honorary nature.

	Name of Organization	Address of Organization	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples:	Natl Assn. of Rock Collectors	NY, NY	Non-profit education	President	6/90	Present
	Jones & Smith	Hometown, USA	Law firm	Partner	7/85	11/9X
1	Law Office of Albert J. Salvi	Waukegan, Illinois	Law Firm	Proprietor	5/91	Present
2	Salvi & Roskam	Wheaton, Illinois	Law Firm	Partner	1/94	Present
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Compensation in excess of \$200 from any position must be reported in Part II.

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Bluff put Salvi in winner's circle

Fortune less than he led opponent to think

By Ken Armstrong
TRIBUNE LEGAL AFFAIRS WRITER

If a wrongful death lawsuit involving a 1993 traffic accident had not been settled early this year, had negotiations continued two months longer or had the case gone to trial and the plaintiffs lost, then Al Salvi might not be the Republican nominee for the U.S. Senate.

Salvi's six-lawyer Waukegan

ELECTION

law firm earned \$1.08 million from the \$3.25 million settlement, according to court records, and Salvi used the fee to prop his teetering campaign. At the time, polls showed Salvi's support at about 10 percent among likely voters.

Salvi's firm received the settlement money Jan. 26. That same day, according to campaign finance reports, Salvi lent his cash-strapped campaign nearly \$178,000. And in the next several days, he lent his campaign \$374,182 more. All told, he put slightly more than \$1 million into his Senate bid.

The overwhelming majority of the money went to pay for advertising, most of it TV commercials, that the two-term state representative from near Wauconda desperately needed to raise his name recognition in his first statewide race.

Tribune 4/21 Front Page

The money put Salvi on an equal financial footing with his better-known opponent, Lt. Gov. Bob Kustra, and the ads dramatically raised his profile. The personal-injury lawyer went on to edge Kustra in the March 19 GOP primary.

Salvi's heavy reliance on a lawsuit settlement reflects how his personal fortune wasn't nearly so great as some of his early statements suggested. Indeed, documents filed with the U.S. Senate and the Federal Election Commission suggest that financial bluff, as well as disclosure blunders, were two hallmarks of the little-known legislator's stunningly successful primary campaign.

Although Salvi is far from hurting financially, his early ambitious talk about how much of his own money he could

SEE SALVI, PAGE 10

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EXHIBIT
6

Salvi

CONTINUED FROM PAGE 1

spend on the campaign puffed him up as a more formidable candidate, giving him instant credibility and possibly even scaring off other potential challengers to Kustra.

Meanwhile, his errors in disclosing how he financed his campaign now are providing grist for attacks from Salvi's general election opponent, Democratic U.S. Rep. Richard Durbin of Springfield has accused Salvi of being less than honest about his finances.

After saying that he might spend as much as \$2 million of his own money on his Senate bid, Salvi filed financial disclosure papers at the campaign's outset saying he had no assets worth reporting. Salvi says he wound up borrowing against a home-equity credit line to launch his campaign, then relied on income from lawsuits settled during the campaign to keep his political hopes alive.

Having lent his primary campaign a little more than \$1 million, Salvi now says he has no more to give for the general election. That makes his original talk of spending up to \$2 million sound like the bluff of a poker player's bluff, particularly when coupled with some of Salvi's pre-election descriptions of his wealth.

"My wife and I could have it made for the rest of our lives with what we've earned," the 35-year-old lawyer and father of four said in February. "I don't even have to work for the rest of my life if I wanted to."

Asked whether Salvi had been bluffing about spending up to \$2 million, Salvi's press secretary, Paul Scheeler, planted his tongue firmly in cheek and answered, "In politics? Come on. Who would do that?"

The bluff, as Scheeler conceded it most certainly was, "sure threw a scare into Kustra," the two-term lieutenant governor. And though there's no way of knowing, Salvi's posturing as Mr. Moneybags also may have frightened away other would-be GOP candidates.

"They put the bulk of their life savings into the campaign," Scheeler said of Salvi and his wife, Kathleen, who also is a lawyer in the Waukegan firm. "If they had been 15 or 20 years older and wouldn't have had the earning years ahead of them like they do, they might not have done it."

Scheeler answered all questions about the campaign for Salvi, whom aides said was unavailable



AP photo

Rep. Al Salvi (R-Wauconda) gives his 7-year-old daughter Katie a close-up and educational view of proceedings in the state legislature from the House floor during Tuesday's session in Springfield.

for comment.

As for the reporting errors involving Salvi's campaign loans, documents filed last week with the FEC show Salvi technically violated election rules by not previously reporting four loans totaling about \$470,000 that he made to his campaign before the primary.

Salvi's campaign manager, Jim Thacker blamed "a problem [that] existed in our system for reporting." In response to such errors, the campaign has hired an Oak Brook accounting firm to oversee the campaign's financial matters, Thacker said.

The campaign also corrected the errors by reporting those loans in FEC filings last week. The FEC could fine Salvi for the violations, but anything but a small sanction appears unlikely.

Questions about Salvi's finances have dogged his campaign in recent weeks. Perhaps the most puzzling part was the financial disclosure form that Salvi filed with the Senate in September.

Salvi marked a box indicating that he had no assets that had produced at least \$200 in investment income from January 1994 through August 1995 or that were worth at least \$1,000. By marking the box "no," he also indicated that there were no financial institutions holding more than \$5,000 of his money in checking or savings accounts or that had paid him \$200 or more in

interest during those 20 months.

Last month, Salvi told Crain's Chicago Business that he did, indeed, have no investments in stocks "or anything like that" during the 20-month period covered by the report. All his money had gone into his \$600,000 home in unincorporated Lake County, Salvi said. He also told Crain's that he had not liquidated any assets to help pay for his campaign.

But in an economic interest statement that Salvi filed as a state legislator, he listed three stocks that he owned during 1994. Those stocks, according to the statement, were worth at least \$5,000 each or had produced dividend income of at least \$1,000 during the year. Salvi also owned stocks in 1992 and 1993, according to state disclosure reports.

Salvi now says that he marked the wrong box on the federal form and that he will amend it next month to show assets. Scheeler called it "a plain old mistake."

Generally, Salvi has released financial information sparingly, if at all. For example, he initially refused to tell reporters the name of the bank that gave him a \$175,000 home-equity credit line that he used to help fund his campaign.

Federal election law, however, requires Salvi to disclose with the FEC not only the name of the bank but also the date of the loan, the

interest rate, the due date and other financial information. After initially telling the FEC that the \$175,000 came from personal funds, Salvi filed an amendment disclosing details about the loan.

More recently, Salvi, after going back and forth on the subject, volunteered to release his 1995 income-tax forms. But last week, he released only a tax summary, without the supporting schedules. The summary showed that Salvi and his wife earned nearly \$1.1 million in adjusted gross income in 1995 and paid \$440,544 in federal taxes.

After being questioned about all the amendments to campaign forms that Salvi has filed, his staff responded with a press release detailing campaign disclosure errors that Democrat Durbin has made during 14 years in Congress.

Although Salvi's financial picture remains murky, it's clear that he long has been willing to sink what money he has into his political fortunes.

When he ran unsuccessfully for Congress from the Champaign area in 1988, Salvi, then a recent graduate of the University of Illinois Law School, contributed about \$1,000 to his campaign.

That may not sound like much. But Salvi earned only \$2,440 the previous year.

AM-IL--Senate Money, Bjt,660
Senate Campaign Might Cost \$8 Million
tsstffonsflsdocuef
By TOM STRONG-
Associated Press Writer-

WASHINGTON (AP) For starters, the national parties each plan to kick in about \$1.1 million, the legal limit for Illinois' Senate election.

After that, Democrat Dick Durbin and Republican Al Salvi will crisscross Illinois and make trips to Washington to raise the rest of the estimated \$6 million to \$8 million they'll need for the campaign.

Durbin, a Springfield congressman, took in more than \$1.5 million for the primary and fund-raisers say they can meet the general election goal.

Salvi, a state representative and lawyer from Mundelein, poured in an estimated \$750,000 of his own money for the primary perhaps 75 percent of total receipts but he will not underwrite the fall race.

"I'm not able to put anything else in," Salvi said in an interview Wednesday, between election strategy meetings with Republican lawmakers on Capitol Hill.

"Any amount that I could put into the general would be a spit in the ocean. I can't afford to make a dent in this race. I'm not that wealthy."

Salvi estimates his family's net worth at slightly under \$1 million, including a house valued at close to \$700,000 and without a mortgage. The remainder is money from legal fees that is held in stocks and checking accounts.

His wife, Kathleen, is a partner in Albert J. Salvi & Associates in Waukegan. Salvi could not put a value on the law practice.

Durbin's major asset is a Springfield home valued at \$200,000, with a \$75,000 mortgage.

Documents filed with the Senate and the Federal Election Commission seem to raise questions about Salvi's income and assets, and the source of his personal contributions to the primary upset of Lt. Gov. Bob Kustra on March 19.

For example, he listed no investment income of more than \$200 from September 1994 through August 1995, or any reportable asset worth more than \$1,000 as of last Sept. 1.

Further, Salvi did not report that \$175,000 of his personal contributions was drawn on a home equity account with Comerica Bank's Waukegan branch.

And campaign reports through February account for only \$600,000 in Salvi's own money. Any donation of \$1,000 or more including a candidate loan or contribution received after Feb. 28 had to be reported within 48 hours to the FEC.

Salvi said he would review with experts the personal finance disclosure report and campaign reports.

98043854374

He said he will file amendments if necessary to correct what he termed "technical errors" or "minor mistakes" due possibly to unfamiliarity with the federal forms or sloppy preparation. He also pledged to release his tax return this year, and from earlier years, after April 15.

"I'm going to lay everything on the table," Salvi said.

Durbin has included his returns with the annual financial disclosure forms required every spring by the House.

"I think it's time that he steps forward and says he's going to make a full disclosure," Durbin said in an interview. "He has been dancing around this and he shouldn't."

Salvi did explain that he got more than \$1 million in legal fees from cases that settled in December, and used that money for late ads in the primary. "I've had a very good 1996," he said.

For the fall campaign, Salvi must seek more dollars from special interest groups and expand his base of individual contributors. Political action committees gave him just \$25,000 and individuals \$208,000, according to totals through February.

Salvi, who opposes abortion and gun control, got \$5,000 from the conservative Eagle Forum in Alton, Ill., \$4,950 from the National Rifle Association and \$4,500 from the Republican National Coalition for Life, also in Alton.

"I expect him to be able to capitalize on the very lucrative conservative fund-raising network, the pro-life network, the term-limits network, the pro-gun network ... all are likely to mobilize for him nationally," said Steve Jost, Durbin's Washington fund-raiser.

Durbin took in at least \$1 million from about 13,000 individuals and \$360,000 from PACs.

"He can begin with renewing that base and doing \$3 million or \$4 million rather comfortably," Jost predicted. He hopes to double the PAC dollars and get \$1 million from people who did not contribute to either Durbin or his primary foe, Patrick Quinn.

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UNITED STATES SENATE PUBLIC FINANCIAL DISCLOSURE REPORT FOR NEW EMPLOYEE AND CANDIDATE REPORTS

EXHIBIT
7

Last Name SALVI	First Name and Middle Initial ALBERT J.	Date of Employment	Senate Office - Agency in which Employed
Mailing Address (Number, Street, City, State, and ZIP Code) P. O. Box 459 Waucona, IL 60084	Telephone No. (Include Area Code) (847) 526-8460 (847) 662-3303	Commencement of Candidacy Candidate Report Annual Report 1995	State Illinois

AFTER READING THE INSTRUCTIONS - ANSWER EACH OF THESE QUESTIONS

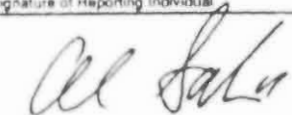
<p>Did you or your spouse have earned income (e.g., salaries or fees) or non-investment income of more than \$200 from any reportable source during the reporting period? If yes, Complete and Attach PART II.</p> <p>YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p>	<p>Did you hold any reportable positions during the reporting period? If yes, Complete and Attach PART VIII.</p> <p>YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p>
<p>Did you, your spouse, or dependent child receive unearned or investment income of more than \$200 in the reporting period or hold any reportable asset worth more than \$1,000 at the end of the period? If yes, Complete and Attach PART IIIA and/or IIIB.</p> <p>YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p>	<p>Did you have any reportable agreement or arrangement with an outside entity on the filing date? If yes, Complete and Attach PART IX.</p> <p>YES <input type="checkbox"/> NO <input checked="" type="checkbox"/></p>
<p>Did you, your spouse, or dependent child have any reportable liability (more than \$10,000) during the reporting period? If yes, Complete and Attach PART VII.</p> <p>YES <input type="checkbox"/> NO <input checked="" type="checkbox"/></p>	<p style="text-align: center;">NEW EMPLOYEES ONLY</p> <p>Did you receive compensation of more than \$5,000 from a single source in the two prior years? If yes, Complete and Attach PART X. N/A</p> <p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>

Each question must be answered and the appropriate PART attached for each "Yes" response.

File this report and any amendments with the Secretary of the Senate, Office of Public Records, Room 232, Hart Senate Office Building, U.S. Senate, Washington, D.C. 20510. \$200 Penalty for filing more than 30 days after due date.

The Financial Disclosure Statement is required by the Ethics in Government Act of 1978, as amended. The statement will be made available to the Office of the Secretary of the Senate to any requesting person upon written application and will be reviewed by the Select Committee on Ethics. Any individual who knowingly and willfully falsifies, or who knowingly and willfully fails to file this report may be subject to civil and criminal sanctions. (See 5 U.S.C. app. 6, 104 and 18 U.S.C. 1001.)

For Official Use Only - Do Not Write Below This Line

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.		5-13-96
For Official Use Only - Do Not Write Below This Line		
It is the opinion of the reviewer that the statements made in this form are in compliance with Title I of the Ethics in Government Act.	Signature of Reviewing Official	Date (Month, Day, Year)

SECRETARY OF THE SENATE
 OFFICE OF PUBLIC RECORDS
 ROOM 232
 HART SENATE OFFICE BUILDING
 U.S. SENATE
 WASHINGTON, D.C. 20510

A

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PART II. EARNED AND NON-INVESTMENT INCOME

Report the source (name and address), type, and amount of earned income to you from any source aggregating \$200 or more during the reporting period. For your spouse, report the source (name and address) and type of earned income which aggregates \$1000 or more during the reporting period. No amount needs to be specified for your spouse. Do not report income from employment by the U.S. Government for you or your spouse.

Individuals not covered by the Honoraria Ban:

For you and/or your spouse, report honoraria income received which aggregates \$200 or more by exact amount, give the date of, and describe the activity (speech, appearance, or article) generating such honoraria payment. Do not include payments in lieu of honoraria reported on Part I.

	Name of Income Source	Address (City, State)	Type of Income	Amount
Examples:	JP Computers	Wash., D.C.	Salary	\$15,000
	MCI (Spouse)	Arlington, VA	Salary	Over \$1,000
	Law Office of Albert J. Salvi	Waukegan, Illinois	Proprietor	\$1,086,986
2	State of Illinois	Springfield, Illinois	Salary	36,886
3				
4				
5		NOTE: Earned income reported on this		
6		schedule includes 7 months of earned		
7		income also included on Amended Financial		
		Disclosure Report originally filed on		
		September 18, 1995.		
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PART IIIA. PUBLICLY TRADED ASSETS AND UNEARNED INCOME SOURCES

BLOCK A		BLOCK B							BLOCK C																				
Identity of Publicly Traded Assets and Unearned Income Sources		Valuation of Assets							Type and Amount of Income																				
Report the complete name of each publicly traded asset held by you, your spouse, or your dependent child, for production of income or investment during the reporting period: (1) had a value exceeding \$1,000 at the close of the reporting period; and/or (2) generated over \$200 in "unearned" income during the reporting period. Include on this Part IIIA a complete identification of public bond, mutual fund, publicly traded partnership interest, excepted investment funds, bank accounts, excepted and qualified blind trusts, and publicly traded assets of a retirement plan.		At close of reporting period. If none, or less than \$1,001, check the 1st column.							If "None (or less than \$201)" is checked, no other entry is needed in Block C for that item. This includes income received or accrued to the benefit of the individual.																				
		None (or less than \$1,001)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000***	Type of Income						Amount of Income					Actual Amount Required if "Other" Specified								
DC or Z	Examples:	None (or less than \$1,001)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000***	Dividends	Rent	Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Qualified Blind Trust	Other (Specify Type)	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$2,500		\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000***	\$1,000,001 - \$5,000,000	Over \$5,000,000
	IBM Corp. (stock)				X					X								X											
	Keystone Equity Fund (widely diversified)					X								X							X								
1	Biosafety Systems, Inc. (Stock)		X										X					X											
2	First Midwest Bank			X								X							X										
3	First of America (Bank)		X									X									X								
4	Phoenix Funds (Widely diversified)		X											X				X											
5	Fidelity Funds (Widely diversified)						X							X					X										
6	Nationwide Life Insurance Co. (SEP-Widely diversified)					X								X							X								
7	Lakeland Community Bank				X							X							X										
8	NOTE: Earned income reported on this schedule includes 7 months of earned income also included on Amended Financial Disclosure Report originally filed on 9-18-95.																												

