



FEDERAL ELECTION COMMISSION

1125 K STREET NW
WASHINGTON, D.C. 20541

THIS IS THE END OF MUR # 1329, 1331, + 1332

Date Filmed 7-30-81 Camera No. --- 2

Cameraman SPC

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MURs 1329, 1331 & 1332

FEDERAL ELECTION COMMISSION

- 1) objection sheet 12/10/80 Commissioner Aikens
- 2) proposed letter attached to Memorandum to the Commission dated February 26, 1981
- 3) proposed letter attached to Memorandum to the Commission dated March 11, 1981
- 4) comments sheet March 11, 1981 Commissioner Tieman
- 5) objection sheet March 11, 1981 Commissioner Thomson
- 6) comment sheet April 17, 1981 Commissioner Reiche
- 7) objection sheet June 14, 1981 Commissioner Reiche

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

- | | |
|------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| <input type="checkbox"/> (1) Classified Information | <input type="checkbox"/> (6) Personal privacy |
| <input type="checkbox"/> (2) Internal rules and practices | <input type="checkbox"/> (7) Investigatory files |
| <input type="checkbox"/> (3) Exempted by other statute | <input type="checkbox"/> (8) Banking Information |
| <input type="checkbox"/> (4) Trade secrets and commercial or financial information | <input type="checkbox"/> (9) Well Information (geographic or geophysical) |
| <input checked="" type="checkbox"/> (5) Internal Documents | |

Signed Anne Cauman

date July 13, 1981

FEC 9-21-77

- 8) pages 5-7 First General Counsel's Report June 12, 1981
- 9) Memorandum to Docket July 6, 1981
- 10) Memorandum to File July 10, 1981



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jules G. Radcliff, Jr., Esq.
Lewis, D'Amato, Brisbois and
Bisgaard
261 South Figueroa Street
Suite 300
Los Angeles, California 90012

Re: MURs 1331 and 1332
[merged with MUR 1329]

Dear Mr. Radcliff:

On November 6 and November 7, 1980, the Commission notified your clients, Carey Peck, Carey Peck for Congress, Terry Pullan, and Michael Gordon, of complaints alleging that they had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act").

The Commission on June 30, 1981, determined that on the basis of information in the complaints and information provided by the respondents, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by your clients.

However, the Commission does wish to bring to your attention an apparent reporting omission by Carey Peck for Congress. Pursuant to 2 U.S.C. § 432(e)(2) and 11 C.F.R. § 101.2(a), as amended, when a candidate receives any loan for use in connection with his campaign he shall be considered as having received the loan as an agent of his authorized committee, and 2 U.S.C. § 434(b)(3)(E) (former 2 U.S.C. § 434(b)(5)) requires the disclosure of any person who makes a loan to the committee. Under 11 C.F.R. § 104.3(a)(4)(iv), this disclosure requirement includes each person who makes a loan to the candidate acting as an agent of the committee. In light of these requirements we request that Carey Peck for Congress amend all reports filed since April 1, 1980, */ to disclose the original lender of any loans currently reported as loans from Carey Peck to Carey Peck for Congress. In accordance with the instructions for the current Schedule C, the original lender, i.e. the bank, must be disclosed in the first box for endorsers and guarantors with a notation that the bank identified is the original source.

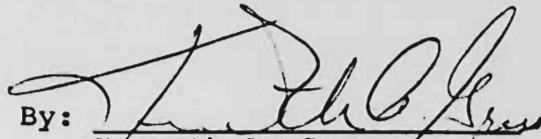
*/ The effective date of the amendments to the Commission's regulations.

Letter to: Jules G. Radcliff, Jr., Esq.
Page 2

The Commission has closed its files in these matters. These matters will become a part of the public record within 30 days. If you have any questions, please contact Anne Cauman, the attorney assigned to these matters, at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

31747270953



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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Lewis, D'Amato, Brisbois and
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[merged with MUR 1329]

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*/ The effective date of the amendments to the Commission's regulations.

31010100954

Letter to: Jules G. Radcliff, Jr., Esq.
Page 2

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Sincerely,

Charles N. Steele
General Counsel

By: _____
Kenneth A. Gross
Associate General Counsel

ac 7/6/81

31010200855



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Stanley R. Caidin, Esq.
Caidin, Kalman, Sampson & Marpet
9454 Wilshire Blvd.
Suite 209
Beverly Hills, California 90212

Re: MUR 1332 [merged in MURS
1329 and 1331]

Dear Mr. Caidin:

On November 6, 1980, the Commission notified you of a complaint alleging that you had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

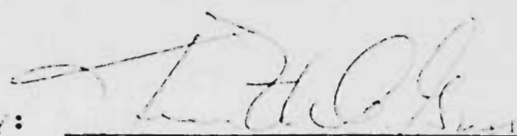
The Commission, on June 30, 1981, determined that on the basis of the information in the complaint and information provided by the respondents, there is no reason to believe that a violation or any statute within its jurisdiction has been committed by you. Accordingly, the Commission closed its files in these matters. These matters will become a part of the public record within 30 days.

If you have any questions, please contact Anne Cauman, the attorney assigned to these matters, at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

By:


Kenneth A. Gross
Associate General Counsel

31010100355



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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Sincerely,

Charles N. Steele
General Counsel

by:

Kenneth A. Gross
Associate General Counsel

cc 7/6/81

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David Cromwell Johnson, Esq.
Johnson, Brown, Ramsey,
Watson & Classe
1933 Montgomery Highway
Suite 220
Birmingham, Alabama 35209

Re: MURs 1329, 1331 and 1332

Dear Mr. Johnson:

On November 6 and 7, 1980, the Commission notified your client, Mr. James H. Dennis, Sr., of complaints alleging that he had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

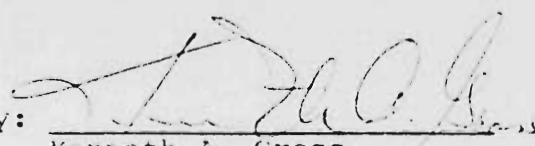
The Commission, on June 23 and June 30, 1981, determined that on the basis of the information in the complaints and information provided by the respondents, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by your client. Accordingly, the Commission closed its files in these matters. These matters will become a part of the public record within 30 days.

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Sincerely,

Charles N. Steele
General Counsel

By:


Kenneth A. Gross
Associate General Counsel



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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Sincerely,

Charles N. Steele
General Counsel

By: _____
Kenneth A. Gross
Associate General Counsel

cc 7/6/81

31147200959



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John W. Vardaman, Jr., Esq.
Williams & Connolly
839 - 17th Street, N.W.
Washington, D.C. 20006

Re: MURs 1329 and 1331
[merged with MUR 1332]

Dear Mr. Vardaman:

On November 3 and November 7, 1980, the Commission notified your clients, Senator Donald Stewart, James H. Stewart, Jr., and Friends of Donald Stewart, of complaints alleging that they had violated certain sections of the Federal Election Campaign Act of 1971, as amended.


The Commission, on June 23, 1981, determined that on the basis of the information in the complaints and information provided by the respondents, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by your clients. Accordingly, the Commission closed its files in these matters. These matters will become a part of the public record within 30 days.

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Sincerely,

Charles N. Steele
General Counsel

By:


Kenneth A. Gross
Associate General Counsel



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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Sincerely,

Charles N. Steele
General Counsel

By: _____
Kenneth A. Gross
Associate General Counsel

OK 7/6/81

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Robert K. Dornan
United States House of Representatives
332 Cannon House Office Building
Washington, D.C. 20515

Re: MURs 1329, 1331 and 1332

Dear Congressman Dornan:


The Federal Election Commission has reviewed the allegations of your complaints dated October 31, November 3, and November 4, 1980, and determined that on the basis of the information provided in your complaints and information provided by the Respondents there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended, has been committed.

Accordingly, the Commission has decided to close the files in these matters. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of these actions. See 2 U.S.C. § 437g(a)(8).

Should additional information come to your attention which you believe establishes a violation of the Act, you may file a complaint pursuant to the requirements set forth in 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.4.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

317472009372



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Robert K. Dornan
United States House of Representatives
332 Cannon House Office Building
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Sincerely,

Charles N. Steele
General Counsel

By: _____
Kenneth A. Gross
Associate General Counsel

ac 7/6/81

31010:00973

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
James H. Dennis, Sr.,) MURS 1329, 1331, 1332
 et al.)

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission's Executive Session on June 30, 1981, do hereby certify that the Commission took the following actions in the above-captioned matter:

- 3 1 7 1 0 2 7 9 7 4
1. Failed on a vote of 2-4 to pass a motion to find reason to believe that in connection with the allegation of engaging in a sham refund of \$13,000 that Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordan and Stanley R. Caidin violated 2 U.S.C. §441a(f) and 11 C.F.R. §110.9(a), 11 C.F.R. § 110.4(c) (2), and former 11 C.F.R. §103.3(b).

Commissioners Aikens and Reiche voted affirmatively for the motion; Commissioners Harris, McGarry, Thomson, and Tiernan dissented.

2. Decided on a vote of 4-2 to find no reason to believe that in connection with the allegation of engaging in a sham refund of \$13,000 that Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon or Stanley R. Caidin violated 2 U.S.C. §441a(f) and 11 C.F.R. §110.9(a), 11 C.F.R. §110.4(c) (2), or former 11 C.F.R. §103.3(b).

Commissioners Harris, McGarry, Thomson, and Tiernan voted affirmatively for the decision; Commissioners Aikens and Reiche dissented.

3. Decided by a vote of 4-2 that in connection with the allegation of knowing acceptance of \$12,000 in illegal contributions and failure to promptly return apparently illegal contributions, to find no reason to believe that Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon or Stanley R. Caidin violated 2 U.S.C. §441f, 2 U.S.C. §441a(f) and 11 C.F.R. §110.9(a), or former 11 C.F.R. §103.3(b).

Commissioners Harris, McGarry, Thomson, and Tiernan voted affirmatively for the decision; Commissioners Aikens and Reiche dissented.

CONTINUED

4. Decided by a vote of 4-2 that in connection with the allegation of failure to report any endorser or guarantor of a loan, to find no reason to believe that Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon, or Stanley R. Caidin violated former 2 U.S.C. §434(b)(5) and former 11 C.F.R. §104.2(b)(5) or 2 U.S.C. §441a(f) and 11 C.F.R. §110.9(a).

Commissioners Harris, McGarry, Thomson, and Tiernan voted affirmatively for the decision; Commissioners Aikens and Reiche dissented.

5. Decided by a vote of 4-2 to take no action with regard to the allegation of a violation of former 2 U.S.C. §434(b)(5) and former 11 C.F.R. §104.2(b)(5) by failure to report a bank loan to Carey Peck as the underlying source of a loan by Carey Peck to Carey Peck for Congress.

Commissioners Harris, McGarry, Thomson, and Tiernan voted affirmatively for the decision; Commissioners Aikens and Reiche dissented.

6. Decided by a vote of 4-2 to find no reason to believe that James H. Dennis, Sr. violated 2 U.S.C. §§441a(a)(1)(A), 441f, or 441g in connection with the allegations of a sham refund by the Peck campaign and other matters concerning the Peck campaign.

Commissioners Harris, McGarry, Thomson, and Tiernan voted affirmatively for the decision; Commissioners Aikens and Reiche dissented.

7. Decided by a vote of 5-1 to send the letters attached to the General Counsel's June 12, 1981 report in this matter.

Commissioners Harris, McGarry, Reiche, Thomson, and Tiernan voted affirmatively for the decision; Commissioner Aikens dissented.

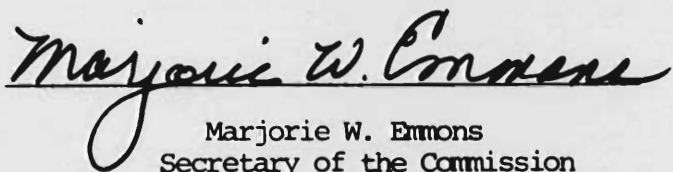
8. Decided by a vote of 4-2 TO CLOSE THE FILE IN THESE MATTERS.

Commissioners Harris, McGarry, Thomson, and Tiernan voted affirmatively for the decision; Commissioners Aikens and Reiche dissented.

Attest:

7-2-81

Date


Marjorie W. Emmons
Secretary of the Commission

June 24, 1981

MEMORANDUM TO: Marjorie W. Emmons
FROM: Phyllis A. Kayson
SUBJECT: MURs 1329, 1331, 1332

Please distribute for next weeks agenda (June 30).

Thank you.

Attachment

cc: Cauman

3100000375

SENSITIVE

RECEIVED
JUN 24 1981
COMMUNICATIONS SECTION



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

81 JUN 24 P 3: 35

June 24, 1981

EXECUTIVE SESSION

JUN 30 1981

MEMORANDUM TO: The Commission

FROM: Charles N. Steele *CNS*
General Counsel

SUBJECT: MURs 1329, 1331, 1332
Recirculation of First General Counsel's Report

Attached is the First General Counsel's Report with requested revisions made on pages 5-7, 16, and 33. As no changes were made in attachments to the report, they have not been included for recirculation.

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SENSITIVE

FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 6-24-81

MUR # 1329, 1331, 1332
DATE COMPLAINTS RECEIVED
BY OGC Oct. 31, Nov. 3
and Nov. 4, 1980, respec-
tively
STAFF MEMBER Cauman

COMPLAINANT'S NAME: Congressman Robert K. Dornan

RESPONDENTS' NAMES: James H. Dennis, Sr. (MURs 1329, 1331, and 1332)
Senator Donald Stewart (MURs 1329 and 1331)
Friends of Donald Stewart (MURs 1329 and 1331)
James H. Stewart, Jr. (MUR 1329)
Carey Peck (MURs 1331 and 1332)
Carey Peck for Congress (MURs 1331 and 1332)
Stanley Caidin (MUR 1332)
Michael Gordon (MUR 1332)
Terry Pullan (MUR 1332)

RELEVANT STATUTES AND REGULATIONS: 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 2 U.S.C. § 441f, 2 U.S.C. § 441b, 2 U.S.C. § 441g, 11 C.F.R. § 110.4(c)(2), former 11 C.F.R. § 103.3(b), 2 U.S.C. § 441a (a)(1)(A), former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5)

INTERNAL REPORTS CHECKED: Friends of Donald Stewart (1977-present); Carey Peck for Congress (1978-present); MUR 970 (closed)

FEDERAL AGENCIES CHECKED: NONE

SUMMARY OF ALLEGATIONS

The three complaints filed by Congressman Dornan allege several violations of the Act and regulations arising from contributions by James H. Dennis, Sr., to the 1978 campaigns of Senator Donald Stewart and Carey Peck. Contributions by Dennis to the two campaigns were the subject of MUR 970 which was closed after the Commission learned that Senator Stewart's campaign returned \$22,000 to Mr. Dennis and Carey Peck's campaign returned \$13,000 to Mr. Dennis, and after Mr. Dennis entered into a conciliation agreement containing an \$18,000 civil penalty provision.

The central allegations of the current complaints are that Stewart and Peck engaged in sham returns of the contributions

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by Dennis and that the Stewart and Peck campaigns knew that the contributions by Dennis were illegal when they were received. With regard to the Stewart campaign, Congressman Dornan also alleges the acceptance of \$1,150 in corporate contributions which were never refunded to Mr. Dennis, the acceptance in 1978 of six additional contributions made by Dennis in the names of others, and the acceptance of cash contributions in excess of \$100. With regard to the Peck campaign, Congressman Dornan further alleges the improper reporting of the source and guarantors of a \$13,000 loan made by Carey Peck to enable the Peck Committee to refund Dennis' contributions.

Separated by complaint, the allegations appear to involve the following statutory and regulatory provisions:

MUR 1329 - Alleged violations by Senator Donald Stewart, his principal campaign committee, Friends of Donald Stewart, and J.H. Stewart, Treasurer, of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 2 U.S.C. § 441f, 2 U.S.C. § 441b, 11 C.F.R. § 110.4(c)(2) and former 11 C.F.R. § 103.3(b).

MUR 1331 - Alleged violations by James H. Dennis, Sr. of 2 U.S.C. §§ 441a(a)(1)(A), 441f and 441g.

MUR 1332 - Alleged violations by Carey Peck, Friends of Carey Peck, and officials of Friends of Carey Peck of 2 U.S.C. § 441f, 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), former 11 C.F.R. § 103.3(b), and former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5). 1/

1/ Congressman Dornan includes several other statutory and regulatory provisions among his allegations. However, these other provisions are inapposite for various reasons. For example, Congressman Dornan alleges in each complaint a violation of Title 26, United States Code. Clearly, the sections cited pertain only to presidential matters. Congressman Dornan also refers to violations of 2 U.S.C. § 441a(a)(1)(A) and 11 C.F.R. § 110.1(a)(1) by the recipient candidates and committees, when in fact 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) are the relevant provisions. He cites 2 U.S.C. § 441g for a violation by the Stewart campaign, when actually 11 C.F.R. § 110.4(c)(2) is the provision which concerns the receipt of cash contributions. He also cites the present version of the statute, 2 U.S.C. § 434 (b)(3)(E), when in fact the former provision, § 434(b)(5), would be applicable. Finally, he cites 2 U.S.C. § 432(i) and 11 C.F.R. § 104.7(b) for violations by the Peck campaign, even though they do no more than refer to the standard of good faith which can negate a violation. The General Counsel has relied on the evidence provided by Congressman Dornan to determine which statutes and regulations the allegations actually cover. Where appropriate, the correct provision has been substituted.

31710100379

FACTUAL AND LEGAL ANALYSIS

The complaint initiating MUR 1329 was filed by Congressman Dornan on October 31, 1980, the complaint initiating MUR 1331 was filed on November 3, 1980, and the complaint initiating MUR 1332 was filed on November 4, 1980. 2/ (Exhibits 1, 2 and 3, respectively.). 3/ Responses have been received from all respondents.

In the opinion of the General Counsel there are a number of reasons for dismissing these complaints and finding no reason to believe that the various respondents violated the Act. One of the grounds for dismissal relevant to both MURs 1329 and 1332, was raised in the response to MURs 1329 and 1331 on behalf of Senator Donald Stewart, James H. Stewart, Jr., and Friends of Donald Stewart. (Ex. 8) (hereinafter referred to as "Stewart response"). It is asserted in this response that MUR 1329 should be dismissed because the complaint was not sworn to by the complainant (Id., p. 3). No other respondents make this argument. However, because this argument raises a threshold issue, i.e., the technical sufficiency of the complaints, we will address the issue as it applies to all three complaints.

Examination of MURs 1329, 1331, and 1332 indicates that, on the complaint filed in MUR 1331, the notary certified that it was "subscribed and sworn to" before him, but that, on the complaints in MURs 1329 and 1332, the notary merely certified that Congressman Dornan "acknowledged that he executed the [complaint]." (Compare Ex. 2, p. 3, with Ex. 1, p. 7, and Ex. 3, p. 19). Further examination of MURs 1329 and 1332 indicates that neither complaint has been certified as true under penalty of perjury. (See Ex's. 1 and 3). Consistent with procedures approved by the Commission on February 26, 1981, it would be appropriate to

2/ Congressman Dornan structured his complaints as three separate complaints each directed at a different set of persons, i.e., the Stewart campaign and related individuals, James Dennis, and the Peck campaign and related individuals. However, in providing the Commission with additional materials relevant to his complaints, he did not always identify the complaint for which material was being submitted. (Compare Ex's. 4 and 6a with Ex's. 5 and 7). The three complaints are being analyzed together, both to clarify any allegations incomplete in any one complaint and to utilize all information provided by all sources in analyzing the complaints which contain related parties and allegations. We recommend that the Commission formally merge MURs 1329, 1331, and 1332 for administrative convenience.