EXEMPTION TEST: If you omitted any asset because it meets the three-part test for exemption described in the instructions, please check here.
 *** This category applies only if the asset is/was held independently by the spouse or dependent child. If the asset is/was either held by the filer or jointly held, use the other categories of value, as appropriate.

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ALBERT J. SALVI

PART IIIB. NON-PUBLICLY TRADED ASSETS AND UNEARNED INCOME SOURCES

4

BLOCK A		BLOCK B							BLOCK C																				
Identity of Non-Publicly Traded Assets and Unearned Income Sources		Valuation of Assets at close of reporting period. If none, or less than \$1001, check the 1st column.							Type and amount of income																				
Report the name, address (city, state), and description of each interest held by you, your spouse, or your dependent child for the production of income or investment in a non public trade or business which: 1) had a value exceeding \$1,000 at the close of the reporting period; and/or 2) generated over \$200 in income during the reporting period. Provide the above report for each underlying asset which is not incidental to the trade or business. Publicly traded assets held by a non-public entity may be listed on Part IIIA.		None (or less than \$1,001)							Type of Income										Amount of Income										
		None (or less than \$1,001)	\$1,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	Over \$1,000,000	Dividends	Rent	Interest	Capital Gains	Excepted Investment Fund	Excepted Trust	Qualified Blind Trust	Other (Specify Type)	None (or less than \$201)	\$201 - \$1,000	\$1,001 - \$2,500	\$2,501 - \$5,000	\$5,001 - \$15,000	\$15,001 - \$50,000	\$50,001 - \$100,000	\$100,001 - \$1,000,000	Over \$1,000,000	Actual Amount		
5	Ex	JP Computers, Wash., D.C. (Computer Sales)		x					x																				
6	Stocks	Undeveloped land in Dubuque, Iowa				x											x												
1		Salvi & Roskam (Law Partnership)			X											Earned Income	X											<14458>	
2																													
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4																													
5																													
6																													
7																													

EXEMPTION TEST: If you omitted any asset because it meets the three-part test for exemption described in the instructions, please check here

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ALBERT J. SALVI

PART VIII. POSITIONS HELD OUTSIDE U.S. GOVERNMENT

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Report any positions held by you during the applicable reporting period whether compensated or not. Positions include, but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution.

Exclude: Positions with federal government, religious, social, fraternal, or political entities, and those solely of an honorary nature.

	Name of Organization	Address of Organization	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Natl Assn. of Rock Collectors	NY, NY	Non-profit education	President	6/90	Present
	Jones & Smith	Hometown, USA	Law firm	Partner	7/85	11/9X
1	Law Office of Albert J. Salvi	Waukegan, Illinois	Law Firm	Proprietor	5/91	Present
	Salvi & Roskam	Wheaton, Illinois	Law Firm	Partner	1/94	Present
4						
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Compensation in excess of \$200 from any position must be reported in Part II.

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Salvi's Tax Returns Show 1995 Earnings Neared \$1.1 Million

BY SCOTT FORNER
POLITICAL REPORTER

■ Editorial; Page 45

Republican Senate candidate Al Salvi kept his promise Tuesday to release copies of his income tax returns, revealing that he and his wife reported income last year of nearly \$1.1 million.

The returns show that the Mundelein couple paid \$440,544 in federal taxes.

The disclosure came one day after Salvi's Democratic opponent, Richard J. Durbin, released copies of his returns and challenged Salvi to do the same to help clear up questions about Salvi's personal and campaign finances.

But Salvi, 35, a state representative and personal injury lawyer, said his returns were evidence of a different problem.

"The main thing they show is that the tax rate is too high," Salvi said.

Salvi did not release supporting documents for the joint 1995 return that he filed with his wife, Kathleen. But Salvi and his accountant, Jeffrey S. McDonald, answered questions about the filing.

The return shows the couple reported \$1,097,011 in adjusted gross income, of which just \$36,886 came from Salvi's legislative salary.

Much of the rest was income from the six-lawyer Waukegan firm owned by Salvi and his wife. Salvi said they received large fees last year for winning two traffic accident cases. The fees were based on the size of the awards—\$2.5 million for one client and \$800,000 for the other.

The couple also reported \$3,526 in interest, \$706 in dividends, \$278 in capital gains and \$1,244 in trust fund income for one of their children.

They paid \$404,281 in federal income taxes and \$36,313 in self-

employment taxes. Salvi said he had signed a check for \$247,971 Monday to cover the amount they still owed. The couple also paid \$32,730 in state income taxes.

Salvi's income became an issue after questions were raised about how he had documented loans he made to his campaign.

Reports he released Monday showed that Salvi lent his campaign \$1.2 million. Salvi has called any errors in earlier reports "technical" mistakes.

But he went back and forth on whether he would release copies of his tax returns to reporters, finally pledging late Monday to do so.

Durbin had seized on the issue earlier Monday, challenging Salvi to release the information to resolve "serious questions" about his finances.

Durbin's 1995 joint return, which he said he had prepared himself, showed that he and his wife, Loretta, had adjusted gross income of \$154,485 and paid \$32,273 in federal taxes and \$4,575 in state taxes.

The bulk of their income—\$126,919.92—came from Durbin's salary as a member of the U.S. House from Springfield. His wife earned \$29,699.50 as a research associate for the state Commission on Intergovernmental Cooperation.

The Durbins earned \$769.65 in interest and reported a \$3,000 capital loss from the sale of stock. They will get a \$1,063.68 refund from the federal government and \$41.61 back from the state.

Durbin spokeswoman Hollie Friedman gave Salvi credit for releasing the documents but insisted that "by no means does this close the book on the financing of the Salvi campaign."

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Salvi errs, again, on fed forms

By PAUL MERRISON

Illinois Rep. Al Salvi significantly understated his recent income when he became a candidate for the U.S. Senate last year, and he will file a correction soon, the GOP Senate nominee said last week.

It's the latest reporting mistake he has acknowledged recently about the financing of his nearly \$1.4-million primary race, which relied on more than \$1 million in loans from the Wisconsin Republican.

The understatement of income on the same financial disclosure forms on which he reported no significant assets helped raise questions about how Rep. Salvi was able to pump so much money into his campaign.

While he is widely considered to be a wealthy personal injury attorney, Rep. Salvi revealed after the primary that the original \$226,100 that he put into his campaign last year came mostly from a home equity loan, not personal funds (CRASH, March 25).

Rep. Salvi filed amended reports last month to disclose the name of the home equity lender, Comerica Bank, and more than \$371,000 in other loans he made to the campaign that should have been reported earlier.

Last week, he acknowledged that his Senate financial disclosure report lists income only from 1994, instead of the period from 1994 through the date of the report, Sept. 15, 1995.

"The correct amount will be reflected in the next report to be filed May 15, 1996," he responded to written questions from *Crash's Chicago Business*.

According to last month's partial release of his recent tax returns, Rep. Salvi's 1994 income of \$525,320 from his law practice and \$33,405 in legislative pay matched the amounts listed on his Senate report.

The 1995 joint tax return filed by Rep. Salvi and his wife, Kathleen, a lawyer who also practices at Albert J. Salvi & Associates in Wheeling, reports \$1,086,586 in business income, plus \$76,886 in wages.

Even so, Rep. Salvi has said he wouldn't have been able to put more than \$1 million into the race if not for three large settlements his law firm handled earlier this year.

One was a wrongful-death action involving a young father of two, which was settled for \$3.25 million. One-third of that was sent to Rep. Salvi's firm, according to court records.

Rep. Salvi again last week refused to provide any information about the other two cases, maintaining that he is not required to list these settlements in his upcoming Senate report.

rains
Chicago Business

May 6, 1996

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Salvi changes his story

Narrows money source as fed quiz grows

By PAUL MERRION

WASHINGTON—Responding to a new round of questions by the Federal Election Commission, Illinois Rep. Al Salvi has again changed the story of how he financed his \$1.4-

Moving target: GOP Senate candidate Al Salvi has changed his story of how he financed his come-from-behind primary victory. Again.

million U.S. Senate primary campaign.

The Wauconda Republican, a personal injury attorney, now says that only one large legal settlement—not three settlements, as he cited several months ago—provided the bulk of more than \$1 million he loaned his campaign in the last weeks of the primary race.

Since he became the GOP Senate nominee, it's become clear that Rep. Salvi did not have the deep pockets he was assumed to have

when he challenged Lt. Gov. Bob Kustra, the favorite of most party officials.

It's now known that he tapped a \$175,000 home equity loan to launch his campaign, and victory pivoted on a last-minute barrage of television advertising that he financed with fortuitously timed legal fees.

While he and a totally revamped campaign staff grid for the battle against his Democratic rival, U.S. Rep. Richard Durbin, documents on file with the Federal Election Com-

mission (FEC) show that Rep. Salvi is still struggling to clear up various campaign finance problems from the primary:

- To deal with the FEC's inquiries, he has hired Bobby Burchfield, a high-powered Washington lawyer who served as general counsel to the Bush-Quayle campaign in 1992.

- In particular, the FEC is reviewing Rep. Salvi's April quarterly report, in which he disclosed his failure to report within 48 hours more than \$239,000 in last-minute loans he made to the campaign to buy television advertising.

- The FEC also wants to know
See Salvi on Page 34



Salvi

Continued from Page 4

the source of funds for nearly \$1 million in other primary-season loans, and Mr. Burchfield's response on that matter differs from what the candidate was saying after the primary. The April report had already corrected earlier filings that failed to disclose the home equity loan.

• The Salvi campaign has about \$100,000 less available for the fall than previously thought, given that a large number of contributors have given as much as twice the legal limit of \$1,000 per person and \$5,000 per political action committee (PAC). Any excessive contributions must be used solely to pay off Mr. Salvi's loans to the primary campaign.

The most serious immediate problem may be the failure to file 48-hour reports on two loans.

"Historically, the FEC has a fairly consistent process of penalizing candidates who do not file reports on time,"

In terms of current fund-raising, the Salvi campaign was thought to be within striking distance of the Durbin campaign after its June 30 report to the FEC showed \$603,506 in cash on hand, vs. \$762,386 for the Springfield Democrat.

That was a good showing, considering that the Salvi campaign got off to a slow start and didn't hire a professional fund-raiser until late May.

But \$98,800 of the Salvi campaign's war chest came from individuals and PACs that contributed more than the legal maximum for the general election, according to the FEC document.

That's not illegal, as long as the excess contributions don't exceed the total debt left over from the primary. And those excess funds cannot be used for the general election.

If not used to repay the debt—and no repayments were reported to the FEC as of June 30—those funds must be reserved for any future primary campaign Rep. Salvi might have.

was that his loans to the campaign came from a home equity loan and fees from three large settlements, which he says he received in January (*CRAIN'S*, March 25).

"I was fortunate because the timing was great. I wouldn't have been able to do it" without those settlements, Rep. Salvi said then. "I had three very good legal fees."

Failure to report a bank loan as the source of a loan to a campaign is an apparent violation of FEC reporting requirements.

While he previously disclosed facts about one of those settlements—in a \$3.25-million wrongful death case—Rep. Salvi has refused to provide any details about the other two, despite an initial promise to do so. He has cited attorney-client privilege and the desire to shield his clients from publicity.

In a letter to the FEC last month, Mr. Burchfield said that besides the home equity loan, the money for the remaining loans came from "an ex-

court records. That case was settled in December, but the proceeds were not distributed until January.

"The source of funds were from that case," Mr. Burchfield said in an interview last week. "We have gone back and traced the funding."

Additional cash flow

The \$1.1-million fee would cover the amount of Rep. Salvi's \$982,441 million in loans to the campaign since January, but it doesn't account for all of his cash flow.

First, it doesn't allow for taxes on the big 1996 fee. In addition, he and his wife, Kathy, made a federal tax payment on April 15 of \$247,971 for an adjusted gross 1995 income of nearly \$1.1 million.

Like many lawyers, Rep. Salvi files estimated tax payments on a quarterly basis.

"He does not pay withholding out of every fee he gets," says Mr. Burchfield, a partner with Covington & Burling. Any other cash needs

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July 10, 1996

BY HAND

Mr. John D. Gibson
Ms. Kenya Tyndle
Reports Analysis Division
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: Identification Number: C00304436

Dear Mr. Gibson and Ms. Tyndle:

This firm has been retained to respond on behalf of the Al Salvi for Senate Committee ("the Committee") to two letters from the Federal Election Commission ("the Commission"): (1) Ms. Tyndle's letter of May 21, 1996, on behalf of the Reports Analysis Division ("the RAD letter"); and (2) Mr. Gibson's follow-up letter of June 13, 1996. (Attached at Tabs A and B, respectively.) As we have previously advised you, this firm was retained only recently by the Committee, and we have prepared this response as promptly as prudence would allow. We apologize for any inconvenience this delay may have caused.

EXHIBIT

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I. FACTUAL BACKGROUND

The Candidate, Al Salvi, has never before run for federal office. Faced with substantial opposition in the Republican primary from the sitting Illinois lieutenant governor, Mr. Salvi was given little chance of success. Relying upon campaign guides and other materials available from the Commission, his inexperienced staff made a good faith, vigorous effort to comply with the complex and often confusing requirements of those governing laws and regulations.

After winning the Illinois Republican Senatorial Primary, and before any notification from the Commission, Mr. Salvi sought assistance from experienced election auditors and attorneys, including the staff of the National Republican Senatorial Committee. This assistance allowed the Committee to identify certain inadvertent errors in its pre-primary reporting of loans from the Candidate to the Committee. The most complicated loan was made to the Committee by the Candidate from funds drawn from an existing home equity line of credit secured by the Candidate's home. Reporting of such transactions is challenging for even experienced campaign accountants, and often requires amendments to reflect accurately such items as interest, collateral, and repayments. In view of the pace of the campaign and the pre-primary Committee's inexperienced staff, the errors were certainly understandable.

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Further, from the date Mr. Salvi announced his candidacy, he made clear that much of his campaign for the nomination would be financed out of his personal funds. See News article attached at Tab C. That, in fact, was true. Errors in the accounting treatment of such loans certainly do not evidence any intent and could not have had the effect of misleading the voting public or Mr. Salvi's opponent about the source of the Committee's financing.

Finally, it is important for the Commission to bear in mind that the ongoing general election campaign has the benefit of experienced campaign accounting and legal advice. While Mr. Salvi places a very high priority on correcting any errors of the past, he places an even higher priority on avoiding errors during the general election campaign. Given the absence of any suggested compliance problems on the part of the Committee's reporting for the upcoming general election, Mr. Salvi urges the Commission to take account of his voluntary corrective action, to recognize his commitment to full compliance with the laws and regulations, and to take no actions that would interfere with the separate general election effort.

II. CONCERNS RAISED BY THE REPORTS ANALYSIS DIVISION

The RAD letter raised questions concerning (1) the Committee's compliance with rules requiring "48 hour reports";

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(2) its compliance with rules requiring itemization of contributions; and (3) the source of a loan from the Candidate to the Committee. The Committee will respond to these questions in turn.