3/ Exhibits will hereinafter be referred to as "Ex." Many documents which relate to this report, such as the complete MUR 970 closed file and complete reports filed with the Commission by the Stewart and Peck campaigns, are not included as exhibits, but are available for review in the General Counsel's office. These latter files all are a matter of public record.

give the complainant 15 days to cure the defects of the two unsworn complaints. However, in the opinion of the General Counsel there are reasons for dismissing all three complaints on their merits, thereby obviating the need for notifying both the complainant and the respondents of the technical deficiencies of two of the complaints.

There are certain common issues relevant to examination of the various allegations. Because these matters concern allegations related to closed MUR 970, a pervasive question involves the extent to which that investigation precludes further investigation in the current MURs. A related question involves the type and extent of evidence necessary to re-examine a matter. Much of the evidence comes from newspaper articles or from the statements of persons who are hardly disinterested witnesses. Moreover, in many instances the statements involved were made months if not years after the events in question.

The various allegations against each respondent will be reviewed one by one. In some instances the reasons for the General Counsel's recommendation of dismissal are related to the responses submitted by respondents. Therefore, the responses will be discussed in detail as appropriate in the course of reviewing the allegations.

Alleged violations by Senator Donald Stewart, James H. Stewart, Jr., and Friends of Donald Stewart

a. Alleged violation by acceptance of cash contributions

In MUR 1329 Congressman Dornan alleges, based on the U.S. Attorney's referral to the Commission in MUR 970, that Friends of Donald Stewart may have accepted \$11,000 in cash contributions from James Dennis. (Ex. 1, p. 6). This would constitute a violation of 11 C.F.R. § 110.4(c)(2) for failure to return to a contributor the amount of a cash contribution in excess of \$100.

The Stewart response does not discuss this allegation specifically but states that the complaints in MURs 1329 and 1331 should be dismissed because the allegations in both MURs have been "raised, investigated and resolved by the Commission in 1979 in MUR 970." (Ex. 8, p. 1).

This specific allegation was dealt with in MUR 970, and the Commission found no reasonable cause to believe that James H. Dennis, Sr., violated 2 U.S.C. § 441g and 11 C.F.R. § 110.4(c)(1), or that Friends of Donald Stewart violated 11 C.F.R. § 110.4(c)(2). ^{4/} The MUR 970 record

^{4/} A thorough summary of the MUR 970 proceeding is attached as an Appendix.

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indicates that in his first communication to the Commission notifying the Commission of the return of \$22,000 to Mr. Dennis, James H. Stewart, Treasurer of Friends of Donald Stewart, stated that neither he, Senator Stewart nor the Stewart Committee knew when the \$22,000 in contributions were received that the contributions were improper. (Ex. 9, p. 1). After receipt of notification from the Commission that the Committee may have violated 11 C.F.R. § 110.4(c)(2), the response on behalf of the Stewart Committee (a letter dated July 2, 1979, referred to by Congressman Dornan in his complaint, see Ex. 1, p. 6), states that none of the \$22,000 contributed by James Dennis in the names of others was in cash. (Ex. 10, p. 2). An affidavit of Mr. Dennis' dated June 4, 1979, indicates that all monetary contributions to the Stewart campaign were made by cashier's checks. (Ex. 11b). The General Counsel's report to the Commission dated August 9, 1979, stated: "[T]he 11 C.F.R. § 110.4(c)(2) violation allegedly committed by Friends of Donald Stewart [was] unsubstantiated."

As the Commission has previously investigated this allegation and found no reasonable cause to believe that Friends of Donald Stewart violated 11 C.F.R. § 110.4(c)(2), and as Congressman Dornan has provided no evidence whatsoever concerning this allegation, but merely cited the original allegation from the MUR 970 file, it is the opinion of the General Counsel that there is no basis for reopening an investigation of this allegation. Therefore the Office of General Counsel recommends that the Commission find no reason to believe that Senator Stewart, J. H. Stewart or Friends of Donald Stewart violated 11 C.F.R. § 110.4(c)(2).

b. Alleged violation by knowing acceptance of corporate contributions

In MUR 1329 Congressman Dornan alleges that Senator Stewart and his campaign committee have violated 2 U.S.C. § 441b by knowing acceptance of corporate contributions in the amount of \$1,150. (Ex. 1, pp. 1-2). Congressman Dornan bases this allegation on paragraph III. D. of the conciliation agreement entered into in MUR 970 by Mr. Dennis and the Commission on September 6, 1979. (Id. p.2; see Ex. 12, p. 2). This paragraph states that corporate funds were utilized "to make all contributions to the 1978 federal campaigns of Senator Stewart and Carey Peck." (Ex. 12, p. 2). Because the Stewart campaign returned to Mr. Dennis the \$22,000 that had been contributed in the names of others, but did not return \$1,150 that had been contributed in Dennis' name, Congressman Dornan asserts that a § 441b violation by the Stewart campaign resulted with regard to the \$1,150 amount.

There is no indication in the MUR 970 record that the Stewart campaign or anyone connected with it had knowledge that the \$1,150 given by James Dennis in his own name, may have come from corporate funds. To the contrary, the letter of May 15, 1979, from J. H. Stewart, referred to above, states that other than the \$22,000

contributed by James Dennis in the names of others "[w]e have no reason to believe that any contributions ... were improper." (Ex. 9, p. 1).

In the absence of any evidence of knowing receipt or knowing acceptance of corporate contributions by the Stewart campaign, the Commission pursued the issue of corporate contributions only with regard to Mr. Dennis and found reasonable cause to believe that Mr. Dennis violated 2 U.S.C. § 441b for corporate contributions made to the Peck and Stewart campaigns in 1978. This finding took into account that all contributions by Dennis to Peck and Stewart, totalling \$36,150, were from corporate funds. The civil penalty originally authorized was \$36,000 which would account for \$13,000 contributed to Carey Peck and \$23,000 of the \$23,150 contributed to Senator Stewart, \$22,000 of which was contributed in the names of others and \$1,150 of which Dennis contributed in his own name.

It could be argued that in MUR 970 the Commission should have requested the return of the \$1,150 contributed by Dennis in his own name. However, there was no evidence of knowing acceptance of corporate funds, and the Stewart campaign had voluntarily refunded the \$22,000 in contributions it had been informed were improper. As the General Counsel subsequently informed Congressman Dornan, the contributions made in the names of others were perceived as the most serious aspect of MUR 970. (See Ex. 13, p. 1).

Again, Congressman Dornan's allegation raises no factual or legal issues that were not before the Commission in MUR 970. With no new evidence to establish that the Stewart Committee knowingly accepted corporate funds, the General Counsel does not believe it warranted to find reason to believe with regard to this allegation at this time. A number of legal doctrines deal with concepts of repose and finality, i.e., res judicata, collateral estoppel, double jeopardy, and statutes of limitations. They vary in their use and context (double jeopardy is purely a criminal law concept) and in their application in an administrative context. See 2 Davis, Administrative Law Treatise, Chs. 17 and 18 (1958 Ed. & 1970 Supp.). However, in common, they recognize the need for an end to disputed matters. Repeated consideration of issues is wasteful of resources. Moreover, justice and fairness require that at some point parties are entitled to rely on settlement of issues as a result of either prior action or the passage of time. This concept of finality is legitimately applicable to action by the Commission and finds support in the requirement of 2 U.S.C. § 437g(a)(4)(A)(i) that a conciliation agreement is a complete bar to any further Commission action unless violated. As a matter of policy this concept should be applied in appropriate circumstances to issues considered by the Commission or which could have been considered by the

Commission in a MUR even without the necessity of the existence of a conciliation agreement. Because of the importance of this concept, matters previously before the Commission should not be re-examined without a substantial basis for so doing. See 2 Davis, Administrative Law Treatise, § 16.04, at 572 (1958 Ed.).

Accordingly, the General Counsel recommends that the Commission find no reason to believe that Senator Stewart, J. H. Stewart, or Friends of Donald Stewart violated § 441b by knowing receipt or acceptance of corporate contributions in the amount of \$1,150. In light of this recommendation and the Commission's previous action in MUR 970, the General Counsel also recommends that the Stewart Committee not be requested to return the funds to Mr. Dennis.

c. Alleged violation by knowing acceptance of further excessive contributions

In MURs 1329 and 1331 Congressman Dornan is apparently alleging that Senator Stewart and his campaign committee accepted \$3,000 in excessive contributions from Dennis over and above the \$22,000 which was the subject of MUR 970 and which was returned to Dennis in May, 1979. (Ex. 1, pp. 2-3; Ex. 2, pp. 1-2). The complaints in this regard are very unclear, referring to six \$500 tickets to a Stewart fundraiser purchased by Dennis. (Id.). The complaints appear to allege alternately that the contributions were made in cash or that they were made in cashier's checks in the names of other persons. (Compare Ex. 1, pp. 2-3 with Ex. 2, pp. 1-2). In MUR 1331 Congressman Dornan states that he was told the contributions were made in cashier's checks, but fails to identify the source of his information. (See Ex. 2, p. 2). Congressman Dornan bases his allegations on a newspaper article by Peggy Roberson which he cites to the June 20, 1980, Montgomery Advertiser. Congressman Dornan failed to provide the Commission with a copy of this article. When the General Counsel's office finally obtained the article through the Montgomery public library system,

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it turned out to be an article in the June 19, 1980, Alabama Journal. 5/

Specifically, the article contains the following statement:

Dennis - who met Stewart early in the 1978 campaign through his attorney in Birmingham - bought six \$500-a-plate tickets to a Stewart fundraiser in October 1978 at which Gregory Peck was the star attraction, according to one of the hostesses.

"None of us knew him," she remembers, "but we were delighted that he bought so many tickets. They were difficult to sell at that price and we didn't want the dining room to look empty." (Ex. 14, p. 2).