1. 48 Hour Reports

The RAD letter raised a concern regarding the Committee's compliance with its 48 hour reporting obligations. Those obligations are governed by 11 C.F.R. § 104.5(f), which provides in part:

"If any contribution of \$1,000 or more is received by any authorized committee or any candidate after the 20th day, but more than 48 hours, before 12:01 a.m. of the day of the election, the principal campaign committee of that candidate shall notify the Commission, . . . [and] the Secretary of the Senate . . . within 48 hours of receipt of the contribution."

"Contribution" is defined to include "loans." 11 C.F.R. § 100.7(a)(1).

Upon receiving the Commission's RAD letter, the Committee reviewed its reports to determine whether it had fully complied with its 48 hour reporting obligations. This review confirmed that the Committee made a concerted and conscientious effort to file 48 hour reports. In total, the Committee filed seven separate 48 hour reports disclosing 46 different contributions. (These reports are attached at Tab D.)

The Committee has identified only two "contributions" that should have been, but were not, disclosed through 48 hour

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reports.^{4/} Both of these were loans from the Candidate's personal funds to the Committee: one on March 8, 1996, in the amount of \$183,737.00, and the other on March 15, 1996, in the amount of \$55,960. All but \$5,960.00 of these loans financed expenditures made directly by the Candidate. Since the funds were not expended by the Committee, these loans were inadvertently not shown on the Committee's books until the Committee prepared its April Quarterly Report, at which point they were fully reported. (Excerpts from the April Quarterly Report disclosing these loans are attached at Tab E.)

Although it is perfectly proper for a candidate to spend his personal funds in support of his campaign for the Senate, reporting of such amounts is made difficult if the funds do not first go through the candidate's authorized committee. The Committee's failure to include these in its 48 hour reports was the direct, but inadvertent, result of the Candidate's decision to spend the money directly. Although the Candidate has no present intention of making further loans to the Committee, the Candidate and the Committee have been informed that, if any such loans are made, the funds must be processed through the

^{4/} The Committee also has identified an additional four contributions of \$1,000 or more that were received between the closing date of the Pre-Primary Report and the date of the primary. These contributions, however, were received the day before and the day of the primary. Thus, they were received less than 48 hours before "12:01 a.m. of the day of the election" and were not subject to the 48 hour reporting obligation.

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Committee so they can be recorded immediately on the Committee's books. Further, the Candidate and the Committee have been informed that all future, non-incidental expenditures should be made through the Committee. Any such future loans and expenditures will be reported to the Commission pursuant to the pertinent regulations.

Given the unintentional nature of the failure to submit 48 hour reports for two loans by the Candidate and the remedial measures voluntarily undertaken by the Committee to prevent such failures from recurring, we do not believe any further action with respect to this issue is warranted.

2. Itemization of Contributions

The RAD letter also called to the Committee's attention the fact that "2 U.S.C. § 434(b)(3) requires itemization of contributions from individuals and persons other than political committees, where the aggregate total from the contributor exceeds \$200 in a calendar year." RAD letter (Tab A) at 2 (emphasis in original). Under Commission regulations, if a committee elects to itemize contributions for additional contributors, it must separate those contributors for whom itemization is required from those for whom itemization is not required, but nevertheless elected.

The Committee has reviewed its accounting systems and discovered that the computer accounting software used to identify

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contributors whose contributions are required to be itemized selected not only contributors whose contributions exceeded \$200, but also contributors whose contributions equaled \$200. This mistake was a completely unintentional and understandable mistake for a committee grappling with complex federal election laws for the first time and relying on pre-packaged accounting software.

Further, the mistake resulted in an over-disclosure of information. While the Committee was required to itemize only contributors whose aggregate contribution exceeded \$200, the Committee itemized both those contributors plus contributors whose contributions equalled \$200. Thus, more, not less, information was disclosed. In addition, the Committee disclosed the aggregate amount of each contributor's contributions. Thus, it would have been apparent to the Commission at a glance which contributors had contributed only \$200 and which had contributed in excess of \$200.

Nevertheless, the Committee has corrected its accounting software so that future reports will select only contributors whose contributions exceed \$200, even though the effect will be somewhat reduced disclosure. The Committee respectfully suggests that no further action with respect to this issue is required.

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3. Source of Loans

The RAD letter also stated that "[w]hen a committee reports receiving a loan from the candidate, it is necessary to clarify whether or not the candidate used personal funds or borrowed the money from a lending institution or some other source." RAD letter (Tab A) at 1. With one exception, all of the loans reported on the Candidate's April Quarterly reports came from the Candidate's personal funds. The sole exception is the \$175,000 loan of August 11, 1995. As the April Quarterly Report already discloses, the ultimate source of this loan was ComericaBank. The Committee already has submitted an FEC Form C-1 for this loan. (Attached at Tab F.) Accordingly, there is no need for the Committee to execute any additional FEC FORM C-1s.

Further, there is no doubt that the source of the loans identified in the April Quarterly Report, other than the loan from ComericaBank, meets the regulatory definition of "personal funds." Mr. Salvi is an immensely successful attorney. The source of the loans was attorneys fees earned by Mr. Salvi as a result of his successful representation of a plaintiff in a wrongful-death case. Mr. Salvi litigated this case to an extremely favorable settlement on January 26, 1996. That settlement -- one of the largest in Lake County history -- produced substantial attorneys fees for the Candidate. Mr. Salvi, as his client's attorney, put a substantial amount of

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time and effort into the case. Further, the fees were distributable to Mr. Salvi pursuant to his client's written authorization, and no one else at his law firm had any claim to them. In short, the attorneys fees are "earned income from bona fide employment" under 11 C.F.R. § 110.11 and meet the Commission's definition of "personal funds."

In sum, the sources of the loans disclosed in the April Quarterly are accurately disclosed. Further, because this response clarifies that the source of all but one of these loans was the Candidate's personal funds and because this response is on the public record, the public record is complete and no amendment is necessary.

III. CONCLUSION

The Candidate and the Committee recognize that the Committee failed to include two loans by the Candidate in the Committee's 48 hour reports and that the Committee made a one cent mistake that resulted in over-disclosure of itemized contributions. These mistakes were unintentional. Further, the loans at issue were disclosed shortly after the primary in the Committee's April Quarterly Report and the itemization mistake resulted in over-, not under-, disclosure. Finally, the Committee has made remedial efforts to prevent the mistakes from

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Page 10

recurring. In light of these circumstances, the Candidate and the Committee respectfully submit that no further action of any sort is warranted.

If you have further questions regarding the Committee's reporting, please do not hesitate to contact me.

Sincerely,


Bobby R. Burchfield

28043854394

STATE OF ILLINOIS)
)
COUNTY OF LAKE)

FILED

IN THE CIRCUIT COURT OF THE NINETEENTH
JUDICIAL CIRCUIT, LAKE COUNTY, ILLINOIS

FEB 1 1995

DEBORAH L. CHRISTIANSEN, Independant)
Executrix of the Estate of BRIAN)
C. CHRISTIANSEN, deceased, and)
DEBORAH L. CHRISTIANSEN, Individually,)
)
Plaintiffs,)

Shelly D. Coffett
CIRCUIT CLERK

v.)

Gen. No.: 93 L 1144

ABEL ALFARO and ILT COMPANY INC.,)
an Illinois Corporation,)
)
Defendants.)

AMENDED ORDER AUTHORIZING SETTLEMENT
OF ACTION FOR WRONGFUL DEATH

This cause coming to be heard on behalf of DEBORAH CHRISTIANSEN, the duly qualified and now acting personal representative of the Estate of BRIAN CHRISTIANSEN, deceased; and

It appearing to the court that the petitioner has made a claim for damages for the wrongful death of the decedent arising out of an occurrence which took place as described in the complaint at law resulting in the wrongful death of the decedent.

It further appearing to the Court that heirship has been proven in this Court showing that the decedent left surviving as heirs and next of kin the following:

Wife, DEBORAH CHRISTIANSEN

Daughter, KYLIE CHRISTIANSEN

Son, BRETT CHRISTIANSEN

28943854395

EXHIBIT
11

It further appearing to the Court an offer of settlement of the claim for damages for wrongful death has been made in the amount of \$3,250,000 in exchange for a properly executed settlement release and that the petitioner has recommended that the offer be accepted.

It further appearing to the Court are no other charges now outstanding against the estate of the decedent and that the net distribution is agreed upon by all of the next of kin.

IT IS THEREFORE ORDERED that the Petitioner is authorized to accept the offer of \$3,250,000 in full and final settlement of the claim for damages for wrongful death of BRIAN CHRISTIANSEN, deceased, and that the petitioner execute a settlement release.

IT IS FURTHER ORDERED that the proceeds of the settlement received by the petitioner less the hereinafter-mentioned attorney's fees and costs be distributed to the next of kin as follows:

Wife, DEBORAH CHRISTIANSEN, \$726,211.72 in cash plus an annuity with a present cash value of \$526,000.00

Daughter, KYLIE CHRISTIANSEN, \$100,000.00 in cash plus an annuity with a present cash value of \$237,000.00

Son, BRETT CHRISTIANSEN, \$100,000.00 in cash plus an annuity with a present cash value of \$237,000.00

IT IS FURTHER ORDERED that the Petitioner pay to ALBERT J. SALVI & ASSOCIATES the sum of \$1,083,333.33 as and for attorney's fees, and the sum of \$14,647.38 to reimburse him for costs advanced for investigation and payment of outstanding medical liens.

The settlement order of January 18, 1996 is vacated and replaced by this order, Nunc pro tunc.

28043854396

The decedent widow and children have agreed to the distribution of the settlement as set forth herein.

The guardian ad litem Mr. Jim Hermann, Jr., appointed on behalf of the minor Kylie Christiansen, approves the above settlement.

The Court approves the settlement as to the minor, Kylie Christiansen.

The proceeds for the minor are to be deposited into the NBD Bank of Lake Zurich, ^{to not be released without leave of Court -} and a certificate of deposit is to be filed with the Probate Court. ^{or as otherwise ordered of the Probate Court.}

DATED this 1st day of February, 1996.

ENTER: 
JUDGE

28043854397

David H. Harris, Jr.,
ALBERT J. SALVI & ASSOCIATES
Attorneys at Law
111 North County Street
Waukegan, Illinois 60085
847-662-3303

①
wlf
754324

3408284

AFTER RECORDING MAIL TO:
COMERICA MORTGAGE CORPORATION
P.O. BOX 64005
DETROIT, MI 48264-4005

RECORDER
LAKE COUNTY, ILLINOIS
93 OCT -1 PM 3:53
Sweeney

LOAN NO. 3457942

[Space Above This Line For Recording Data]

MORTGAGE

THIS MORTGAGE ("Security Instrument") is given on September 30, 1993. The mortgagor is Comerica Bank-Illinois, successor to Manufacturers Affiliated Trust Co., as trustee U/T/A dated 10-1-92 and known as trust #11740.

203 N. LaSalle Chicago, IL 60601 whose address is _____ ("Borrower").
This Security Instrument is given to COMERICA MORTGAGE CORPORATION

which is organized and existing under the laws of Michigan, and whose address is 8700 N. Waukegan Road, Morton Grove, IL 60053 ("Lender").
Borrower owes Lender the principal sum of Two Hundred Three Thousand Dollars and no/100

— Dollars (U.S. \$ 203,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on November 1, 2008. This Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower does hereby mortgage, grant and convey to Lender the following described property located in Lake County, Illinois:

LOT 12 IN LAKE FAIRFIELD ESTATES, UNIT 2, BEING A SUBDIVISION OF PART OF THE EAST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 18, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 26, 1969 AS DOCUMENT 142714, IN BOOK 47 OF PLATS, PAGE 71, IN LAKE COUNTY, ILLINOIS.

PIN #: 10-18-303-012

Linko *LD*

which has the address of 24558 West Fairfield Lane _____
[Street] [City]
Illinois 60060 ("Property Address") [Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to mortgage, grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

EXHIBIT
12

23243854318

RECORDING
FEE-RECD

After Recording Mail To:
COMERICA MORTGAGE CORPORATION
MC-7110
PO BOX 659
DETROIT, MI 48231-7110

3791867

Drafted By:
AMY SCHORKAK
COMERICA MORTGAGE CORPORATION
MC-7110
PO BOX 659
DETROIT, MI 48231-7110

Filed for Record in:
LAKE COUNTY, IL
FRANK J. MUSTRA-RECORDER
On Mar 01 1996
At 3:18pm
Receipt #: 12066
Doc/Type: REL
Deputy - Cashier #4

3457942
ALBERT J SALVI JR
01/31/96

RELEASE OF MORTGAGE

THIS CERTIFIES that a certain mortgage executed by COMERICA BANK-ILLINOIS, SUCCESSOR TO
MANUFACTURERS AFFILIATED TRUST CO.

to COMERICA MORTGAGE CORPORATION and thereafter assigned to
COMERICA MORTGAGE CORPORATION dated 09/30/93, calling
for the original principal sum of TWO HUNDRED THREE THOUSAND DOLLARS AND 00/100
dollars (\$ 203,000.00), and recorded in Mortgage Record page
and or Instrument # 3408284 of the records in the office of the Recorder of LAKE
County, ILLINOIS, more particularly described as follows, to wit:

TAX PARCEL ID: 10-18-303-012

LOT 12 IN LAKE FAIRFIELD ESTATES, UNIT 2, BEING A SUBDIVISION OF PART OF
THE EAST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 18, TOWNSHIP 44 NORTH, RANGE
10, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF
RECORDED JUNE 26, 1969 AS DOCUMENT 1426666, IN BOOK 47 OF PLATS, PAGE 71,
IN LAKE COUNTY.

Property Address: 2455W LAKE FAIRFIELD
MUNDELEIN, IL 60060

is hereby fully released and satisfied.

IN WITNESS WHEREOF, the undersigned has hereunto set its corporate hand and seal by its proper
officers, they being thereto duly authorized, this 14th day of February, 1996.

COMERICA MORTGAGE CORPORATION



By Elizabeth A. Morton
ELIZABETH A. MORTON
VICE PRESIDENT
By Carolyn J. King
CAROLYN J. KING
VICE PRESIDENT

IL RELS
Page 7 of 2
2

28043854399

3791867

FOR PROTECTION OF OWNER, THIS RELEASE SHALL BE FILED WITH THE RECORDER OR THE REGISTRAR OF TITLES IN WHOSE OFFICE THE MORTGAGE OR DEED OF TRUST WAS FILED.

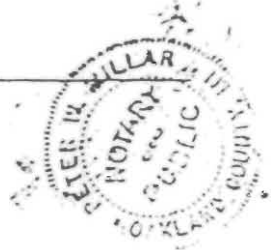
State of MICHIGAN)
County of OAKLAND COUNTY)

Before me, the undersigned, a Notary Public in and for said County and State this 14th day of February 19 96, personally appeared ELIZABETH A. MORTON and CAROLYN J. KING, VICE PRESIDENT and VICE PRESIDENT respectively, of

COMERICA MORTGAGE CORPORATION
who as such officers for and on its behalf acknowledged the execution of the foregoing instrument.

Witness my hand and Notarial Seal
My commission expires: 04/13/00

Peter W. Millar
Notary Public
PETER W. MILLAR
OAKLAND COUNTY



3791867

28043854400

3791867

STATE OF ILLINOIS)
COUNTY OF LAKE) SS

IN THE CIRCUIT COURT OF THE NINETEENTH
JUDICIAL CIRCUIT, LAKE COUNTY, ILLINOIS

ESTATE OF

BRIAN C. CHRISTIANSEN,)
deceased)

vs.)
)
)
)
)
)

FILED

GEN. NO. 94 P 67 FEB 02 1996

[Signature]
CIRCUIT CLERK

ORDER

ON ORAL MOTION OF THE PARTIES TO FILE THE AMENDED ORDER
AUTHORIZING SETTLEMENT OF ACTION FOR WRONGFUL DEATH ENTERED BY
THE COURT IN THE MATTER OF DEBORAH CHRISTIANSEN, INDEPENDENT
EXECUTRIX OF THE ESTATE OF BRIAN C. CHRISTIANSEN, et al. vs. ABEL
ALFORO and I.L.T. CORPORATION, NO. 93 L 1144 IN THE PLACE AND
STEAD OF A FIRST AND FINAL ACCOUNT, A COPY OF WHICH IS ATTACHED
HERETO;

IT IS ORDERED THAT THE ORDER ENTERED BY THE COURT IN 93 L
1144 CIRCUIT COURT OF LAKE COUNTY, SHALL BE FILED IN LIEU OF A
FIRST AND FINAL ACCOUNT IN THE SUBJECT ESTATE.