Congressman Dornan's allegations would constitute a violation of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) for knowing acceptance of excessive contributions, of 2 U.S.C. § 441f for knowing acceptance of a contribution made by one person in the name of another, and possibly of 11 C.F.R. § 110.4(c)(2) and former § 103.3(b) for failure

5/ Congressman Dornan referred to ten newspaper articles in the complaints in MURs 1329, 1331, and 1332, but initially failed to enclose any of these articles with his complaints. See 11 C.F.R. § 111.4(d)(4). After receiving a written request from the General Counsel's office to supply copies of these articles, (Ex. 15), Congressman Dornan eventually supplied the Commission with four of the cited articles, as well as five articles not previously referred to. Further documentation was sent to the Commission on Nov. 20, 1980, November 25, 1980, December 17, 1980, and January 28, 1981. (See Ex's. 4-7). However, 2 of the articles were practically illegible. The General Counsel's office has managed to obtain all of the missing articles, assuming that we correctly identified an article from the Birmingham Post Herald dated May 9, 1979, as the article referred to by Congressman Dornan as coming from the Birmingham Post Herald of August 9, 1979. See pp. 11-12 infra, and footnote 9 on p. 12 infra.

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to return the contributions.

The Stewart response provides several separate defenses to these allegations. (See Ex. 8, pp. 2-3). It claims that allegations based on the Peggy Roberson article are deficient for failure by Congressman Dornan to provide documentation required pursuant to 11 C.F.R. § 111.2 [sic] (Id., p. 3).^{6/} It further claims that, as the article appears inconsistent with the results of prior investigation, it does not meet the substantive requirement of Commission Memorandum No. 633 for complaints based on news articles. (Id.)

The Stewart response also reiterates that none of the respondents have any knowledge of improper contributions by Dennis to the Stewart campaign other than the \$22,000 previously returned. (Id., p. 2). It asserts that the Committee took all steps "reasonable and necessary" to determine any improper contributions made by Dennis and to return such contributions. The response states that attached to the May 2, 1979, letter from J. H. Stewart to Dennis, were all FLC reports filed by the Friends of Donald Stewart as of that date.

Dennis was asked to review those reports and to identify any contributions that were made by him in the name of another and any contributions which he made to the campaign which were not disclosed in those reports. (Id.).

All contributions identified as improper in Dennis' response of May 8, 1979, were then promptly returned, according to the Stewart campaign. (Id.).

The basis of the allegation that six \$500 contributions were made by Dennis is not particularly reliable. The newspaper article relies on the statement of a hostess for the fundraising event made over a year and a half after the event and after Dennis' contributions to the Stewart campaign had received considerable publicity. The Stewart campaign reports do not reflect any separate \$500 contributions by Wayne Moore, Melissa Dennis, and James Dennis (the three people that Dornan refers to in connection with this allegation). Congressman Dornan provides no support for his assertion that one of the tickets to

^{6/} The Stewart response mistakenly refers to former 11 C.F.R. § 111.2. The requirement is now contained in 11 C.F.R. § 111.4 (d)(2), and the wording of the regulation has been altered.

the fundraiser was for Wayne Moore, who apparently was Dennis' father-in-law. (See Ex's. 1, p. 3; 2, p. 1). The mere fact that Moore or Melissa Dennis may have attended the fundraiser is not probative that Dennis purchased \$500 tickets in their names, for they had each purportedly made \$1,000 contributions to the Stewart campaign on September 11, 1978.

Again these allegations raise the issue of the extent to which the Commission's consideration in MUR 970 of Dennis' contributions to the Stewart campaign precludes further investigation of such contributions in the present MURs. While the present allegations involve assertions not previously before the Commission in MUR 970, they fall within the ambit of the MUR 970 investigation. Where the Commission previously investigated excessive contributions, contributions made in the names of others and possible cash contributions by Dennis to the Stewart campaign, and where the Commission found reasonable cause to believe that Dennis violated 2 U.S.C. §§ 441a and 441f (for excessive contributions made in the name of another) but did not find reasonable cause to believe that Dennis violated either 2 U.S.C. § 441g or 11 C.F.R. § 110.4(c)(1) or that the Stewart campaign violated 11 C.F.R. § 110.4(c)(2), the respondents are entitled to rely on the Commission's action. Therefore, the Office of General Counsel recommends that the Commission find no reason to believe that Senator Stewart, J. H. Stewart or Friends of Donald Stewart violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 2 U.S.C. § 441f, 11 C.F.R. § 110.4(c)(2), or former 11 C.F.R. § 103.3(b). ^{7/}

^{7/} The Alabama Journal article generally concerns a Justice Department inquiry concerning the Stewart campaign. (See Ex. 14). It refers to an alleged \$1,000 cash contribution from Dennis to Stewart which a former newsman claims to have witnessed. (Id., pp. 1-2). In his June 20, 1980, column in The Washington Post, Jack Anderson also discusses, inter alia, the inquiry and the newsman's assertion. (See Ex. 16). Both articles report Senator Stewart's recollection of the incident as involving his receipt of a cashier's check from Dennis at the bank rather than cash. (Id.; Ex. 14, p. 2). According to the Anderson column, Stewart recalled waiting while Dennis purchased the check with money he had just withdrawn. (Ex. 16). Despite his references to both newspaper articles in his complaints, Congressman Dornan does not raise the allegation of acceptance of excessive cash contributions in this context. (See Ex's. 1-3). As the Commission has previously dealt with allegations of cash contributions from Dennis to Stewart (see pp. 4-5, supra), and as here the assertion is reported in the context of an investigation which has since terminated clearing Senator Stewart of alleged criminal violations (see p. 26 and footnote 14, p. 16, infra, and Ex. 7a), there appears to be no reason to pursue this matter further.

d. Alleged violations by knowing acceptance of illegal contributions and failure to promptly return apparently illegal contributions

Congressman Dornan further alleges that the Stewart campaign knew at the time of acceptance of contributions from Dennis that such contributions were illegal and that the Stewart campaign should have promptly returned such contributions. (Ex. 1, pp. 3-5). The Stewart response does not address these specific allegations. (See Ex. 8).

The allegation of knowing acceptance of illegal contributions would involve a violation of 2 U.S.C. § 441f for knowing acceptance of contributions made by one person in the names of others and of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) (see 11 C.F.R. § 110.1(a)(1)) for knowing acceptance of excessive contributions. The allegation that the Stewart campaign should have promptly returned the contributions might involve a violation of former 11 C.F.R. § 103.3(b) for failing to return contributions which appeared to be illegal within 10 days, or to deposit, report, and return them within a reasonable period of time. 8/

Congressman Dornan apparently bases his allegation of knowing acceptance of illegal contributions on a newspaper article which he refers to as being in the Birmingham Post Herald of August 9, 1979. (See Ex. 1, pp. 4-5). Again, Congressman Dornan failed to provide the Commission with the cited article. Apparently Congressman Dornan meant to refer to an article by Frank Moring, Jr., and Stewart Lytle which

8/ Congressman Dornan's complaint against the Stewart campaign, as well as his complaint against the Peck campaign, obliquely alleges that the recipients of the Dennis contributions should have known of the illegal nature of the contributions. This assertion, however, does not state a violation of the statute or regulations.

The General Counsel does not believe that former 11 C.F.R. § 103.3(b) or present 11 C.F.R. § 103.3(b) (reworded without any substantive change) imposes a higher standard of care than 2 U.S.C. § 441f or 2 U.S.C. § 441a(f), or permits the imposition of liability more readily than under those statutory provisions. In order to trigger the application of the regulation, the contribution must "appear to be illegal." It would thus seem that the committee involved would have to have some basis for knowing that it had received contributions and that the contributions were from someone other than the purported contributors in order to apply the regulation in this instance. This requirement of a basis for knowing the facts which constitute a violation is virtually indistinguishable from the standard which we believe would be required for finding a violation for knowing acceptance of an illegal contribution under 2 U.S.C. § 441f and 2 U.S.C. § 441a(f). See Federal Election Commission v. California Medical Association, 502 F.Supp. 196, 203-204 (cont'd. next page)

appeared in the Birmingham Post Herald on May 9, 1979. (Compare Ex. 1, pp. 4-5 with Ex. 9c). 9/ The Moring and Lytle article forms part of the MUR 970 record, having been sent to the Commission by the U.S. Attorney for the Northern District of Alabama, by Mr. Salter (Mr. Dennis' attorney), and by J.H. Stewart. Assuming that this is the article to which Congressman Dornan meant to refer, he has again based his allegation on the MUR 970 record and offered no new evidence to justify reopening the investigation. In any event, there are a number of other reasons for not proceeding on this allegation.

8/ (cont'd.) (N.D. Cal. 1980), appeal docketed, No. 80-4616 (9th Cir., Apr. 6, 1981).

The explanation and justification of the regulation does not indicate that the Commission intended the requirements of § 103.3(b) to impose a higher standard of care. The Commission merely stated:

Contributions of questionable legality shall be returned to the contributor or deposited while the treasurer determines the validity of the contribution.

Subsection (b) was added by the Commission at the suggestion of many committees as a guide to the proper handling of questionable contributions.

Communication Transmitting Proposed Regulations, H.R. Doc. No. 94-293, 94th Cong., 1st Sess. at 32 (1975). See also Explanation and Justification of Regulations, published by the Commission, at 7 (1978).

9/ An inquiry to the Birmingham public library indicates no articles on Donald Stewart in either the Birmingham Post Herald or The Birmingham News for the period August 8-10, 1979. (Ex. 17). If Congressman Dornan's reference is meant to be to an article other than that by Moring and Lytle mentioned above, the burden is on him to come forward with it. Moreover, if that is the case, the failure to provide the article forming the basis of an allegation would make analysis of the substantiality of the facts therein impossible. Under the circumstances, a finding by the Commission of no reason to believe would be appropriate with respect to the allegation. See 11 C.F.R. §§ 111.4(d)(3) and (4), and Commission Memorandum No. 663.

The "facts" cited by Congressman Dornan are not probative of past knowledge of acceptance of illegal contributions. The Moring and Lytle article described an investigation by Senator Stewart and his campaign committee in the spring of 1979, into contributions which earlier newspaper articles had identified as possibly coming from James Dennis. (See Ex. 9c, p. 1). Congressman Dornan cites the article in a piecemeal fashion ^{10/} and speculates that the Stewart investigation into these contributions as well as the manner of the investigation indicates guilty knowledge of acceptance of illegal contributions. (Ex. 1, pp. 4-5). The fact of such an investigation by the Stewart campaign does not necessarily indicate any sort of guilty knowledge. ^{11/} It is in fact consistent with other indications in the MUR 970 record and with repeated statements by the Stewart campaign both in MUR 970 and in response to the instant complaint that neither Senator Stewart, J. H. Stewart, nor the Friends of Donald Stewart initially knew that the Dennis contributions were improper and that when they verified the impropriety, the contributions were promptly returned. (See pp. 5, 7, 9, supra; Ex's. 9, p. 1; 9c, p. 1; 10, p. 2; 18a, p. 1; 8, p. 2). Dennis himself stated in an affidavit submitted to the Commission on July 16, 1979, "Other than Mr. Gurley and Mr. Shadix [two individuals to whom Dennis allegedly loaned money] with regard to their two respective contributions, none of the other individuals involved and no other person outside of the purported contributors [sic] had any knowledge of my actions." (Ex. 18a, p. 1).

Congressman Dornan also bases his allegation that the Stewart campaign knew the \$22,000 was from Dennis on a combination of other alleged facts: that the cashier's checks were all drawn on the same bank, that the checks were sequentially numbered, that many of the contributions were made on the same date, and that ten contributors shared the same post office box. (See Ex. 1, pp. 3-5).

These facts alleged by Congressman Dornan are themselves inaccurate in a number of instances. In his affidavit in the MUR 970 file dated July 16, 1979, Mr. Dennis stated that the money orders used to make contributions to the Stewart campaign were purchased at various branches of the same bank, that he

^{10/} Congressman Dornan does not quote the article where it states "Dennis said Stewart did not know the contributions from the 19 individuals on his list were illegal." (Ex. 9c, p. 1).

^{11/} It is well settled that subsequent remedial measures are inadmissible as evidence to prove culpable conduct in connection with the event in question. See Fed. R. Evid. 407.

no longer could find copies of these money orders, and that he thought they might have been destroyed in a fire. (Ex. 18a, p. 1). ^{12/} The Commission did not obtain copies of the checks from the bank, and presumably from questions raised in his complaint, neither did Congressman Dornan. Therefore, it is unclear whether or not the cashier's checks were sequentially numbered. Examination of copies of cashier's checks in the MUR 970 file used to make contributions to the Peck campaign indicate that in that instance three checks were sequentially numbered with one set of numbers and five other checks were sequentially numbered with a completely different set of numbers. (See Ex. 11d, pp. 1-3). Where Dennis has stated he obtained the checks used for contributions to the Stewart campaign from various branches of the bank (Ex. 18a, p. 1), it is unlikely they would all be numbered in the same sequence.

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Congressman Dornan's list of dates of contributions to the Stewart campaign is incorrect in one instance. Congressman Dornan lists 11 contributions from Dennis to the Stewart Campaign on September 11, 1978. (See Ex. 1, p. 4). Both the May 8, 1979, letter from Dennis to Stewart and the reports of receipts and expenditures filed by Friends of Donald Stewart indicate only nine contributions by Dennis on September 11, 1978, and two further contributions on September 18, 1978. (See Ex's. 9b, p. 1; 19). With regard to the allegation that ten contributors listed the same post office box as an address, examination of reports filed by the Stewart committee indicates differently. Other than Dennis, only Dennis' wife Melissa and another woman named Rhonda Dennis are listed with this box for a mailing address and two employees of Dennis, Max Gurley and John Lee, are listed with the box as a business address. (See Ex. 19). Their contributions were reportedly given over a period ranging from February 2, 1978, to September 11, 1978. (Id.; Ex. 9b). It would be placing a heavy burden on a campaign committee which reportedly received contributions from over a thousand contributors to notice and place any significance on a post office box address shared by five contributors making contributions over a period of eight months. It would be reasonable to assume that these contributors were family or employees of a campaign fundraiser, and the similarity of addresses, if noticed, would not necessarily raise any questions.

In effect, Congressman Dornan is asking the Commission to find a violation of the Act by the Stewart campaign based on a standard of care for examination of campaign contributions

^{12/} In his affidavit Dennis initially refers to money orders being used, but later refers to cashier's checks being purchased. In light of the fact that Dennis definitely used cashier's checks to contribute to the Peck campaign, it appears likely that he intended to refer to cashier's checks, rather than money orders, in his affidavit.

which is plainly inappropriate in the present set of circumstances. See footnote 8, pp. 11-12, supra. 13/

The Office of General Counsel recommends that the Commission find no reason to believe that Senator Stewart, J. h. Stewart, or the Friends of Donald Stewart violated 2 U.S.C. § 441f, 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), or former 11 C.F.R. § 103.3(b).

e. Alleged violations by engaging in sham refund of \$22,000

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Congressman Dornan alleges that Senator Stewart and James Dennis "engaged in the same check exchange charade as he [Dennis] did with Carey Peck." (Ex. 1, pp. 5-6). Without reading the complaints in MURs 1331 or 1332 or some of the newspaper articles submitted by Congressman Dornan dealing with allegations in those complaints, this allegation by Congressman Dornan is unclear. An allegation incomplete without reference to another complaint could be considered insufficient to meet the standard of 11 C.F.R. § 111.4(d)(3) that a complaint should contain a clear and concise recitation of the facts which describe a violation. Such insufficiency could thus be considered grounds for the Commission finding, on the basis of the allegation, no reason to believe that a violation of the Act had occurred. However, as the complaints filed by Congressman Dornan in MURs 1331 and 1332 provide information which clarifies this allegation somewhat, we have evaluated the allegation on its merits. (See footnote 2, supra).

13/ Congressman Dornan's reference to treatment of the 1976 LaRouche campaign (See Ex. 1, p. 3; Ex. 3, p. 5) is inapposite for a number of reasons. In that instance the Commission was dealing with presidential matching funds where requirements for submissions by candidates are different and where the governmental interest in the use of public funds is intertwined. Moreover, in that instance the Commission was confronted with evidence of possible fraud perpetrated by the LaRouche campaign as opposed to a mere failure by the campaign committee to verify the propriety of contributions made by others. While the checks referred to were for small amounts of money (necessary for certification of initial eligibility, see 26 U.S.C. § 9034(a)), they were all drawn on a New York bank and yet were reported as coming from other states. Committee to Elect Lyndon LaRouche v. Federal Election Commission, 613 F.2d 834 (D.C. Cir. 1979), cert. denied, 444 U.S. 1074 (1980).

Analogizing from MURs 1331 and 1332, Congressman Dornan is apparently alleging that although Friends of Donald Stewart reported returning \$22,000 to James Dennis by check, this transaction was a sham in that Senator Stewart, or someone on behalf of him or his campaign, actually received \$22,000 in cash from Mr. Dennis in exchange for the refund check. (See Ex's. 2, pp. 2-3; 3, pp. 17-18; 5b; and 5d).

This allegation raises the possibility of violations of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) for knowing acceptance of a contribution in excess of the limits of 2 U.S.C. § 441a(a)(1)(A) and 11 C.F.R. § 110.1(a)(1), of former 11 C.F.R. § 103.3(b) for failure to return an apparently illegal contribution, and of 11 C.F.R. § 110.4(c)(2) for failure to return a cash contribution in excess of \$100.

The response submitted on behalf of Senator Stewart, J. H. Stewart, and Friends of Donald Stewart flatly denies this allegation. (Ex. 8, p. 2). Enclosed as part of the response is a copy of the front and back of the cancelled check from the Committee to James H. Dennis in the amount of \$22,000, (Id., p. 4).

According to the complaint in MUR 1329, Congressman Dornan bases this allegation on a statement made to him by Mr. Dennis. (Ex. 1, p. 5). He provides no details of either the alleged check exchange or of the circumstances under which this information was told to him by Mr. Dennis. (See Id., pp. 5-6). This is a bare allegation. See 11 C.F.R. § 111.4(d)(3). 14/ Additionally, there is reason to doubt the

14/ In MUR 1332, in which Congressman Dornan submitted a 19-page complaint devoted to the Peck campaign, there is a two-sentence reference to the alleged U-turn of money to Senator Stewart. (Ex. 3, p. 18). Because the allegation is also covered in MUR 1329 which Congressman Dornan devoted to the Stewart campaign and because the reference in MUR 1332 is so fleeting, Senator Stewart and his campaign committee have not been named as respondents in MUR 1332. It should be noted that in MUR 1332 Congressman Dornan alleges, referring to a June 20, 1979, column by Jack Anderson, that Mr. Dennis told the F.B.I. about the U-turn of money to Stewart. (Id.) Again, Congressman Dornan did not submit the cited column to the Commission; a check, made at the Library of Congress, of the June 20, 1979, Jack Anderson column in The Washington Post, indicates that the column bears no relevance whatsoever to the Stewart campaign. (The column entitled "New Pieces in the Iranian Prank", deals with Henry Kissinger's involvement in the Iranian situation). A June 20, 1980, column by Jack Anderson does refer to an F.B.I. investigation concerning a sham refund by Stewart. (Ex. 16). However, as noted previously at footnote 7, that investigation has since terminated.

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credibility of James Dennis, the source of the allegation. Mr. Dennis was convicted of defrauding IteI, a San Francisco corporation of almost \$1,000,000. As a felon convicted of fraud, Dennis is not necessarily the most reliable of sources under any circumstances. (See Fed. R. Evid. 609(a)(2) which provides for impeachment of the credibility of a witness by evidence that he has been convicted of a crime involving dishonesty or false statement; similar provisions are common, also, in state rules of evidence.)