Dated at Waukegan, Illinois this

2nd day of February 1996.

ORDER PREPARED BY: SALVI, SALVI & WIFLER, P.C.
(Please Print Name and Address)
P O Box 399
Lake Zurich IL 60047

ENTER:

[Signature]
Judge



28043854401

STATE OF ILLINOIS)
)
COUNTY OF LAKE)

IN THE CIRCUIT COURT OF THE NINETEENTH
JUDICIAL CIRCUIT, LAKE COUNTY, ILLINOIS

FILED

DEBORAH L. CHRISTIANSEN, Independent
Executrix of the Estate of BRIAN
C. CHRISTIANSEN, deceased, and
DEBORAH L. CHRISTIANSEN, Individually,

FEB 1 1996

Plaintiffs,

Shirley A. Coffelt
CIRCUIT CLERK

v.

Gen. No.: 93 L 1144

ABEL ALFARO and ILT COMPANY INC.,
an Illinois Corporation,

Defendants.

AMENDED ORDER AUTHORIZING SETTLEMENT
OF ACTION FOR WRONGFUL DEATH

This cause coming to be heard on behalf of DEBORAH CHRISTIANSEN, the duly qualified and now acting personal representative of the Estate of BRIAN CHRISTIANSEN, deceased; and

It appearing to the court that the petitioner has made a claim for damages for the wrongful death of the decedent arising out of an occurrence which took place as described in the complaint at law resulting in the wrongful death of the decedent.

It further appearing to the Court that heirship has been proven in this Court showing that the decedent left surviving as heirs and next of kin the following:

- Wife, DEBORAH CHRISTIANSEN
- Daughter, KYLIE CHRISTIANSEN
- Son, BRETT CHRISTIANSEN

28043854402

It further appearing to the Court an offer of settlement of the claim for damages for wrongful death has been made in the amount of \$3,250,000 in exchange for a properly executed settlement release and that the petitioner has recommended that the offer be accepted.

It further appearing to the Court are no other charges now outstanding against the estate of the decedent and that the net distribution is agreed upon by all of the next of kin.

IT IS THEREFORE ORDERED that the Petitioner is authorized to accept the offer of \$3,250,000 in full and final settlement of the claim for damages for wrongful death of BRIAN CHRISTIANSEN, deceased, and that the petitioner execute a settlement release.

IT IS FURTHER ORDERED that the proceeds of the settlement received by the petitioner less the hereinafter-mentioned attorney's fees and costs be distributed to the next of kin as follows:

Wife, DEBORAH CHRISTIANSEN, \$726,211.72 in cash plus an annuity with a present cash value of \$526,000.00

Daughter, KYLIE CHRISTIANSEN, \$100,000.00 in cash plus an annuity with a present cash value of \$237,000.00

Son, BRETT CHRISTIANSEN, \$100,000.00 in cash plus an annuity with a present cash value of \$237,000.00

IT IS FURTHER ORDERED that the Petitioner pay to ALBERT J. SALVI & ASSOCIATES the sum of \$1,083,333.33 as and for attorney's fees, and the sum of \$14,647.38 to reimburse him for costs advanced for investigation and payment of outstanding medical liens.

The settlement order of January 18, 1996 is vacated and replaced by this order, Nunc pro tunc.

28043854403

The decedent widow and children have agreed to the distribution of the settlement as set forth herein.

The guardian ad litem Mr. Jim Hermann, Jr., appointed on behalf of the minor Kylie Christiansen, approves the above settlement.

The Court approves the settlement as to the minor, Kylie Christiansen.

The proceeds for the minor are to be deposited into the NBD Bank of Lake Zurich and a certificate of deposit is to be filed with the Probate Court

*to not be released without leave of court
or as otherwise ordered
by the Probate Court.*

DATED this 1st day of February, 1996.

ENTER:

WILLIAM D. BLOCK

JUDGE

28043854404

David H. Harris, Jr.,
ALBERT J. SALVI & ASSOCIATES
Attorneys at Law
111 North County Street
Waukegan, Illinois 60085
847-662-3303

STATE OF ILLINOIS

IN THE CIRCUIT COURT OF THE Nineteenth JUDICIAL CIRCUIT

Lake COUNTY — IN PROBATE

In the Matter of the Estate of

BRIAN C. CHRISTIANSEN

Deceased

No. 94 P 67

FILED
FEB 02 1996

ORDER OF DISCHARGE

On presentation of the final account of DEBORAH L. CHRISTIANSEN,

Independent Executrix

(Office)

, due notice having been given or waived, and a guardian ad litem

for KYLIE A. CHRISTIANSEN,

minor

(Name)

(Minor) (Disabled Person)

, having been waived, the court finds that;

(appeared) (been waived)

1. All assets have been collected;
2. *All claims have been paid or dismissed;
3. *No claims have been presented; all personal property taxes
(all) (no)
have been provided for _____ ;
(have been paid) (have been provided for) (are due)
4. no Illinois inheritance tax is due _____ ;
(The) (No) (has been paid) (has been provided for) (is due)
5. no Federal estate tax is due _____ ;
(The) (No) (has been paid) (has been provided for) (is due)
6. All court costs have been paid _____ ;
(paid) (released)
7. (Additional findings) distribution has been made pursuant to Order of court entered
in 93 L 1144
8. The remaining estate has been distributed to the person entitled thereto as shown by the final account.

It is ordered that the final account is approved and DEBORAH L. CHRISTIANSEN,

Independent Executrix

(Name)

(Office)

, is discharged and his bond canceled, and the estate is closed.

*Strike if inapplicable.

Dated _____, 19____

ENTER:

John A. Miller

(Judge)

28043854405

UNITED STATES OF AMERICA

STATE OF ILLINOIS

COUNTY OF LAKE

IN THE CIRCUIT COURT OF THE NINETEENTH JUDICIAL CIRCUIT

PROBATE DIVISION

ESTATE OF

No. 94 P 67

BRIAN C. CHRISTIANSEN

Deceased

FILED
FEB 02 1996
Sally D. Coffelt
CIRCUIT CLERK
FILE STAMP HERE

FINAL REPORT
OF INDEPENDENT REPRESENTATIVE

DEBORAH L. CHRISTIANSEN

independent representative of this estate, on oath states that the administration of the estate has been completed and in accordance with Sec. 28-11 of the Probate Act of 1975 (Ill. Rev. State., Ch. 110-1/2, Section 28-11) further states as follows:

1. Notice of probate has been given in compliance with Section 6-10 or Subsection 28-2 (c) of the Probate Act.
2. The notice to creditors required by Section 18-3 has been published, and the first publication occurred more than 6 months before the date of this report.
3. Each claim filed has been allowed, disallowed, compromised, dismissed or is barred.
4. All estate and inheritance taxes have been determined and paid.
- *5. (a) All claims allowed have been paid in full.
(b) The estate was not sufficient to pay all of the claims in full, and all claims allowed have been paid according to their respective priorities.
6. All administration expenses and other liabilities of the estate have been paid, the remaining assets of the estate have been distributed to the persons entitled thereto, copies of the inventory and final account have been mailed to all interested persons and their receipts therefor have been obtained and are attached, and the independent representative has fully accounted to all interested persons for all acts of administration and distribution.
7. The fees paid or payable to the independent representative and his attorney have been approved by all interested persons. (have been) (have not been)
8. Approvals of this report, or receipts, have been obtained from all interested persons and are filed with this report except for the following.

Name

Post Office Address

Name SALVI, SALVI & WIFLER, P.C.

Attorney for representative

Address 335 Chancery Lane

City Lake Zurich IL 60047

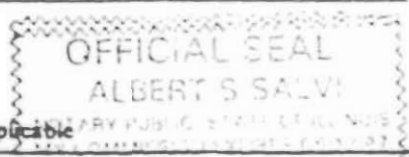
Telephone (847) 438-6153

Deborah L. Christiansen
Independent Representative
DEBORAH L. CHRISTIANSEN

Signed and sworn to before me

February 1, 1996

Sally D. Coffelt
Notary Public—Circuit Court Clerk



*Strike (a) or (b) if not applicable

SALLY D. COFFELT, Clerk of the Nineteenth Judicial Circuit
LAKE COUNTY, ILLINOIS



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 26, 1996

Gary J. LaPaille
489 Merchandise Mart
Chicago, IL 60654

RE: MUR 4474

Dear Mr. LaPaille:

This letter acknowledges receipt on September 20, 1996, 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 4474. 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,

Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosure
Procedures

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

28043854407



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 26, 1996

Dana M. Grigoroff, Treasurer
Al Salvi for Senate Committee
800 E. Northwest Highway, Suite 220
Palatine, IL 60067

RE: MUR 4474

Dear Mr. Grigoroff:

The Federal Election Commission received a complaint which indicates that Al Salvi for Senate ("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 4474. 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.

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

9804384408

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,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

2 3 0 4 3 8 5 4 4 0 9



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 26, 1996

Al Salvi
24558 West Lake Fairfield Lane
Mundelein, IL 60084

RE: MUR 4474

Dear Mr. Salvi:

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 4474. Please refer to this number in all future correspondence.

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

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

98043854410

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

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,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

2 3 0 4 3 8 5 4 4 1 1

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL

OCT 15 4 48 PM '96

COVINGTON & BURLING

1201 PENNSYLVANIA AVENUE, N. W.
P.O. BOX 7366
WASHINGTON, D.C. 20044-7366
(202) 662-6000

TELEFAX: (202) 662-6291
TELEX: 69-993 COVLRG WASH
CABLE: COVLING

MICHAEL A. DAWSON
DIRECT DIAL NUMBER
(202) 662-3400

LLECOMFIELD HOUSE
CURTON STREET
LONDON W1T 8AS
ENGLAND
TELEPHONE: 44 (0) 499-8600
TELEFAX: 44 (0) 499-300
BRUSSELS CORRESPONDENT OFFICE
44 AVENUE DES ARTS
BRUSSELS 1040 BELGIUM
TELEPHONE: 32-2-848 0989
TELEFAX: 32-2-808 9889

October 15, 1996

BY FACSIMILE

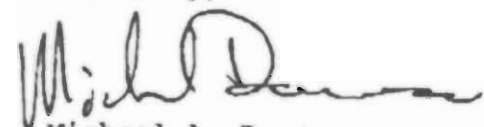
Ms. Alva Smith
Central Enforcement Docket
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Dear Ms. Smith:

Per your request, please find attached statements of designation of counsel for the Al Salvi for Senate Committee and the Committee's Treasurer.

Thank you very much for your help.

Sincerely,


Michael A. Dawson

Attachments

2 8 0 4 3 8 5 4 4 1 2

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

STATEMENT OF DESIGNATION OF COUNSEL 15 4 48 PM '96

MUR _____

NAME OF COUNSEL: Bobby R. Burchfield, Esq.

FIRM: Covington & Burling

ADDRESS: 1201 Pennsylvania Avenue, N.W.
Washington, DC 20004

TELEPHONE: (202) 662-5350 (direct dial)

FAX: (202) 778-5350

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.

10-14-96
Date

Dana Grigoroff
Signature

RESPONDENT'S NAME: MS. DANA GRIGOROFF
Treasurer, Al Salvi for Senate Committee

ADDRESS: Al Salvi for Senate Committee
800 E. Northwest Highway, Suite 220
Palatine, IL 60067

HEADQUARTERS:
201 N. WELLS ST.
CHICAGO, IL 2002
60606

TELEPHONE: HOME: _____

BUSINESS: (647) 202-9296 312-645-1296

28043854413



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 17, 1996

Michael A. Dawson, Esq.
Bobby R. Burchfield, Esq.
COVINGTON & BURLING
1201 Pennsylvania Avenue
Washington, D.C. 20004

MURs: 4474 and 4475
Al Salvi
Al Salvi for Senate Committee
Dana M. Grigoroff, as treasurer

Dear Messrs. Dawson and Burchfield:

This is in response to your letters dated October 11 and October 15, 1996, 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 November 14, 1996.

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

Sincerely,

Alva E. Smith, Paralegal
Central Enforcement Docket

2 8 0 4 3 8 5 4 4 1 4

COVINGTON & BURLIN

1201 PENNSYLVANIA AVENUE, N. W.

P. O. BOX 7566

WASHINGTON, D.C. 20044-7566

(202) 662-6000

TELEFAX: (202) 662-6291

TELEX: 89-593 COVLI WSH

CABLE: COVLI WSH

LECONFIELD HOUSE
CURZON STREET
LONDON W1J 8AS
ENGLAND

TELEPHONE: 44 (0) 495 5655

TELEFAX: 44 (0) 495 3101

BRUSSELS CORRESPONDENT OFFICE

44 AVENUE DES ARTS

BRUSSELS 1040 BELGIUM

TELEPHONE: 32 2 512 9890

TELEFAX: 32 2 502 1598

BOBBY R. BURCHFIELD

DIRECT DIAL NUMBER

(202) 662-5350

November 14, 1996

BY HAND

Colleen T. Sealander, Esq.
Central Enforcement Docket
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

NOV 14 4 42 PM '96
FEDERAL ELECTION
COMMISSION
OFFICE OF THE
SECRETARY

Re: MUR 4474

Dear Ms. Sealander:

This firm has been retained on behalf of the Al Salvi for Senate Committee and the Treasurer of the Al Salvi for Senate Committee (together, "the respondents") to respond to your letter of September 26, 1996, in which you notified the respondents of MUR 4474 and of the respondents' opportunity to submit a response. By letter dated October 17, 1996, the Federal Election Commission ("the Commission") granted the respondents until November 14, 1996, to submit a response. This letter constitutes that response.

MUR 4474 is occasioned by a complaint received by the Commission from one Gary J. LaPaille, the Chairman of the Illinois Democratic Party.^{4'} The complaint directly raises the following issues:

1. Whether Al Salvi "tried to hide" the fact that he financed a significant portion of his primary

^{4'} Mr. LaPaille has made copies of his complaint available to the press and is identified in press articles describing the complaint as the State Democratic Chairman. See Articles attached at Tab A. Another complaint against the Committee, designated MUR 4519, indicates that Mr. LaPaille is in fact Chairman of the Democratic Party of Illinois

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Colleen T. Sealander, Esq.
November 14, 1996
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campaign through loans from his personal funds,
Complaint at 1

2. Whether Al Salvi and the Al Salvi for Senate Committee failed "to timely disclose \$607,234 in loans by the candidate to the committee," id.; and
3. Whether Al Salvi and the Al Salvi for Senate Committee has failed "to disclose the source of funds," id.

As we will show, these allegations are based on unsupported conjecture and sheer speculation which is demonstrably untrue. Upon consideration of the facts, the Commission should, we respectfully submit, take no further action on this matter.

First, Al Salvi has never "tried to hide" the fact that he financed a significant portion of his primary campaign through the use of personal funds. To the contrary, Al Salvi repeatedly and publicly stated that he intended to finance his primary campaign largely through his personal funds. See News article attached at Tab B. Not only is there no basis for Mr. LaPaille's allegation, it flies in the face of Mr. Salvi's public statements -- statements that were widely reported in the Chicago press.

Second, the complaint alleges that the Committee failed to disclose \$607,234 in loans.

This failure was explained to the Commission in the Committee's response to a letter from the Reports Analysis Division dated July 10, 1996. Further, the failure promptly was corrected by the Candidate and the Committee through amended reports. As explained in the Committee's response to the RAD letter, the failure timely to disclose these loans was due to the Candidate's and Committee's relative inexperience in federal election law and to the fact that the loans were made directly by the Candidate, who -- quite legally -- used them to finance expenditures directly rather than through the Committee. Neither the Candidate nor the Committee intentionally failed to disclose the loans

Third, the complaint alleges that the source of the funds loaned to the Committee were not from the Candidate's personal funds. This allegation is based on several erroneous assumptions

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Page 3

(1) The complainant assumes, incorrectly, that the Candidate had no other sources of personal income in the First Quarter of 1996. This assumption purports to be based on the Committee's representation that the Candidate financed the bulk of his loans to the Committee through the settlement of a single case. That representation, however, in no way could be understood to mean that the single case was the sole source of the Candidate's income throughout the first quarter of 1996. In fact, the Candidate had other sources of personal income during the first quarter of 1996 which, together with his assets, was sufficient to cover his non-campaign-related obligations. See Declaration of Albert J. Salvi, dated November 13, 1996, ("Salvi Dec.") ¶ 4 (attached at Tab C).