There are particular reasons for doubting the veracity of Dennis' statement in this instance. While Congressman Dornan provides no details of when this statement was made to him, apparently (like the similar statement made about the alleged Peck check charade), it was made while Dennis was imprisoned. 15/ Information submitted concerning Congressman Dornan's involvement with Dennis while Dennis was imprisoned raises a serious question about Dennis' motivation for statements made to Congressman Dornan and thus raises a further question as to the reliability of these statements. Additionally, an F.B.I. report of an interview between Congressman Dornan and Dennis at the Talladega Federal Correctional Institute while Dennis was imprisoned there, indicates inconsistencies and inaccuracies in statements by Dennis concerning Carey Peck which further undermine the credibility of statements purportedly made by Dennis about Senator Stewart. (See Ex. 4b).

Congressman Dornan's prison interview with Dennis took place on April 30, 1980; an F.B.I. agent, an assistant U.S. Attorney, Mrs. Dornan, and a member of the Congressman's staff were also present. (See Ex. 4b, p. 1). According to both the report of the interview prepared by the F.B.I. agent and statements made by Congressman Dornan, Dennis told Congressman Dornan that after

15/ Congressman Dornan's complaints and the many newspaper articles submitted in this matter indicate that Congressman Dornan's contact with James Dennis occurred primarily while Dennis was in prison. (See, Ex's. 2, p. 2; 3, pp. 4, 6, 7, 17, 1b; 5b-d; but see Ex. 14, p. 1). In one of the newspaper articles submitted by him, Congressman Dornan is reported as saying that his first personal contact with Dennis came on April 21, 1980, when Dennis called him from prison. (Ex. 5b, p. 2). Another article submitted by Congressman Dornan reports him as saying that after 3 months of contacts with Dennis, on July 22, 1980, he informed Dennis that he no longer wished to deal with him (Dennis). (Ex's. 5d(1) and (2), p. 1).

Carey Peck gave Dennis a \$13,000 refund check, Dennis cashed the check and returned the cash to Carey Peck as a loan. (See Ex's. 4b, pp. 2, 3; 2, p. 2; 3, p. 17; 5d(1), p. 1; 5e, p. 4). 16/ The report described Dennis' statements in some detail:

DORNAN first asked DENNIS what he did with the \$13,000.00 that was refunded to him by CAREY PECK in mid-June, 1979. DENNIS explained that he met CAREY PECK at the office of PECK's attorney, JULES PATCLIFF, [sic] in the Los Angeles, California area. DENNIS and PECK went to some unrecalled bank near RATCLIFF's office where PECK had taken out a \$13,000. personal loan a day or two earlier. PECK gave DENNIS a \$13,000 check payable to DENNIS which DENNIS immediately cashed at this bank and DENNIS merely handed the \$13,000.00 cash over to PECK all in the same transaction. DENNIS explained that it was understood that this \$13,000.00 was paid by PECK to DENNIS as a refund for the \$13,000.00 paid into PECK's campaign fund during 1978, which were illegal contributions....

DENNIS went on to explain that when he received the \$13,000.00 refund check from PECK in the bank in California [sic] cashed the check and turned the cash back over to PECK, he (DENNIS) gave the cash to PECK as a personal loan not to be put back into PECK's campaign fund. No records, papers or documents were prepared to substantiate this loan. PECK has not repaid this loan made by DENNIS to PECK and DENNIS has not attempted to collect on the loan. DENNIS noted that PECK used the \$13,000.00 loan from DENNIS to pay off the bank's loan to PECK. (Ex. 4b, pp. 2-3). (The entire report is four pages). 17/

16/ Additionally, Mrs. Dornan and a member of Congressman Dornan's staff reportedly have corroborated that Dennis stated in the interview that he returned the cash to Peck. (Ex's. 5d(1), p. 1; 5d(2), p. 2). Newspaper accounts of Congressman Dornan's description of what Dennis told him, as well as the account in the complaint in MUR 1331, are generally consistent with the F.B.I. report. (Compare Ex's. 5d(1), p. 1; 5e, p. 2; 2, p. 4 with Ex. 4b, pp. 2-3). However, there are discrepancies in some details of Dennis' statements as described by Congressman Dornan in the MUR 1332 complaint and as reported by the F.B.I. agent. (See footnote 24 infra, page 22).

17/ The only direct references to the allegation of a sham refund transaction concerning Senator Stewart in all of the materials submitted in this matter come in the complaints in MURs 1329 and 1332 and in newspaper articles reporting the investigation of this allegation. (See Ex's. 1, pp. 5, 6; 3, p. 18; 14, p. 1; 16; 20a, Ex. E, p. 1). There is no such reference in the report of this interview. (However see footnote 20, infra, p. 20).

However, Dennis has since denied the truth of his sham refund statements. (See Ex's. 5c, p. 1; 5d(1), p. 1; 5e, p. 4; and 5f). 18/ In a letter to Gregory Peck, apparently dated May 15, 1980 (two weeks after the interview with Congressman Dornan), Dennis wrote of the April 30th interview:

He [Congressman Dornan] tried on several occasions [sic] to get me to say that after Carey paid me the money back, that I then proceeded to loan him the money back. I said, "Congressman Dornan you will not accept the plain truth of the matter, but you appear to only want to make headlines through eroneous [sic] statements." (Ex. 5f, p. 2). 19/

In other instances subsequent to his prison interview, Dennis has flatly denied returning the cash to Carey Peck (Ex's. 5c, p. 1; 5e, p. 4; 20a, Ex. D, p. 1 and Ex. E, p. 4), and claims he made his April 30 statement as part of a deal with Congressman Dornan to get better treatment while in prison. (Ex's. 5c, p.1; 5d(1), p. 2; 20a, Ex. E, p. 4).

Under the circumstances it is highly likely that, without any impropriety on the part of Congressman Dornan, Dennis made self serving statements while dealing with a United States Congressman. Various newspaper articles submitted both by Congressman Dornan and on behalf of the Peck campaign provide discrepant accounts of Congressman Dornan's role in interviewing Dennis. (See Ex's. 5b, p. 2; 5d(1) and (2); 14, p. 3; 20a, Ex. D, pp. 1-5). The F.B.I. report indicates: "DORNAN explained to DENNIS that if DENNIS would tell the truth about his dealings with CAREY PECK, then DENNIS could count on DORNAN to vouch for DENNIS' character as a person who is trying to be a better citizen." (Ex. 4b, p. 1).

There are further indications that Dennis' statements made during the course of his prison interview are not reliable. His account of dealing with the Commission in MUR 970, as described in the F.B.I. report, is clearly erroneous. According to the report, when Dennis and his attorney Stephen Salter, came to the Commission, Dennis examined the Peck files at the request of the then General Counsel, William Oldaker.

18/ There is one newspaper article which reported that Dennis denied having even made the statement. (Ex. 5d(1)).

19/ This letter was submitted by Congressman Dornan. Congressman Dornan has not explained how he came to be in possession of a copy of letter from Dennis to Peck, but as there is no evidence to the contrary, we are assuming that the letter is what it purports to be.

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DENNIS noticed several affidavits in the FEC file supposedly signed by persons whose names had appeared as payees on Cashiers Checks given to PLCK [FOIA deletion 20/] DENNIS claims that these were forged affidavits and that the payees on the checks had neither been contacted by the FEC or signed any affidavit about this matter. (Ex. 4b, p. 3).

The 1977-78 files on the Peck campaign's reports of receipts and expenditures were shown to Dennis when he and Mr. Salter came to the General Counsel's office on June 1, 1979, to discuss conciliation. These files contain nothing which Mr. Dennis could reasonably have mistaken for forged affidavits supposedly signed by persons in whose names contributions were made to the Peck campaign. Similarly, the Stewart campaign's reports of receipts and expenditures also contain nothing which could reasonably be mistaken for forged affidavits. 21/

Another apparently inaccurate statement by Dennis in the course of his prison interview was that Carey Peck had used the 13,000 loan from Dennis to pay off his (Peck's) bank loan. (See Ex. 4b, p. 3). Dennis' statement is contradicted by newspaper accounts of statements by Carey Peck and an official of City National Bank. (See Ex. 5c, p. 2; see also Ex. 7b, p. 2).

A further reason for doubting the credibility of the statement purportedly made by Mr. Dennis regarding a sham refund by the Stewart campaign is that, according to materials submitted by Congressman Dornan, he no longer trusts Dennis himself. 22/ The cumulative documentation submitted by Congressman Dornan not only provides repeated indications

20/ There are deletions in the report here for Freedom of Information Act exemptions. Under the circumstances it appears highly likely that the deletions contain references to the Stewart campaign.

21/ The F.B.I. report is not clear about what files Dennis saw. (See Ex. 4b, pp. 3-4). However, even if he had seen the MUR 970 file, it contained no affidavits as of June 1, 1979, and the only affidavits added later were from Dennis himself.

22/ According to an article by K. Reich & R.L. Jackson of the Los Angeles Times:

The congressman [Dornan] says he had reason to believe at the time that what Dennis had told him about returning the money might be true.
(cont'd. next page)

of Dennis' lack of credibility with regard to the alleged sham refunds; it creates a question as to the propriety of Congressman Dornan basing perhaps the most serious allegations in his complaints (that of the supposed check U-turns by both Stewart and Peck) on the word of a man whom he apparently does not trust. 23/

For all of the above reasons the Office of General Counsel recommends that the Commission find no reason to believe that Senator Stewart, J. H. Stewart, or the Friends of Donald Stewart violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 11 C.F.R. § 110.4(c)(2) or former 11 C.F.R. § 103.3(b).

Alleged violations by Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon and Stanley R. Caidin

a. Alleged violations by engaging in sham refund of \$13,000

As previously discussed with regard to alleged violations in connection with the Stewart campaign, in MURs 1331 and 1332 Congressman Dornan alleges that Carey Peck engaged in a sham check refund transaction with James Dennis. (Ex. 2, pp. 2-3; Ex. 3, pp. 16-18). In the MUR 1332 complaint Congressman Dornan recounts Dennis' description of the alleged transaction in some detail. (Ex. 3, p. 17). There are some discrepancies between the details of Dennis' statement as described in the MUR 1332 complaint and the F.B.I. report. 24/ It is clear, however, that the basic allegation is that Peck presented Dennis with a \$13,000 check which Dennis cashed, returning \$13,000 in cash to Carey Peck.