(2) The complainant assumes, incorrectly, that the repayment of a loan from Comerica Bank to the Committee and secured by the Candidate's home was made by the Candidate. In fact, as has been previously disclosed in reports to the Commission, the loan was assigned to and repaid by the Committee. See Amended Pre-Primary Report, line 19 (excerpts attached at Tab D). The Committee made this payment with the proceeds of a loan by the Candidate to the Committee

Through this transaction, the Committee replaced an obligation to Comerica with an obligation to the Candidate. The failure of the complainant to understand this perfectly proper transaction -- the details of which can readily be discerned by consulting the Committee's publicly filed reports -- led the complainant to overestimate the Candidate's personal expenditures by \$177,000.

3) The complainant assumes, incorrectly, that the Candidate was required to make a Quarterly Estimated Tax Payment of \$429,000. This figure is based on 39.6% of \$1,083,333.33 in legal fees that the Candidate received in the first quarter of 1996. Estimated tax payments, however, are calculated by (a) computing an individual's expected taxable adjusted income for the entire year; (b) determining the estimated tax liability for the entire year; (c) computing a required annual payment of 90% of the total estimated tax

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liability; and (d) making quarterly payments in amounts equal to one-fourth of 90% of the estimated tax liability. See IRS Publication No. 17 "Tax Guide 1995 For Individuals," pp. 47-51 (attached at Tab E). The complainant, therefore, has made several mistakes in computing the Candidate's required first quarter estimated tax payment. First, the complaint assumes that Mr. Salvi's income for the year would be four times his first quarter income, rather than a lower amount. The estimated tax liability actually was based on the Candidate's expected income for the entire year.

The Candidate could not -- and did not -- expect to replicate that success every quarter, especially since he expected to be campaigning full time for the Senate. Second, the complainant failed to compute the Candidate's tax liability based on expected adjusted gross income; Mr. Salvi is assumed to have no deductions. Third, the complainant computed the Candidate's required annual payment based on 100%, instead of 90%, of the Candidate's income. Thus, while knowing absolutely nothing about Mr. Salvi's actual tax situation, the State Democratic Chairman has (a) made unsupported and erroneous factual assumptions, and (b) completely misconstrued the pertinent IRS requirements. Suffice to say, although it is beyond the authority of the Commission to police compliance with the tax laws Mr. Salvi made an appropriate and timely first quarter estimated tax payment. (Salvi Dec., ¶ 4.

The Democratic Party Chairman's erroneous assumptions about the Candidate's income and tax obligations should not form the basis for any further action by the Committee.

In addition to his direct allegations, the complainant indirectly suggests that the funds received by the Candidate from the Christiansen settlement were not the Candidate's "personal funds." First, the complaint suggests that the Candidate's wife is a partner in the Candidate's law firm and, it asserts, the Candidate did not have full legal claim to all of the income received by his law firm. There is no merit to this suggestion. As previously disclosed to the Commission, the Candidate's law firm, Albert J. Salvi & Associates, is a sole proprietorship.

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Page 5

The Candidate is the only equity partner in his law firm; no one else at Mr. Salvi's law firm -- including his wife, a non-equity (salaried) partner -- had any claim to the firm's income. Salvi Dec., ¶ 5.

Second, the complaint suggests that the Candidate had no claim to the funds prior to the approval of the settlement by the probate court. This too is simply incorrect. For one thing, the order cited by the complainant is an amended order. It expressly indicates that it replaced an earlier settlement order dated January 18, 1996 -- prior to Mr. Salvi's receipt of any funds from the Christiansen settlement. For another, the Candidate's client in the case signed a settlement distribution document on January 26, 1996. Salvi Dec., ¶ 6. The settlement distribution agreement authorized the payment to the Candidate of \$1,083,333.33 on that date. Id. Accordingly, the Candidate's legal fees from this settlement were his own personal funds.

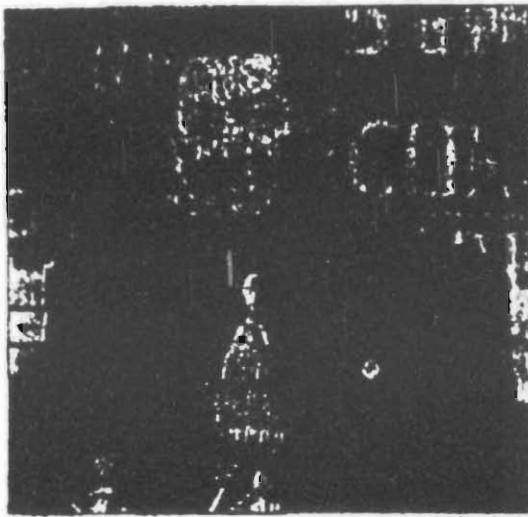
As set forth in the attached declaration, the Candidate totally and unequivocally denies that the loans he made to his Committee were financed by anyone other than himself. Salvi Dec., ¶ 3. The Illinois Democratic Party Chairman's politically motivated and erroneous speculations about the amount of the Candidate's personal income should not form the basis of further action by the Commission. The Committee and Treasurer respectfully submit that no further action with respect to this complaint is necessary.

If you have any further questions about the Committee's reporting, please do not hesitate to contact me.

Sincerely,

Bobby R. Burchfield
Bobby R. Burchfield

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JOHN H. WONG/SUN-TIMES

State Democratic Chairman Gary J. LaPaille discusses the Democrats' complaint against Republican Senate nominee Al Salvi. LaPaille accused Salvi of providing conflicting stories about loans worth \$1.2 million Salvi made to his own primary campaign.

Dems hit Salvi over loans to campaign

BY SCOTT FORNER
POLITICAL REPORTER

Democrats launched another assault on Republican Senate nominee Al Salvi on Thursday, filing a federal complaint that accuses him of failing to explain how he was able to lend his campaign \$1.2 million during the primary.

The complaint, filed by the state Democratic Party with the Federal Election Commission, alleges that Salvi's campaign reports show he did not have that kind of money—possibly falling short by as much as \$544,051.

"Since last March, Al Salvi has ducked and weaved and told conflicting stories," said state Democratic Chairman Gary J. LaPaille. "It is time for him to finally come clean with the people of Illinois."

Campaign finances have been a headache for Salvi ever since he won an upset victory in the GOP primary in March. Salvi, a state representative and lawyer, has had to file amended reports to more fully document his loans to his campaign.

The Salvi camp dismissed the Democrats' action as "diversionary."

The complaint was filed in cooperation with the campaign of Democratic Senate nominee Richard J. Durbin. It came the day after Durbin unveiled a television commercial depicting the conservative

Salvi as "too extreme for Illinois." LaPaille said the timing was coincidental: "I had a free day."

The complaint details the eight separate loans Salvi made to his campaign between Aug. 1, 1998, and March 15, 1999. Salvi has said much of the money came from legal fees resulting from a large court settlement he won.

But the Democrats claim that still doesn't explain the loan. Salvi's amended reports estimate that the assets he could legally liquidate for campaign loans were worth between \$208,002 and \$485,000.

If Salvi took the entire \$1.08 million legal fee for himself, the complaint alleges, his net worth would have fallen short of covering the loans by between \$287,053 and \$544,051 after mortgage and tax payments.

Salvi will get a chance to respond to the complaint before the election commission takes any further action.

"It is all just diversionary because Durbin does not want to talk about the real issues," said Salvi spokesman John Torre. "And Gary has a lot of room to talk. It is a joke that this guy is talking about financial disclosure."

LaPaille's organization is fighting the U.S. Postal Service over more than \$335,000 the party allegedly owes for improperly using a nonprofit bulk mail permit.



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Daily Herald 9/20/96

Democrats file complaint on Salvi's primary spending

By DON THOMPSON
Daily Herald State Government Writer

Months after questions first arose, Illinois Democratic Party Chairman Gary LaPaille on Thursday filed a complaint with the Federal Elections Commission over GOP Senate candidate Al Salvi's spending prior to the March primary election.

The late filing virtually guarantees the commission won't consider the complaint until after the election.

Salvi said the long delay, coupled with a new attack ad launched Wednesday by Democratic Senate candidate Richard Durbin, shows Democrats are running scared in the race. But a Durbin spokeswoman said the delay was because it took months to dig through Salvi's public records, a task complicated because he reneged on a promise he made to reporters in mid-April to release his income tax returns.

The most serious allegation — first publicized months ago — was that Salvi didn't reveal more than \$600,000 in personal loans to the campaign until after the primary.

"People in glass houses shouldn't cast stones," Salvi said during an appearance in his home turf of Lake County. The state representa-

tative, who lives in unincorporated Fremont Township near Wauconda, noted Durbin amended his filings 23 times over the last 14 years, compared to his two amendments. He blamed the pre-primary problems on staff members.

Meanwhile Thursday, Durbin introduced federal legislation to allow states to keep a third of the federal portion of any damages collected from lawsuits against tobacco companies. In addition to the entire state portion, his bill would designate one third for the state's Medicaid program, one third to federal research on smoking-related illnesses and the final third to reduce the federal deficit.

The Springfield congressman said the bill would encourage more suits against tobacco companies over the costs of smoking-related illnesses like the one announced this week by Illinois Attorney General Jim Ryan. Durbin, who has a long history of fighting tobacco companies, has made an issue of the tobacco industry's support of Salvi in the race to replace retiring Democratic Sen. Paul Simon.

Daily Herald Staff Writer Robin Muhr contributed to this report.

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LEVEL 1 - 530 OF 903 STORIES

Copyright 1996 Chicago Tribune Company
Chicago Tribune

February 1, 1996 Thursday, NORTH SPORTS FINAL EDITION

SECTION: METRO CHICAGO; Pg. 8; ZONE: N; Election '96.

LENGTH: 590 words

HEADLINE: WELL-KNOWN QUINN NOT SO WELL-FUNDED

BYLINE: By Rick Pearson, Tribune Staff Writer.

DATELINE: SPRINGFIELD

BODY:

Patrick Quinn has amassed plenty of name recognition in a career of campaigns for county and statewide office, making him the early front-runner for the Democratic U.S. Senate nomination.

But when it comes to fundraising, reports filed Wednesday show Quinn significantly trailing his March 19 primary opponents. In fact, he began the 1996 election year with only \$9,201 in the bank and had nearly \$27,000 in debts.

On the Republican side of the Senate primary ballot, Lt. Gov. Bob Kustra raised \$793,764 during the last six months of 1995, while state Rep. Al Salvi of Mundelein lent his campaign \$226,100 to go with \$142,797 in contributions.

Kustra spent \$335,057 and had \$547,234 in cash on hand to formally begin the year. Salvi, a trial lawyer who is counting on conservative grass-roots support, spent \$264,935 and had \$103,961 to launch the campaign year, though he is expected to continue supplementing his campaign with his own money.

Quinn raised only \$55,652 in the last half of 1995, compared with the \$735,904 raised by challenging Democratic U.S. Rep. Richard Durbin of Springfield. Meanwhile, a third Democrat, Wilmette lawyer Clinton Krislov, reported raising \$178,265, more than 70 percent of which came out of his own pocket.

Quinn, a former state treasurer, reported loans totaling \$37,000, including a \$12,000 personal loan to his campaign. He repaid \$11,189 of that loan but had a \$25,000 loan outstanding from a Chicago bank.

Quinn aides said the candidate's name recognition is "money in the bank" and added that January fundraising alone exceeded the \$56,000 raised during all of 1995. Quinn spent \$10,000 this week on radio commercials.

Durbin, meanwhile, reported spending \$367,887 and had \$705,063 in cash on hand as the year began. He has yet to tap the airwaves in Chicago, where he hopes to build name identification.

Krislov reported spending \$175,721 and had only \$2,543 in his campaign bank

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account as of Dec. 31. But aides said Krislov, who spent \$126,200 of his own money in the last half of 1995, will continue providing about 70 percent of his campaign cash.

In the critical campaign for control of the General Assembly, Republican leaders found it much easier to raise money now that their party holds majorities in the House and Senate. They stockpiled war chests exceeding those of the U.S. Senate candidates.

In the House, where Republicans reversed the Democrats' 12-year control in 1994, Speaker Lee Daniels (R-Elmhurst) entered 1996 with \$2.7 million in cash on hand in the two campaign funds he controls.

Senate President James "Pate" Philip (R-Wood Dale) began the campaign year with \$2.1 million in the bank through the two campaign funds he controls.

Philip, who has held the GOP majority in the Senate since 1993, raised a combined \$575,842 for his funds and spent \$254,556 during the reporting period.

Among Democrats, House Minority Leader Michael Madigan of Chicago raised \$1.35 million during the last half of 1995 and had \$2 million in the two political funds he controls. Senate Democratic leader Emil Jones Jr. of Chicago raised \$230,794 during the reporting period and had \$1 million in cash on hand.

In Cook County, neither GOP State's Atty. Jack O'Malley nor Democrat Richard Devine has a primary challenge. But both have generated hefty funds in anticipation of their general election contest in November. O'Malley had \$346,740 on hand after raising more than \$335,000. Devine had \$100,500 on hand after raising \$102,875.

LANGUAGE: ENGLISH

LOAD-DATE: February 1, 1996

2 8 0 4 3 8 5 4 4 2 3



LEVEL 1 - 663 OF 903 STORIES

Copyright 1995 St. Louis Post-Dispatch, Inc.
St. Louis Post-Dispatch

September 28, 1995, Thursday, ILLINOIS FIVE STAR Edition

SECTION: NEWS; Pg. 3B

LENGTH: 506 words

HEADLINE: CONSERVATIVE JOINS U.S. SENATE RACE

BYLINE: Patrick E. Gauen Illinois Political Correspondent

BODY:

Southern Illinois voters don't know Al Salvi, but he plans to change that very soon as a conservative candidate for U.S. Senate in the Republican primary.

Salvi said Wednesday he will formally announce his candidacy on Friday, a move that presents an expensive obstacle to the claim on the GOP nomination laid months ago by Lt. Gov. Robert Kustra.

It is Salvi's appeal to the party's energetic right wing that immediately makes him a viable candidate despite limited name recognition, said Paul Green, a respected political scientist at Governor's State University, near Chicago. "I think he will do fairly well," Green said, adding that Kustra remains the party front-runner.

Before Salvi, Kustra faced only token opposition from Dr. Robert Marshall, 52, a radiologist from Burr Ridge, who won little support in 1990 campaigns for governor and congress.

Salvi, 35, a lawyer and second-term state representative, derives his political power from Lake County, the state's third largest, which occupies the northeastern corner of Illinois.

He got about 80 percent of the vote in 1994 for re-election to the House district he represents from a home in Wauconda. He practices law in Waukegan.

"As I considered running, I was prepared to run into brick walls and difficulties," Salvi said Wednesday in a phone interview. "But that hasn't happened. I know I'm going to win this race."

He favors lowering federal taxes to energize the economy and cutting government spending to reduce the national debt. He would disband AmeriCorps and the Energy and Commerce departments.

Salvi advocates a balanced budget and welfare reform, and is the only major candidate in the Senate primary on either side to oppose abortion rights.

He chose to announce his campaign in Chicago on Friday, to honor the first anniversary of the GOP's Contract with America.

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LEXIS-NEXIS

A member of the West Group



LEXIS-NEXIS

A member of the West Group



LEXIS-NEXIS

A member of the West Group

Salvi predicted that Rep. Dick Durbin, D-Springfield, will be the Democratic nominee for the Senate, and he said Kustra has been too free with tax increases to do an effective job of attacking Durbin's weakness as a "tax and spend Democrat."

Kustra voted for tax increases as a state senator 35 times of a possible 40, Salvi charged.

Chris Allen, spokesman for Kustra, accused Salvi of misrepresenting the facts. Allen said Kustra's votes often were simply to empower local officials to decide tax issues in their own jurisdictions.

"Al Salvi is a rich trial lawyer who has said on many occasions he would be willing to spend \$ 2 million of his own money on the race," Allen said. "But you can't buy an office."

Salvi said he personally kicked in about two-thirds of the \$ 300,000 he has raised so far. He figures he needs \$ 2 million for the primary.

Allen said Kustra has about \$ 400,000, including \$ 250,000 from a recent fund-raiser with former Congressman Jack Kemp. He said Kustra already has lined up support from most of the state's top Republicans.

Salvi said he plans to court support from disaffected voters and Ross Perot's fledgling new party.

LANGUAGE: English

LOAD-DATE: September 28, 1995

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DECLARATION OF ALBERT J. SALVI

Albert J. Salvi, being duly sworn, deposes and says:

1. I have personal knowledge about all matters noted in this declaration. I have reviewed the allegations raised by Mr. Gary J. LaPaille in his letter to the Federal Election Commission dated September 19, 1996.

2. His allegation that I "tried to hide" the fact that I loaned money to my campaign is untrue. I repeatedly and publicly stated that I was making such loans.

3. Mr. LaPaille's allegation that I financed the loans to my campaign committee through "an illegal and undisclosed contribution or contributions" is also untrue. No person, persons, or entity gave me the money I loaned to the Committee. With the exception of an early loan financed by a home equity loan that has been publicly disclosed, I financed the loans to my Committee entirely with my own money.

4. During the first quarter of 1996, I earned income in addition to the legal fees from the Christiansen settlement, and had other personal assets. From these sources and these alone, I was able to cover my other obligations, including any home mortgage and tax obligations that I incurred in the first quarter of 1996.

5. My law firm, Albert J. Salvi & Associates, is a sole proprietorship. There are no equity partners other than myself in this law firm. My wife is a non-equity partner, and has no contractual or legal claim to the profits (or losses of my firm.

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6. My client in the Christiansen case executed a distribution agreement on January 26, 1996. That agreement authorized the distribution of legal fees to my law firm as of that date.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.


Albert J. Salvendy

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REPORT OF RECEIPTS AND DISBURSEMENTS

For An Authorized Committee
(Summary Page)

D (15)
SECRETARY OF THE SENATE
96 APR 19 AM 10:29

USE FEC MAILING LABEL
OR
TYPE OR PRINT

1. NAME OF COMMITTEE (in full)
Al Salvi for Senate Committee

ADDRESS (number and street) Check if different than previously reported
800 E. Northwest Highway, Ste. 220
PO Box 94103

CITY, STATE and ZIP CODE STATE/DISTRICT
Palatine, IL 60067 IL

2. FEC IDENTIFICATION NUMBER
C00304436

3. IS THIS REPORT AN AMENDMENT?
 YES NO

4. TYPE OF REPORT

April 15 Quarterly Report

Twelfth day report preceding Primary (Type of Election)
election on March 19, 1996 State of Illinois

July 15 Quarterly Report

October 15 Quarterly Report

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

January 31 Year End Report

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

Termination Report

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

SUMMARY

	COLUMN A This Period	COLUMN B Calendar Year-to-Date
5. Covering Period <u>1/1/96</u> through <u>2/29/96</u>		
6. Net Contributions (other than loans):		
(a) Total Contributions (other than loans) (from Line 11(e))	88,986.20	88,986.20
(b) Total Contribution Refunds (from Line 20(d))	500.00	500.00
(c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))	88,486.20	88,486.20
7. Net Operating Expenditures:		
(a) Total Operating Expenditures (from Line 17)	747,718.53	747,718.53
(b) Total Offsets to Operating Expenditures (from Line 14)		
(c) Net Operating Expenditures (subtract Line 7(b) from 7(a))	747,718.53	747,718.53
8. Cash on Hand at Close of Reporting Period (from Line 27)	12,986.25	
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)		
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)	796,596.35	

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: Jim Thacker

Signature of Treasurer: [Signature] Date: 4/12/96

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. 6317c.

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SCHEDULE B

ITEMIZED DISBURSEMENTS

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

PAGE 1 OF 1
FOR LINE NUMBER 19

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

NAME OF COMMITTEE (In Full)

Al Salvi for Senate Committee

93020054632

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
CoMerica Bank Midwest, NA 3450 West Central Ave., #230 Toledo, OH 43606	Loan Payment Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	1/26/96	175,000.00
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period

SUBTOTAL of Disbursements This Page (optional)

175,000.00

TOTAL This Period (last page this line number only)

175,000.00



Department
of the
Treasury

Internal
Revenue
Service

Your Federal Income Tax

For Individuals

Publication 17

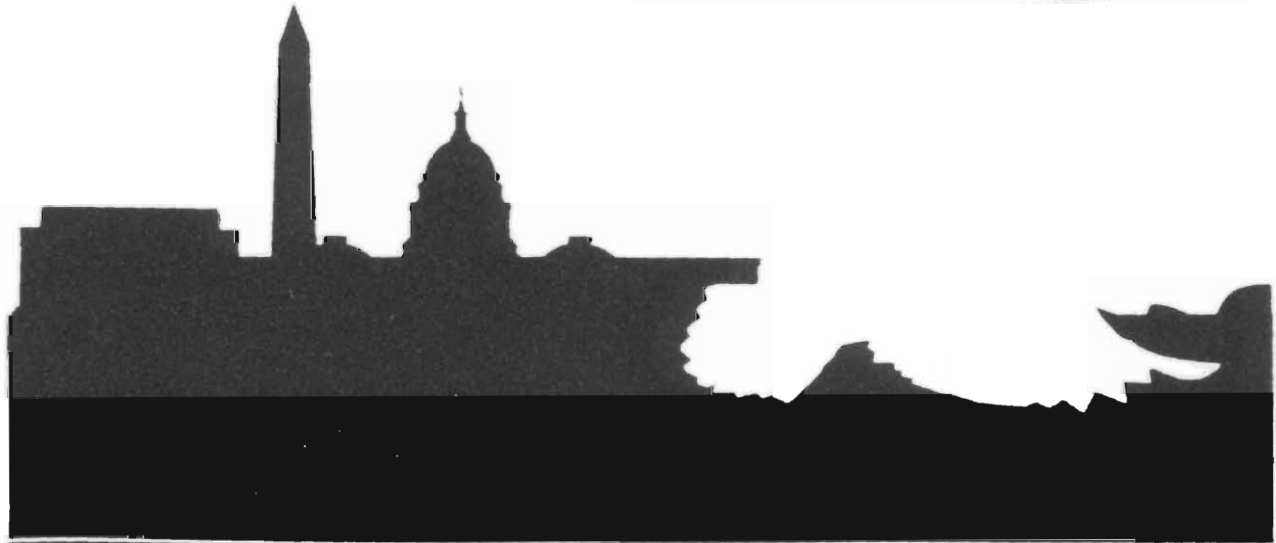
Cat No. 10311G

For use in
preparing

1995
Returns

TAX GUIDE

1995



FOR INDIVIDUALS

2 3 0 4 3 8 5 4 4 4 0

More information. For more information on distributions (including eligible rollover distributions) from and taxation of qualified retirement plans and annuities, see Chapter 11. For information on IRAs, see Chapter 18. For more information on withholding on pensions and annuities, including a discussion of Form W-4P, *Withholding Certificate for Pension or Annuity Payments*, see *Withholding on Pensions and Annuities* in Chapter 1 of Publication 505.

Withholding on Gambling Winnings

Income tax is withheld from certain kinds of gambling winnings. The amount withheld from proceeds (the amount of your winnings minus the amount of your bet) paid is 28%.

Gambling winnings of more than \$5,000 from the following sources are subject to income tax withholding:

- 1) Any sweepstakes, wagering pool, or lottery, and
- 2) Any other wager, if the proceeds are at least 300 times the amount of the bet.

It does not matter whether your winnings are paid in cash, in property, or as an annuity. Winnings not in money are taken into account at their fair market value.

Gambling winnings from bingo, keno, and slot machines are not subject to income tax withholding. If you receive gambling winnings not subject to withholding, you may need to make estimated tax payments. (See *Estimated Tax*, later.)

If you do not pay enough tax through withholding or estimated tax payments, you may be subject to a penalty. (See *Underpayment Penalty*, later.)

Form W-2G. If a payer withholds income tax from your gambling winnings, you should receive a Form W-2G, *Certain Gambling Winnings*, showing the amount you won and the amount withheld. Report your winnings on line 21 of Form 1040 and report the tax withheld on line 55 of Form 1040. Gambling losses are deductible only to the extent that they offset gambling winnings. You must use Schedule A of Form 1040 to deduct your losses and to deduct state tax withholding.

Backup Withholding

Banks and other businesses that pay you certain kinds of income must file an information return (Form 1099) with the IRS. The information return shows how much you were paid during the year. It also includes your name and taxpayer identification number (TIN). Your TIN is either a social security number or an employer identification number.

These payments generally are not subject to withholding. However, "backup" withholding is required in certain situations. And, backup withholding can apply to most

kinds of payments that are reported on Form 1099.

Payments made to you are subject to backup withholding at a flat 31% rate in the following situations.

- 1) You do not give the payer your TIN in the required manner.
- 2) The IRS notifies the payer that the TIN you gave is incorrect.
- 3) You are required, but fail, to certify that you are not subject to backup withholding.
- 4) The IRS notifies the payer to start withholding on interest or dividends because you have underreported interest or dividends on your income tax return. The IRS will do this only after it has mailed you four notices over at least a 120-day period.

See *Backup Withholding* in Chapter 1 of Publication 505 for more information.

Penalties. There are civil and criminal penalties for giving false information to avoid backup withholding. The civil penalty is \$500. The criminal penalty, upon conviction, is a fine of up to \$1,000, or imprisonment of up to one year, or both.

Estimated Tax

Estimated tax is the method used to pay tax on income that is not subject to withholding. This includes income from self-employment, unemployment compensation, interest, dividends, alimony, rent, gains from the sale of assets, prizes, and awards. You also may have to pay estimated tax if the amount of income tax being withheld from your salary, pension, or other income is not enough. To figure and pay estimated tax, use Form 1040-ES, *Estimated Tax for Individuals*.

Estimated tax is used to pay both income tax and self-employment tax, as well as other taxes and amounts reported on Form 1040. If you do not pay enough tax through withholding or by making estimated tax payments, you may be charged a penalty. If you do not pay enough by the due date of each payment period (see *When To Pay Estimated Tax*, later), you may be charged a penalty even if you are due a refund when you file your tax return. For information on when the penalty applies, see *Underpayment Penalty*, later.

Who Must Make Estimated Tax Payments

If you had a tax liability for 1995, you may have to pay estimated tax for 1996.

General rule. You must make estimated tax payments for 1996 if you expect to owe at least \$500 in tax for 1996 after subtracting your withholding and credits, and you expect your withholding and credits to be less than the smaller of:

- 1) 90% of the tax to be shown on your 1996 tax return, or
- 2) 100% of the tax shown on your 1995 tax return. Your 1995 tax return must cover all 12 months.

Note. If all your 1996 income will be subject to income tax withholding, you probably do not need to make estimated tax payments.

Exceptions. There are exceptions to the general rule if you are a farmer or fisherman or your 1995 adjusted gross income was more than \$150,000 (\$75,000 if you were married filing separately). See Figure 5-B and Chapter 2 of Publication 505 for more information.

To whom the rules apply. The estimated tax rules apply to:

- U.S. citizens and residents,
- Residents of Puerto Rico, the Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, and American Samoa, and
- Nonresident aliens (use Form 1040-ES(NR)).

Avoiding estimated tax. If, in addition to income not subject to withholding, you also receive salaries or wages, you can avoid having to make estimated tax payments by asking your employer to take more tax out of your earnings. To do this, file a new Form W-4 with your employer.

No tax liability last year. You do not have to pay estimated tax for 1996 if you meet all three of the following conditions:

- 1) You had no tax liability for your 1995 tax year.
- 2) You were a U.S. citizen or resident for the whole year, and
- 3) Your 1995 tax year covered a 12-month period.

You had no tax liability for 1995 if your total tax (defined later under *Required annual payment*) was zero or you did not have to file an income tax return.

Married taxpayers. To figure whether you must make estimated tax payments for 1996, apply the rules discussed here to your 1996 separate estimated income. If you can make joint estimated tax payments, you can apply these rules on a joint basis.

You and your spouse can make joint payments of estimated tax even if you are not living together.

You and your spouse cannot make joint estimated tax payments if you are separated under a decree of divorce or separate maintenance. Also, you cannot make joint estimated tax payments if either spouse is a nonresident alien or if you have different tax years.

Whether you and your spouse make joint estimated tax payments or separate payments will not affect your choice of filing a joint tax return or separate returns for 1996.

Change from 1995 separate returns to 1996 joint return. If you plan to file a joint return with your spouse for 1996, but you filed separate returns for 1995, your 1995 tax is the total of the tax shown on your separate returns. You filed a separate return for 1995 if you filed as single, head of household, or married filing separately.

Change from 1995 joint return to 1996 separate return. If you plan to file a separate return for 1996, but you filed a joint return with your spouse for 1995, your 1995 tax is your share of the tax on the joint return. You file a separate return for 1996 if you file as single, head of household, or married filing separately. To figure your share, first figure the tax both you and your spouse would have paid had you filed separate returns for 1995 using the same filing status as for 1996. Then multiply your joint tax liability by the following fraction:

$$\frac{\text{Your separate tax liability}}{\text{Both spouses' separate tax liabilities}}$$

Example. Joe and Phyllis filed a joint return for 1995 showing taxable income of \$48,000 and a tax of \$8,377. Of the \$48,000 taxable income, \$40,000 was Joe's and Phyllis was responsible for the rest. For 1996, they plan to file married filing separately. Joe figures his share of the tax on the 1995 joint return as follows:

Tax on \$40,000 based on a separate return	\$ 8,672
Tax on \$8,000 based on a separate return	1,204
Total	\$ 9,876
Joe's portion of total (\$8,672 ÷ \$9,876)	88%
Joe's share of joint return tax (\$8,377 × 88%)	\$ 7,372

Aliens. Resident and nonresident aliens have to make estimated tax payments. Resident aliens should follow the rules in this chapter unless noted otherwise. Nonresident aliens should get Form 1040-ES(NR), *U.S. Estimated Tax for Nonresident Alien Individuals*.

How To Figure Estimated Tax

To figure your estimated tax, you must figure your expected adjusted gross income, taxable income, and taxes and credits for the year.

When figuring your 1996 estimated tax, it may be helpful to use your income, deductions, and credits for 1995 as a starting point. Use your 1995 federal tax return as a guide. You will also need Form 1040-ES to figure and pay your estimated tax. You must be careful to make adjustments both for changes in your own situation and for recent changes in the tax law. For 1996, there are

several important changes in the law. These changes are discussed under *Tax Law Changes* at the beginning of this chapter.

Form 1040-ES includes a worksheet to help you figure your estimated tax. Keep the worksheet for your records.

For complete information and examples on how to figure your estimated tax for 1996, see Chapter 2 of Publication 505.

Expected adjusted gross income. Your expected adjusted gross income for 1996 is your expected total income minus your expected adjustments to income. Include all the income you expect to receive during the year, even income that is subject to withholding. However, do not include income that is tax exempt. Be sure to subtract all the adjustments to income you expect to take on your 1996 tax return. These are the adjustments shown on the 1995 Form 1040, that you included in the total on line 30. On the 1995 Form 1040A, these are the adjustments included in the total on line 15c.

If you expect to receive social security benefits, you can use *Worksheet 2.1* in Chapter 2 of Publication 505 to figure your expected taxable benefits.

If you are self-employed, you can use *Worksheet 2.2* in Chapter 2 of Publication 505 to figure your deduction for one-half your expected self-employment tax.

Expected taxable income. Reduce your expected adjusted gross income by either your expected itemized deductions or your standard deduction and by a \$2,550 deduction for each exemption. For information on the 1996 standard deduction amounts and a possible limit on your itemized deductions, see Publication 505 or the instructions for Form 1040-ES.