22/ (cont'd.)

But Dornan said 10 days ago that he had broken off contacts with Dennis, convicted of fraud, after he had decided Dennis could not be trusted.

And the congressman, turning his copy of the FBI agent's report over to The Times on Thursday in Washington, D.C., said that in view of Dennis' conflicting stories, he is in no position to verify what Dennis told him at Talladega. (Ex. 5c, p.1; see also Ex's. 5b, p. 2; 5d(2), pp. 1, 3).

23/ With regard to Stewart this allegation is apparently based solely on Dennis' word. With respect to Peck, Congressman Dornan presents other information in support of this allegation. (See Ex's. 2, pp. 2, 3; 3, pp. 16-18; 7a, p. 2; 7c, p. 3).

24/ See next page for footnote.

This allegation of a sham refund raises the possibility of violations of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) for knowing acceptance of a contribution in excess of the limits of 2 U.S.C. § 441a(a)(1)(A) and 11 C.F.R. § 110.1(a)(1), of former 11 C.F.R. § 103.3(b) for failure to return an apparently illegal contribution, and of 11 C.F.R. § 110.4(c)(2) for failure to return to a contributor the amount of cash contribution in excess of \$100.

It is not clear against which respondents the allegation is directed. Congressman Dornan named as respondents in the MUR 1332 complaint Carey Peck, Stanley Caidin (former Treasurer of the Peck campaign), Michael Gordon (current Treasurer of the Peck campaign), and Terry Pullan (the campaign's manager). Congressman Dornan did not specify in the complaint which respondents he considered responsible for which alleged violations. However, it appears that Congressman Dornan intends to extend the instant alleged violation at least to Terry Pullan on

24/ According to the MUR 1332 complaint (filed approximately five months after the interview with Dennis), Dennis waited in Peck's lawyer's office while a loan was arranged for Carey Peck at his father's bank. (Ex. 3, p. 17). The check was given to Dennis at the lawyer's office and then "they" (it is unclear to whom "they" refers) drove Dennis to the bank used by the Peck campaign (apparently a different bank than "daddy's") where the check was cashed. Dennis then went back to Peck's lawyer's office and there presented Peck with \$13,000 in cash. (Id.). According to the F.B.I. report, however, Peck and Dennis met at Peck's lawyer's office and then Peck and Dennis (apparently no other person was along) went to the bank from which Peck had taken out a \$13,000 loan in the past couple of days. (Ex. 4b, p. 2). Peck gave Dennis a check for \$13,000 "which DENNIS immediately cashed at this bank and DENNIS merely handed the \$13,000 cash over to PECK all in the same transaction." (Id.) (emphasis added). There are also discrepancies between the F.B.I. report and other statements by Dennis. (Compare Ex. 4b with Ex's. 5f; 5d(1), p. 1; 20a, Ex. E., p. 4; see also discussion at pp. 19-20, supra). Agent Deffenbaugh apparently dictated the account of the interview on May 2, 1980, (2 days after the interview), and it was transcribed on May 5, 1980. (Ex. 4b, p. 1). Given the fact that the report was prepared soon after the interview, as well as the common sense observation that Deffenbaugh's account was more likely to be disinterested than that of either Dennis or Congressman Dornan, the F.B.I. report probably represents the most accurate version of the interview.

the basis of statements Pullan purportedly made to a reporter. (See Ex. 2, p. 2; Ex. 3, p. 17). 25/

The response on behalf of Carey Peck, Carey Peck for Congress, Terry Pullan and Michael Gordon in MUR 1332 denies Congressman Dornan's allegation of the existence of a sham refund transaction. (Ex. 20a). Included as exhibits in the response are sworn affidavits from Carey Peck, Terry Pullan and Michael Gordon. (Id., Ex's. A, B, & C, respectively). Each affiant has stated that Carey Peck for Congress refunded \$13,000 to James Dennis on June 14, 1979, and that he (the affiant) personally did not receive in whole or in part the \$13,000 allegedly returned by Dennis in cash. (Id.). Each affiant has further stated that to his knowledge Dennis never returned the refund or any other money to the Committee or anyone even remotely connected with the Peck campaign. (Id.) the response on behalf of Carey Peck and Carey Peck for Congress in MUR 1331 is similar, including another sworn affidavit by Peck to the same effect. (See Ex. 20b and Ex. A).

As noted above, Congressman Dornan's allegation concerning the sham refund transaction involving Peck is essentially based on statements by Dennis, although Congressman Dornan has alleged further corroborating evidence. In the opinion of the General Counsel, Dennis is not a credible source on which to base an investigation for all the reasons previously discussed at length in connection with the similar allegation concerning Senator Stewart. (See pp.15-21, supra). It is this very allegation concerning Peck on which Mr. Dennis has such a poor record for consistency. (Id.). Moreover, as discussed supra at pages 17-19, it is clear that Dennis made this allegation while in jail and that he has since claimed to have done so as part of a deal with Congressman Dornan in an attempt to better his conditions.

25/ It appears that Congressman Dornan does not intend for this allegation to include Stanley Caidin, for in the MUR 1332 complaint he states that when he spoke with Mr. Caidin on February 7, 1980, Mr. Caidin informed him that he had quit the Peck campaign prior to the refund transaction and that Caidin told Congressman Dornan that he had no idea of the procedures used to allegedly return the \$13,000. (Ex. 3, p. 17). Moreover, Caidin's response in MUR 1332 has attached as an exhibit a letter from Congressman Dornan to Caidin with regard to the February 7, 1980, conversation. (See Ex. 21a, Ex. A). In it Congressman Dornan states, "I was not surprised to learn that you had no knowledge of the way the illegal \$13,000 was returned."

Congressman Dornan's alleged corroborating information is also insufficient to provide a basis for an investigation of this allegation by the Commission, especially in light of the respondents' submissions.

In both MURs 1331 and 1332 Congressman Dornan alleges that Rick Cziment, a California reporter, learned from Terry Pullan that the \$13,000 never left California. (See Ex. 2, p. 2; Ex. 3, p. 17). In MUR 1332 Congressman Dornan also alleges that Cziment claims to have seen a copy of the refund check and to have a photocopy of both the front and back of the check. (Ex. 3, p. 17). Even if Cziment did learn from Pullan that the money never left California and even if he did claim to see the refund check and has a xerox of the check, this is not probative information. ^{26/} The fact that the check may have been cashed in California does not necessarily indicate that the cash was in fact given to Peck or anyone involved with the Peck campaign. (See id.). Carey Peck addresses this supposition in his affidavit in MUR 1332 by denying the acceptance from Dennis of any part of the refund and denying knowledge of any such acceptance on the part of anyone even remotely connected with his campaign. (Ex. 20a, Ex. A, ¶ 10).

Additionally, he states:

Dornan's charge on this point is not only wholly untrue but, to my knowledge, was thoroughly investigated by the United States Justice Department, which issued a statement on September 19, 1980 indicating that there was no substantiation to the charge. (Id.).

He also states:

It is my understanding that sometime after leaving Mr. Radcliff's office, Dennis cashed the check at a bank in Los Angeles. Neither I nor anyone else from my committee was with Dennis at that time. Why he cashed the check when and where he did is a mystery to me. (Id., Ex. A, ¶ 9).

^{26/} Even less probative is the allegation that Peck threatened to sue the Independent Journal, Cziment's newspaper. See Ex. 2, p. 2; Ex. 3, p. 18). If the reporter's allegation was incorrect, there would be a legitimate reason for threatening suit.

Pullan refutes the statement attributed to him that the money never left California by stating in his affidavit that he has no idea "as to what Dennis may have done with the refunded amount." (Id., Ex. B, ¶ 6). 27/

In further corroboration of this allegation, among others, Congressman Dornan submitted copies of "memoranda" he obtained from the Department of Justice under the Freedom of Information Act. (See Ex's. 7-7c). The memoranda deal with investigations of Senator Stewart and Carey Peck during the period of June through September of 1980. Sections of the submitted material have been deleted, presumably by the Department of Justice. (See id.) A few phrases in the memoranda raise questions, but must be considered in context.

A memorandum dated June 18, 1980, concerns a request by Congressman Dornan for an F.B.I. investigation into possible criminal violations by Carey Peck concerning \$12,000 in illegal campaign contributions made by James H. Dennis, Sr., to Peck's 1978 congressional campaign. (See Ex. 7c). 28/ It is noted in the memorandum that Dennis made conflicting statements concerning the \$12,000 and that in light of these statements he was brought before a grand jury to testify under oath on June 12, 1980. (Id. p. 2). Almost an entire page of deletions follows. (Id. pp. 2-3). Presumably it refers to Dennis' grand jury testimony.

The first legible sentence after the deletions states:

Donsanto has rendered the opinion that the return of the cash to Peck does not constitute a violation of election laws or any other federal violation inasmuch as the refund of the illegal campaign contributions was made voluntarily by Peck. (Id. p. 3). 29/

27/ In this instance Congressman Dornan is relying on at least second-hand hearsay for his information about the information allegedly coming from Pullan. Additionally, Congressman Dornan contradicts himself in MURs 1331 and 1332 about whether the information that the money never left California was told directly to him by Cziment or to his (Dornan's) campaign manager. (Compare Ex. 2, p. 2 with Ex. 3, p. 17).

28/ Note the memorandum refers mistakenly to contributions to Congressman Carey Peck. (Ex. 7c, p. 1). Its not clear from the context whether the reference is to the initial contributions in 1978 by Dennis in the names of others, the alleged sham refund transaction, or both.

29/ Examination of the original copy of this submission by Congressman Dornan indicates that the underlining in the quoted statement and any other sections of this exhibit was apparently done by him. All other underlining in copies of exhibits submitted by Congressman Dornan has, also, apparently been done by him.