Expected taxes and credits. After you have figured your expected taxable income, figure your expected income tax. Use the 1996 Tax Rate Schedules near the end of Publication 505 or in the Form 1040-ES instructions. See Chapter 2 of Publication 505 for the special tax computation to use for a child under age 14 who has more than \$1,300 of investment income.

Add your expected additional taxes from Form 4970, *Tax on Accumulation Distribution of Trusts*, and Form 4972, *Tax on Lump-Sum Distributions*. Subtract your expected credits. These are the credits shown on the 1995 Form 1040 that you included in the total on line 45. On the 1995 Form 1040A, these are the total credits on line 24c. If your credits are more than your taxes, use "-0-" as the result.

Add your expected self-employment tax and other taxes (see Chapter 2 of Publication 505). Other taxes are those shown on lines 48, 49 (other than from Form 8828), and 51 of the 1995 Form 1040, plus advance earned income credit payments on line 52 and any write-in amounts on line 54. Do not include uncollected social security, Medicare, or railroad retirement tax. On the 1995

Form 1040A, include as "other tax" any advance earned income credit payments on line 26.

Finally, subtract your expected earned income credit and fuel tax credit (from Form 4136). The result is your expected total tax for 1996.

Required annual payment. You figure the total amount you must pay for 1996 through withholding and estimated tax payments on lines 14a through 14c of the 1996 Estimated Tax Worksheet. The result is your required annual payment. It is the smaller of:

- 1) 90% of your total expected tax for 1996, or
- 2) 100% of the total tax shown on your 1995 return. (Your 1995 tax return must cover all 12 months.)

Exceptions. If you are a farmer or fisherman, or your 1995 adjusted gross income was more than \$150,000 (\$75,000 if your filing status for 1996 is married filing a separate return), your required annual payment may be different. See *Required Annual Payment* in Chapter 2 of Publication 505.

Total tax for 1995. Your 1995 total tax on Form 1040 is the amount on line 54 reduced by the total of the amounts on lines 50, 53, and 57, any credit from Form 4136 included on line 60, any uncollected social security, Medicare, or railroad retirement tax included on line 54, any tax from Form 5329 (other than the tax on early distributions) included on line 51, and any tax from Form 8828 included on line 49. On Form 1040A, it is line 28 reduced by the total of the amounts on lines 27 and 29c. On Form 1040EZ, it is line 10 reduced by line 8.

Total estimated tax payments. Figure the total amount you must pay for 1996 through estimated tax payments on lines 15 and 16 of the 1996 Estimated Tax Worksheet. Subtract your expected withholding from your required annual payment. You usually must pay this difference in four equal installments. (See *When To Pay Estimated Tax and How To Figure Each Payment*, later.)

If your total expected tax on line 13c, minus your expected withholding on line 15, is less than \$500, you do not need to make estimated tax payments.

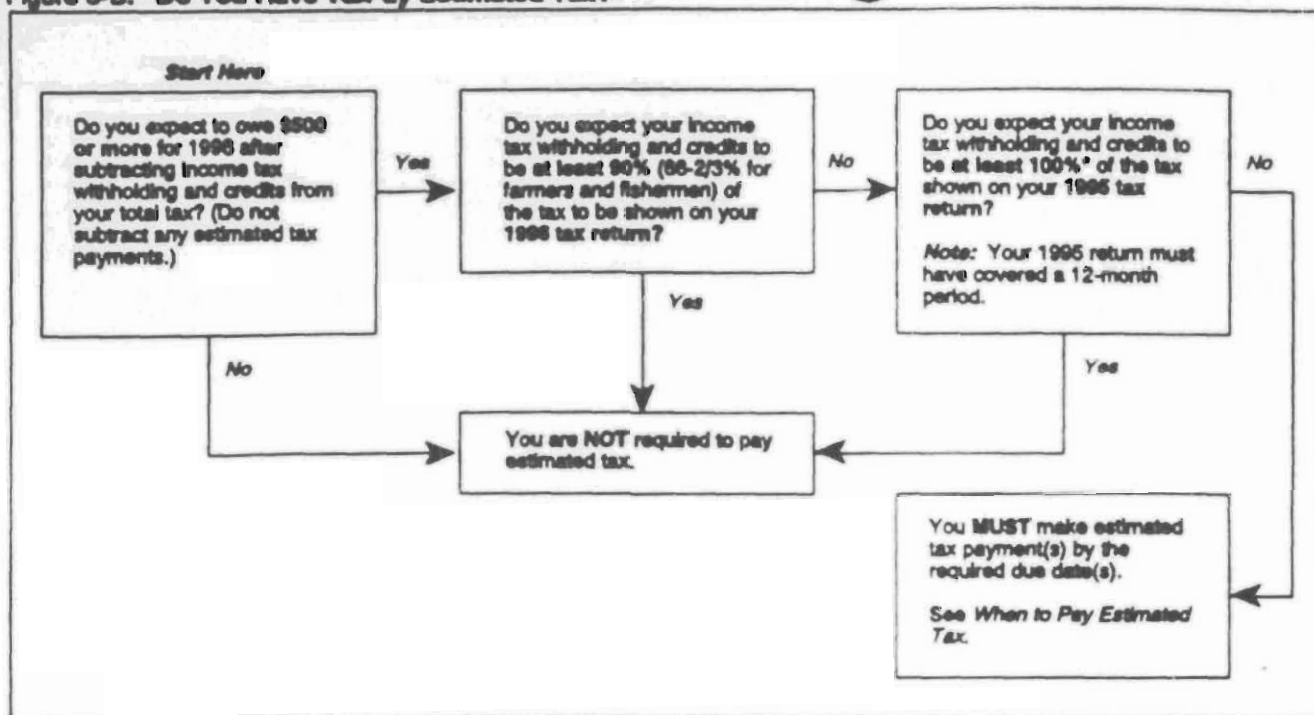
Withholding. Your expected withholding for 1996 includes the income tax you expect to be withheld from all sources (wages, pensions and annuities, etc.). It also includes excess social security and railroad retirement tax you expect to be withheld from your wages.

For information on excess social security or tier 1 railroad retirement tax withholding for 1996, see Publication 505.

When To Pay Estimated Tax

For estimated tax purposes, the year is divided into four payment periods. Each period

Figure 5-B. Do You Have to Pay Estimated Tax?



*110% if less than two-thirds of your gross income for 1995 or 1996 is from farming or fishing and your 1995 adjusted gross income was more than \$150,000 (\$75,000 if your filing status for 1996 is married filing a separate return)

has a specific payment due date. If you do not pay enough tax by the due date of each of the payment periods, you may be charged a penalty even if you are due a refund when you file your income tax return. The following chart gives the payment periods and due dates for estimated tax payments.

For the period:	Due date:
Jan. 1* through Mar. 31	April 15
April 1 through May 31	June 15
June 1 through Aug. 31	September 15
Sept. 1 through Dec. 31	January 15 next year**

*If your tax year does not begin on January 1, see *Fiscal year taxpayers*, later.

**See *January payment*, later.

Saturday, Sunday, holiday rule. If the due date for making an estimated tax payment falls on a Saturday, Sunday, or legal holiday, the payment will be on time if you make it on the next day that is not a Saturday, Sunday, or legal holiday. For example, a payment due Saturday, June 15, 1996, will be on time if you make it by Monday, June 17, 1996.

January payment. If you file your 1996 return by January 31, 1997, and pay the rest of the tax you owe, you do not need to make your estimated tax payment that would be due on January 15, 1997.

Fiscal year taxpayers. If your tax year does not start on January 1, your payment due dates are:

- The 15th day of the 4th month of your fiscal year,
- The 15th day of the 6th month of your fiscal year,
- The 15th day of the 9th month of your fiscal year, and
- The 15th day of the 1st month after the end of your fiscal year.

You do not have to make the last payment listed above if you file your income tax return by the last day of the first month after the end of your fiscal year and pay all the tax you owe with your return.

When To Start

You do not have to make estimated tax payments until you have income on which you will owe the tax. If you have income subject to estimated tax during the first payment period, you must make your first payment by the due date for the first payment period. You can pay all your estimated tax at that time, or you can pay it in four installments. If you choose to pay in installments, make your first payment by the due date for the first payment period. Make your remaining installments by the due dates for the later periods.

If you first have income subject to estimated tax during a later payment period, you must make your first payment by the due date for that period. You can pay your entire

estimated tax by the due date for that period, or you can pay it in installments by the due date for that period and the due dates for the remaining periods. The following chart shows when to make installment payments:

If you first have income on which you must pay estimated tax:	Make a payment by:	Make later installments by:
Before April 1	April 15	June 15 September 15 January 15 next year*
After March 31 and before June 1	June 15	September 15 January 15 next year*
After May 31 and before Sept. 1	September 15	January 15 next year*
After August 31	January 15 next year*	(None)

*See *January payment*, and *Saturday, Sunday, holiday rule* under *When To Pay Estimated Tax*, earlier.

After making your first estimated tax payment, changes in your income, adjustments, deductions, credits, or exemptions may

make it necessary for you to refigure your estimated tax. Pay the unpaid balance of your amended estimated tax by the next payment due date after the change or in installments by that date and the due dates for the remaining payment periods.

To determine how much you should pay by each payment due date, see *How To Figure Each Payment*, next.

How To Figure Each Payment

You should pay enough estimated tax by the due date of each payment period to avoid a penalty for that period. If you do not pay enough each payment period, you may be charged a penalty even if you are due a refund when you file your tax return. See *Underpayment Penalty*, later in this chapter.

Regular Installment Method

If you must pay estimated tax beginning with the payment due April 15, 1996, you can figure your required payment for each period by dividing your total estimated tax payments (line 16 of the 1996 Estimated Tax Worksheet) by 4. Use this method only if your required annual payment stays the same throughout the year. (Under certain circumstances, your required payment may be less. See *Annualized Income Installment Method*, later.)

Amended estimated tax. If you refigure your estimated tax during the year, or if your first payment is due after April 15, 1996, figure your required payment for each remaining payment period using the following worksheet.

1. Amended total estimated tax payments	_____
2. Multiply line 1 by:	
.50 if next payment is due June 17, 1996.	
.75 if next payment is due September 16, 1996.	
1.00 if next payment is due January 15, 1997.	_____
3. Estimated tax payments for all previous periods	_____
4. Next required payment: Subtract line 3 from line 2 and enter the result (but not less than zero) here and on your payment-voucher for your next required payment	_____

If the payment on line 4 is due January 15, 1997, stop here. Otherwise, go on to line 5.

5. Add lines 3 and 4	_____
6. Subtract line 5 from line 1 and enter the result (but not less than zero) ...	_____

7. **Each following required payment:** If the payment on line 4 is due June 17, 1996, enter one-half of the amount on line 6 here and on the payment-vouchers for your payments due September 16, 1996, and January 15, 1997. If the amount on line 4 is due September 16, 1996, enter the full amount on line 6 here and on the payment-voucher for your payment due January 15, 1997

Example. Early in 1996, you figure your estimated tax is \$1,800. You make estimated tax payments on April 15 and June 17 of \$450 each ($\$1,800 \div 4$).

On July 10, you sell investment property at a gain. Your refigured estimated tax is \$3,600. Your required estimated tax payment for the third payment period is \$1,800, figured as follows.

1. Amended total estimated tax payments	\$3,600
2. Multiply line 1 by:	
.50 if next payment is due June 17, 1996.	
.75 if next payment is due September 16, 1996.	
1.00 if next payment is due January 15, 1997.	2,700
3. Estimated tax payments for all previous periods	900
4. Next required payment: Subtract line 3 from line 2 and enter the result (but not less than zero) here and on your payment-voucher for your next required payment	\$1,800

If the payment on line 4 is due January 15, 1997, stop here. Otherwise, go on to line 5.

5. Add lines 3 and 4	2,700
6. Subtract line 5 from line 1 and enter the result (but not less than zero) ...	900
7. Each following required payment: If the payment on line 4 is due June 17, 1996, enter one-half of the amount on line 6 here and on the payment-vouchers for your payments due September 16, 1996, and January 15, 1997. If the amount on line 4 is due September 16, 1996, enter the full amount on line 6 here and on the payment-voucher for your payment due January 15, 1997	\$900

If your estimated tax does not change again, your required estimated tax payment for the fourth payment period will be \$900.

Note. If your estimated tax payment for a previous period is less than one-fourth of your amended estimated tax, you may be charged a penalty for underpayment of estimated tax for that period when you file your tax return. To avoid the penalty, you must show that the total of your withholding and estimated tax payment for the period was at

least as much as your annualized income installment. Complete Form 2210 and Schedule AI — *Annualized Income Installment Method*, and attach the form and Schedule AI to your tax return. See Form 2210, later, under *Underpayment Penalty*, for more information.

Annualized Income Installment Method

If you do not receive your income evenly throughout the year (for example, your income from a repair shop you operate is much larger in the summer than it is during the rest of the year), your required estimated tax payment for one or more periods may be less than the amount figured using the regular installment method.

To see if you can pay less for any period, complete the *1996 Annualized Estimated Tax Worksheet (Worksheet 2.12)* in Chapter 2 of Publication 505.

Note. If you use the annualized income installment method to figure your estimated tax payments, you *must* attach to your tax return a completed Form 2210 and Schedule AI (Form 2210). See Form 2210 under *Underpayment Penalty*, later.

Estimated Tax Payments Not Required

You do not have to make estimated tax payments if your withholding in each payment period is at least one-fourth of your required annual payment or at least your required annualized income installment for that period. You also do not have to make estimated tax payments if you will pay enough through withholding to keep the amount you owe with your 1996 return under \$500.

How To Pay Estimated Tax

There are two ways to make estimated tax payments:

- 1) By crediting an overpayment on your 1995 return to your 1996 estimated tax, and
- 2) By sending in your payment with a payment-voucher from Form 1040-ES.

Crediting an Overpayment

When you file your Form 1040 or Form 1040A for 1995 and you have an overpayment of tax, you can apply part or all of it to your estimated tax for 1996. On line 64 of Form 1040, or line 32 of Form 1040A, write the amount you want credited to your estimated tax rather than refunded. The amount you have credited should be taken into account when figuring your estimated tax payments. You can use all the credited amount toward your first payment, or you can spread it out in any way you choose among any or all of your payments.

If you ask that an overpayment be credited to your estimated tax for the next year, the payment is considered to have

been made on the due date of the estimated tax installment (April 15 for calendar year taxpayers). You cannot have any of that amount refunded to you after that due date. You also cannot use that overpayment in any other way after that date.

Using the Payment-Vouchers

Each payment of estimated tax must be accompanied by a payment-voucher from Form 1040-ES. If you made estimated tax payments last year, you should receive a copy of the 1996 Form 1040-ES in the mail. It will have payment-vouchers preprinted with your name, address, and social security number. Using the preprinted vouchers will speed processing, reduce the chance of error, and help save processing costs.

If you did not pay estimated tax last year, you will have to get a copy of Form 1040-ES from the IRS. Do so by calling 1-800-TAX-FORM (1-800-829-3676). After you make your first payment, a Form 1040-ES package with the preprinted vouchers will be mailed to you. Follow the instructions in the package to make sure you use the vouchers correctly.

Use the addressed envelopes that came with your Form 1040-ES package. If you use your own envelope, make sure you mail your payment-vouchers to the address shown in the Form 1040-ES instructions for the place where you live. **Do not** use the address shown in the Form 1040 or Form 1040A instructions.

Change of address. You must notify the IRS if you are making estimated tax payments and you changed your address during the year. You must send a clear and concise written statement to the IRS Service Center where you filed your last return and provide all of the following:

- 1) Your full name (and your spouse's full name),
- 2) Your signature (and spouse's signature),
- 3) Your old address (and spouse's old address if different),
- 4) Your new address, and
- 5) Your social security number (and spouse's social security number).

You can use Form 8822, *Change of Address*, for this purpose.

You can continue to use your old preprinted payment-vouchers until the IRS sends you new ones. However, **DO NOT** correct the address on the old voucher or the address on the envelope.

Credit for Withholding and Estimated Tax

When you file your 1995 income tax return, take credit for all the income tax and excess social security or railroad retirement tax withheld from your salary, wages, pensions, etc.

Also, take credit for the estimated tax you paid for 1995. These credits are subtracted from your tax. You should file a return and claim these credits even if you do not owe tax.

If you had two or more employers and were paid wages of more than \$61,200 during 1995, too much social security or railroad retirement tax may have been withheld from your wages. See *Credit for Excess Social Security Tax or Railroad Retirement Tax Withheld* in Chapter 36.

Withholding

If you had income tax withheld during 1995, you should receive a statement by January 31, 1996, showing your income and the tax withheld. Depending on the source of your income, you will receive:

Form W-2, *Wage and Tax Statement*,

Form W-2G, *Certain Gambling Winnings*, or

A form in the 1099 series.

Forms W-2 and W-2G. You file these forms with your income tax return. You should get at least two copies of each form you receive. Attach Copy B to the front of your federal income tax return. Copy C is for your records. You should also receive copies to file with your state and local returns.

Form W-2

Your employer should give you a Form W-2 for 1995 by January 31, 1996. You should receive a separate Form W-2 from each employer you worked for.

If you stop working before the end of the year, your employer can give you your Form W-2 at any time after you leave your job. However, your employer must give it to you by January 31 of the following year (or the next day that is not a Saturday, Sunday, or holiday if January 31 is a Saturday, Sunday, or holiday). If you ask for the form, your employer must give it to you within 30 days after receiving your written request or within 30 days after your final wage payment, whichever is later.

If you have not received your Form W-2 by January 31, 1996, you should ask your employer for it. If you do not receive it by February 15, call the IRS toll-free telephone number for your area. The number is listed in the Form 1040, Form 1040A, and Form 1040EZ instructions. You will be asked to give your employer's name, address, and telephone number, and, if known, your employer's identification number. You will also be asked for your address, social security number, daytime telephone number, dates of employment, and your best estimate of your total wages and federal income tax withheld.

Form W-2 shows your total pay and other compensation and the income tax, social security tax, and Medicare tax that was withheld during the year. Take credit for the federal income tax withheld on:

Line 55 if you file Form 1040,

Line 29a if you file Form 1040A, or

Line 7 if you file Form 1040EZ.

Form W-2 is also used to report any taxable sick pay you received and any income tax withheld from your sick pay.

Form W-2G

If you had gambling winnings, the payer may have withheld 28% as income tax. If tax was withheld, the payer will give you a Form W-2G showing the amount you won and the amount of tax withheld. Report the amounts you won on line 21 of Form 1040. Take credit for the tax withheld on line 55 of Form 1040. If you had gambling winnings, you must use Form 1040; you cannot use Form 1040A or Form 1040EZ. See *Deductions Not Subject To the 2% Limit* in Chapter 30 for information on how to deduct gambling losses.

The 1099 Series

Most forms in the 1099 series are not filed with your return. You should receive these forms by January 31, 1996. Keep these forms for your records. There are several different forms in this series, including:

Form 1099-B, *Proceeds From Broker and Barter Exchange Transactions*,

Form 1099-DIV, *Dividends and Distributions*,

Form 1099-G, *Certain Government Payments*,

Form 1099-INT, *Interest Income*,

Form 1099-MISC, *Miscellaneous Income*,

Form 1099-OID, *Original Issue Discount*,

Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*,

Form SSA-1099, *Social Security Benefit Statement*, and

Form RRB-1099, *Payments by the Railroad Retirement Board*.

For some types of income reported on forms in the 1099 series, you may not be able to use Form 1040A or Form 1040EZ. See the instructions to these forms for details.

Form 1099-R. Attach Form 1099-R to your return if box 4 shows federal income tax withholding. Include the amount withheld in the total on line 55 of Form 1040 or line 29a of Form 1040A. Check the box next to the total.

Backup withholding. If you were subject to backup withholding on income you received during 1995, include the amount withheld, as shown on your Form 1099, in the total on line 55 of Form 1040, or line 29a of Form 1040A. Check the box next to this total.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

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ENFORCEMENT PRIORITY

RECEIVED
MAY 10 2 02 PM '97

SENSITIVE

GENERAL COUNSEL'S REPORT

I. INTRODUCTION.

The cases listed below have been identified as either stale or of low priority based upon evaluation under the Enforcement Priority System (EPS). This report is submitted to recommend that the Commission no longer pursue these cases.

This is the first Enforcement Priority Report that reflects the impact of the 1996 election cycle cases on the Commission's enforcement workload. We have identified [redacted] cases that are stale [redacted] which are recommended for dismissal at this time. This is the highest number of cases identified as stale in a single report, and the highest number of stale cases recommended for closure at one time, since the inception of EPS in 1993.

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II. CASES RECOMMENDED FOR CLOSURE.

A. Cases Not Warranting Further Action Relative to Other Cases Pending Before the Commission

EPS was created to identify pending cases which, due to the lower priority of the issues raised in the matters relative to others presently pending before the Commission, do not warrant further expenditure of resources. Central Enforcement Docket (CED) evaluates each incoming matter using Commission-approved criteria, resulting in a numerical rating for each case.

Closing such cases permits the Commission to focus its limited resources on more important cases presently pending before it. Based upon this review, we have identified cases that do not warrant further action relative to other pending matters.³ Attachment I to this report contains summaries of each case, the EPS rating, and the factors leading to assignment of a low priority and recommendation not to further pursue the matter.

B. Stale Cases

Effective enforcement relies upon the timely pursuit of complaints and referrals to ensure compliance with the law. Investigations concerning activity more remote in time usually require a greater commitment of resources, primarily due to the fact that the evidence of such activity becomes more difficult to develop as it ages. Focusing investigative efforts on more recent and more significant activity also has a more positive effect on the electoral process and the regulated community. In recognition of this fact, EPS provides us with the

³ These cases are: RAD 97L-10 (*Citizens for Randy Boraw*); RAD 97L-16 (*Republican State Central Committee of South Dakota*); Pre-MUR 347 (*Producers Lloyds Insurance Company*); Pre-MUR 348 (*Peoples National Bank of Commerce*); Pre-MUR 349 (*Trump Plaza*); Pre-MUR 350 (*Citibank, N.A.*); Pre-MUR 355 (*Feingold Senate Committee*); MUR 4494 (*Georgianna Lincoln*); MUR 4586 (*Friends of Zach Wamp*); MUR 4590 (*Oklahoma Education Association*); MUR 4600 (*San Diego Police Officers Assoc.*); MUR 4612 (*Teresa Doggett for Congress*); MUR 4615 (*Catholic Democrats for Christian Values*); MUR 4616 (*American Legislative Exchange Council*); MUR 4620 (*Eastern Connecticut Chamber of Commerce*); MUR 4622 (*Telles for Mayor*); MUR 4628 (*Gutknecht for Congress*); MUR 4629 (*Janice Schakowsky*); MUR 4636 (*IBEW Local 505*); MUR 4637 (*Dettman for Congress*); MUR 4639 (*Larson for Congress*); MUR 4641 (*Becker for Congress*); MUR 4644 (*Detroit City Council*); MUR 4651 (*Mike Ryan*); MUR 4653 (*Pritzker for Congress*); MUR 4656 (*H. Carroll for Congress*); and MUR 4657 (*Buchanan for President*).

means to identify those cases which, though earning a higher rating when received, remained unassigned for a significant period due to a lack of staff resources for effective investigation. The utility of commencing an investigation declines as these cases age, until they reach a point when activation of a case would not be an efficient use of the Commission's resources.

We have identified cases that have remained on the Central Enforcement Docket for a sufficient period of time to render them stale. We are recommending the closure of cases based on staleness.⁶

* These cases are: MUR 4283 (*Chenoweth for Congress*); MUR 4341 (*Juan Soliz for Congress*); MUR 4402 (*U.S. Representative Helen Chenoweth*); MUR 4435 (*Lincoln for Congress*); MUR 4439 (*LIAIV*); MUR 4442 (*Lipinski for Congress*); MUR 4444 (*Roberts for Congress*); MUR 4445 (*Randy Tate for Congress*); MUR 4446 (*Clinton/Gore '96 Primary*); MUR 4447 (*Random House, Inc.*); MUR 4449 (*Clinton Administration*); MUR 4453 (*Mike Ward for Congress*); MUR 4454 (*Ralph Nader*); MUR 4459 (*Clinton/Gore '96*); MUR 4474 (*Salvi for Senate*); MUR 4477 (*BBDO-New York*); MUR 4481 (*Diamond Bar Caucus*); MUR 4485 (*Perot '92 Petition Committee*); MUR 4486 (*Bunda for Congress*); MUR 4495 (*Pennsylvania PACE for Federal Elections*); MUR 4496 (*Norwood for Congress*); MUR 4497 (*Pease for Congress*); MUR 4510 (*Stabenow for Congress*); MUR 4511 (*Bob Coffin for Congress*); MUR 4514 (*Friends for Franks*); MUR 4515 (*Clinton Investigative Commission*); MUR 4521 (*WMAL 630 AM*); MUR 4525 (*Senator Larry Pressler*); MUR 4527 (*Brennan for Senate*); MUR 4536 (*Signature Properties, Inc.*); MUR 4540 (*Tim Johnson for SD*); MUR 4542 (*Dan Frisa for Congress*); MUR 4552 (*Charles W. Norwood*); MUR 4554 (*John Byron for Congress*); MUR 4556 (*Jim Wiggins for Congress*); MUR 4561 (*Jay Hoffman for Congress*); MUR 4564 (*National Republican Congressional Committee*); MUR 4567 (*DNC Services Corp.*); MUR 4569 (*McGovern Committee*); RAD 96L-11 (*New York Republican County Committee*); Pre-MUR 343 (*NRSC*); and Pre-MUR 312 (*Joseph Demio*). The Demio case involves fundraising related to former Congresswoman Mary Rose Oakar's 1992 congressional campaign. It was held as a courtesy to the Department of Justice pending resolution of a parallel criminal matter in the District Court for the District of Columbia. Mr. Demio recently entered into a plea agreement with the Department of Justice (on which we were not consulted) in which he agreed, among other things, to waive the statute of limitations regarding civil violations of the FECA. Considering the age of the case and activity, the fact that DOJ has not formally referred this matter to us, and the Commission's continuing resource constraints, dismissal is the appropriate disposition of this matter.

We recommend that the Commission exercise its prosecutorial discretion and direct closure of the cases listed below, effective November 17, 1997. Closing these cases as of this date will permit CED and the Legal Review Team the necessary time to prepare closing letters and case files for the public record.

III. RECOMMENDATIONS.

A. Decline to open a MUR, close the file effective November 17, 1997, and approve the appropriate letters in the following matters:

- | | | |
|------------|-------------|-------------|
| RAD 96L-11 | Pre-MUR 312 | Pre-MUR 349 |
| | Pre-MUR 343 | Pre-MUR 350 |
| RAD 97L-10 | Pre-MUR 347 | Pre-MUR 355 |
| RAD 97L-16 | Pre-MUR 348 | |

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B. Take no action, close the file effective November 17, 1997, and approve the appropriate letters in the following matters:

MUR 4283
 MUR 4341
 MUR 4402
 MUR 4435
 MUR 4439
 MUR 4442
 MUR 4444
 MUR 4445
 MUR 4446
 MUR 4447
 MUR 4449
 MUR 4453
 MUR 4454
 MUR 4459
 MUR 4474
 MUR 4477
 MUR 4481
 MUR 4485
 MUR 4486
 MUR 4494

MUR 4495
 MUR 4496
 MUR 4497
 MUR 4510
 MUR 4511
 MUR 4514
 MUR 4515

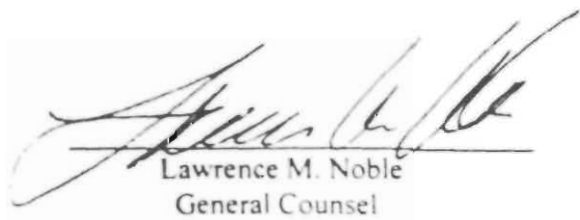
 MUR 4521
 MUR 4525
 MUR 4527
 MUR 4536
 MUR 4540
 MUR 4542
 MUR 4552
 MUR 4554
 MUR 4556
 MUR 4561

 MUR 4564
 MUR 4567

MUR 4569
 MUR 4586
 MUR 4590
 MUR 4600
 MUR 4612
 MUR 4615
 MUR 4616
 MUR 4620
 MUR 4622
 MUR 4628
 MUR 4629
 MUR 4636
 MUR 4637
 MUR 4639
 MUR 4641
 MUR 4644
 MUR 4651
 MUR 4653
 MUR 4656
 MUR 4657

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 Date 7/97



 Lawrence M. Noble
 General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Enforcement Priority) Agenda Document No. X97-77

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on December 2, 1997, do hereby certify that the Commission took the following actions with respect to Agenda Document No. X97-77:

1. Decided by a vote of 5-0 to

A. Decline to open a MUR, close the file effective December 15, 1997, and approve the appropriate letters in the following matters:

- | | |
|----------------|-----------------|
| 1. RAD 96L-11 | 7. Pre-MUR 347 |
| | 8. Pre-MUR 348 |
| 3. RAD 97L-10 | 9. Pre-MUR 349 |
| 4. RAD 97L-16 | 10. Pre-MUR 350 |
| 5. Pre-MUR 312 | 11. Pre-MUR 355 |
| 6. Pre-MUR 343 | |

B. Take no action, close the file effective December 15, 1997, and approve the appropriate letters in the following matters:

- | | |
|-------------|--------------|
| 1. MUR 4283 | 6. MUR 4442 |
| 2. MUR 4341 | 7. MUR 4444 |
| 3. MUR 4402 | 8. MUR 4445 |
| 4. MUR 4435 | 9. MUR 4446 |
| 5. MUR 4439 | 10. MUR 4447 |

(continued)

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Federal Election Commission
Certification: Agenda Document
No. X97-77
December 2, 1997

Page 2

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|-----|----------|-----|----------|
| 11. | MUR 4449 | 36. | MUR 4556 |
| 12. | MUR 4453 | 37. | MUR 4561 |
| 13. | MUR 4454 | 38. | MUR 4564 |
| 14. | MUR 4459 | 39. | MUR 4567 |
| 15. | MUR 4474 | 40. | MUR 4569 |
| 16. | MUR 4477 | 41. | MUR 4586 |
| 17. | MUR 4481 | 42. | MUR 4590 |
| 18. | MUR 4485 | 43. | MUR 4600 |
| 19. | MUR 4486 | 44. | MUR 4612 |
| 20. | MUR 4494 | 45. | MUR 4615 |
| 21. | MUR 4495 | 46. | MUR 4616 |
| 22. | MUR 4496 | 47. | MUR 4620 |
| 23. | MUR 4497 | 48. | MUR 4622 |
| 24. | MUR 4510 | 49. | MUR 4628 |
| 25. | MUR 4511 | 50. | MUR 4629 |
| 26. | MUR 4514 | 51. | MUR 4636 |
| 27. | MUR 4515 | 52. | MUR 4637 |
| 28. | MUR 4521 | 53. | MUR 4639 |
| 29. | MUR 4525 | 54. | MUR 4641 |
| 30. | MUR 4527 | 55. | MUR 4644 |
| 31. | MUR 4536 | 56. | MUR 4651 |
| 32. | MUR 4540 | 57. | MUR 4653 |
| 33. | MUR 4542 | 58. | MUR 4656 |
| 34. | MUR 4552 | 59. | MUR 4657 |
| 35. | MUR 4554 | | |

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

Attest:

12-4-97
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Gary J. LaPaille
489 Merchandise Mart
Chicago, IL 60654

RE: MUR 4474

Dear Mr. LaPaille:

On September 20, 1996, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action in the matter. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on December 15, 1997. This matter will become part of the public record within 30 days.

The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437(g)(a)(8).

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1997

Michael A. Dawson, Esquire
Bobby R. Burchfield, Esquire
COVINGTON & BURLING
1201 Pennsylvania Avenue
Washington, D.C. 20004

RE: MUR 4474
Al Salvi, Al Salvi for Senate Committee, Stephanie Mustell, as treasurer

Dear Messrs. Dawson and Burchfield:

On September 26, 1996, the Federal Election Commission notified your clients of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your clients. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on December 15, 1997.

The confidentiality provisions of 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 prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4474
DATE FILMED 1/16/98 CAMERA NO. 2
CAMERAMAN EEJ

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