Arguably, the reference to "the return of the cash to Peck" suggests that Justice or the F.B.I. concluded that Dennis did in fact return cash to Peck. That is the inference Congressman Dornan apparently makes. However, it is just as likely, in the General Counsel's view, that Justice or the F.B.I. was speaking in hypothetical terms, i.e., that even if the refund was returned to Peck in cash, there would be no violation. In any event, implications and inferences based on this one sentence are not an appropriate trigger for an investigation, particularly in light of the surrounding circumstances.

A subsequent memorandum dated September 16, 1980, indicates that on September 15, 1980, Craig Donsanto of the Public Integrity section of the Justice Department advised that a review of the investigation concerning James Dennis, Senator Stewart, and Carey Peck "disclosed no basis for further investigation as the matters had no prosecutive merit." (Ex. 7a, p. 1). The memorandum states further:

Los Angeles is advised that the matter concerning Cary [sic] Peck's receipt of conduit contributions may be referred by the DOJ back to the Federal Election Commission for further resolution. (Id. p. 2).

The failure of the Justice Department to refer this matter back to the FEC in the intervening seven months since Justice apparently ended its investigation indicates that, on further review, Justice decided there was no basis even for a referral.

Congressman Dornan places emphasis in MUR 1332 on the fact that Dennis personally came out to Los Angeles to pick up the refund check, pointing out that that is the only mode of exchanging money which does not leave a paper trail of evidence. (Ex. 3, p. 18). However, this amounts to pure speculation.

Congressman Dornan apparently finds significance in the fact that Carey Peck has been reported in newspaper articles as saying he became suspicious about contributions from Dennis after learning about Dennis' legal problems through a newspaper clipping service maintained by Gregory Peck. (See Ex. 3, pp. 11, 16; see also Ex's. 6b, p. 2; 22). Specifically, with regard to the allegation of a sham refund, Congressman Dornan focuses on a reported statement by Carey Peck that the \$13,000 had been returned after Peck and his father learned of Dennis' indictment in the ITEL fraud case.

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(Ex. 3, p. 17; See Ex. 6b, p. 2). 30/

As Congressman Dornan correctly notes, Dennis was in fact indicted in the Itel case on July 6, 1979, approximately three weeks after the \$13,000 refund to Dennis. (See Ex. 3, p. 17; Ex. 23). Thus, assuming the Jan. 10, 1980, article by Will Thorne to be an accurate report of Peck's statement (see Ex. 6b), Peck appears to have made a misstatement. However, this misstatement is easily explainable.

The response on behalf of Carey Peck, Carey Peck for Congress, Terry Pullan and Michael Gordon and supporting affidavits by Carey Peck and Michael Gordon reiterate statements that Peck and his campaign became suspicious in May, 1979, when news articles from Alabama concerning Dennis' illegal contributions to Stewart and Peck came to their attention. (See Ex. 20a, p. 3, and Ex. A, ¶ 5, Ex. C, ¶ 5).

The May 9, 1979, Birmingham Post-Herald article by Frank Moring, Jr., and Stewart Lytle (an article which apparently forms the basis for one of Congressman Dornan's allegations against Senator Stewart (see pp. 11-12, supra)) concerns Dennis' illegal contributions to Senator Stewart; in it Dennis' problems with Itel are discussed extensively. (See Ex. 9c). Moreover, the May 10, 1979, article in The Birmingham News by Andrew Kilpatrick, apparently the first article to mention Dennis' contributions to Peck, contains a reference to a federal investigation of Dennis for his dealings with Itel and reports that Dennis has said he expects to be indicted. (See Ex. 24a, p. 2). These newspaper articles appear to explain the basis for statements made by Peck and his campaign and suggest that Congressman Dornan's suspicions in this regard are groundless.

Congressman Dornan's last piece of corroborating information with regard to the sham refund allegation is the discrepancy between Peck's statements that the refund was made on June 14, 1979, and the report of the return to Dennis on June 13, 1979, in the Peck campaign's July 10, 1979 quarterly report. (See Ex's. 3, p. 16; Ex. 25, Schedule B, p. 1 of 1, line 20A). Congressman Dornan is certainly correct that this discrepancy exists, and it is a discrepancy never addressed by anyone connected with the Peck campaign. In the General Counsel's view, it is not probative of the existence of a sham refund transaction. The date reported in the committee's reports could logically represent the date the check was written.

30/ Congressman Dornan does not cite the same newspaper article by Will Thorne where it states that:

[Peck] said his suspicions were also heightened when he saw Birmingham newspaper clippings in which it was reported that Dennis had contributed \$22,000 illegally to the campaign of U.S. Sen. Donald Stewart, for whom the elder Peck campaigned. (Id., p. 2).

Thus, in sum, there are a number of apparent inconsistencies in the evidence concerning this allegation. However, while they may raise questions as to details of what actually happened, none of them provide reliable evidence of the existence of a check exchange charade between Peck and Dennis.

In light of the apparent unreliability of Dennis' allegation made while he was imprisoned, the inconclusive nature of the apparent inconsistencies noted by Congressman Dornan, and the responses in this matter including sworn affidavits by Peck, Pullan and Gordon which deny this allegation, the Office of General Counsel recommends that the Commission find no reason to believe that Carey Peck, Friends of Carey Peck, Stanley Caidin, Michael Gordon, or Terry Pullan violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), former 11 C.F.R. § 103.3(b), or 11 C.F.R. § 110.4(c)(2).

b. Alleged violations by knowing acceptance of illegal contributions and failure to promptly return apparently illegal contributions

Congressman Dornan further alleges that Peck and his campaign knowingly accepted illegal contributions from James Dennis. (Ex. 3, pp. 4-14). This allegation is denied by the respondents. (Ex's. 21a, pp. 4-5; 20a, pp. 2-4, and Ex. A, ¶ 4, Ex. B, ¶ 4). While this allegation is framed in terms of knowing acceptance of the illegal contributions, it also raises the issue more explicitly raised with regard to the Stewart campaign of failure to return within 10 days, or to deposit, report, and return within a reasonable period of time, contributions which appear to be illegal. 31/

The allegation of knowing acceptance of illegal contributions would involve a violation of 2 U.S.C. § 441f for knowing acceptance of contributions made by one person in the names of others, and of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) (see 11 C.F.R. § 110.1(a)(1)) for knowing acceptance of excessive contributions. The allegation of failure to return contributions which appeared to be illegal within 10 days, or to deposit, report, and return them within a reasonable period of time, would involve a violation of former 11 C.F.R. § 103.3(b).

31/ See footnote 8, supra, pp. 11-12.

Congressman Dornan bases this allegation on a combination of facts including: (1) statements made by James Dennis while he was imprisoned, (2) apparently contradictory statements made by Carey Peck to reporters in 1980 about his relationship with Dennis in 1978, (3) discrepancies in reported dates of receipt of contributions, and (4) a number of other facts including the fact that the contributions were in the form of cashiers checks and that some of the checks were sequentially numbered.

Statements made to Congressman Dornan by James Dennis while Dennis was imprisoned suffer all of the problems of credibility previously discussed. Moreover, in this instance, it is not clear what Dennis actually said; Dennis' statements on this point are reported differently by Congressman Dornan and the F.B.I. report. (Compare Ex. 3, p. 4 with Ex. 4b, p. 3). In MUR 1332, Congressman Dornan states that Dennis told him that he (Dennis) "received a hurried phone call just prior to the election: 'Peck or Pullen [sic] phoned and begged, 'Can you send \$9,000 or \$10,000 more?'" (Ex. 3, p. 4).

The F.B.I. report describes Dennis' account of going to a party with two Intel executives at Gregory Peck's home. The transcript continues:

A few days after DENNIS arrived back in Birmingham, CAREY PECK called and asked DENNIS to contribute to his campaign. ^{32/} DENNIS agreed to send at least \$10,000.00. There was some discussion to the effect that the manner in which it was sent would probably not be important since it was coming all the way from Alabama and the conversation was in terms of the entire contribution coming from DENNIS and not from a group of contributors in Alabama. (Ex. 4b, p.3).

The quoted question allegedly asked by either Peck or Pullan ("Can you send \$9,000 or \$10,000 more?") is somewhat ambiguous. It does not necessarily imply that the speaker was asking for all of that money to come from Dennis' own funds. It could just as easily have meant that the speaker was expecting Dennis to raise the money from other people. Such an interpretation would be consistent

^{32/} There is no mention of Pullan here, as there is in Congressman Dornan's recollection of Dennis' statements. (Compare Ex. 4b, p. 3 with Ex.3, p.4).

with Carey Peck's reported explanation that Dennis offered to raise funds for his (Carey Peck's) campaign to thank Gregory Peck for raising funds for Senator Stewart. (Ex's. 5b, p. 1; 6b, p. 2; 6d, p. 2; 21a, pp. 5, 6). Similarly, the statement in the F.B.I. report, "the conversation was in terms of the entire contribution coming from DENNIS and not from a group of contributors in Alabama", could be an accurate transcription in terms of what was actually said, but could mean merely that Dennis would be responsible for gathering and forwarding the contributions.

A statement by Dennis that Carey Peck requested all of the money from Dennis himself would be inconsistent with other known statements by Dennis, including a sworn affidavit in the MUR 970 file, that Peck never knew the source of the contributions. (See Ex's. 18a; 24a, p. 1). It also would be inconsistent with sworn responses from both Peck and Pullan. (See Ex. 20a, Ex's. A, B).

Congressman Dornan has presented the Commission with at least five newspaper articles indicating apparent misstatements by Carey Peck in comments made to reporters at the beginning of 1980, concerning his relationship with James Dennis in 1978. (See Ex's. 22; 6c; 6d; 5a; 5e). As noted by Congressman Dornan, there are reported discrepancies in statements by Peck concerning: (1) the method by which cashier's checks reached the campaign, 33/

33/ In some instances Peck is reported to have said the checks arrived by mail. (See Ex's. 5a; 6c; 22). He also is reported to have said hand delivery was used in some instances. (See Ex's. 5b, p. 2; 5e, p. 3; see also Ex. 5a). Information provided by Congressman Dornan indicates several different versions of how the cashier's checks reached the Peck campaign other than the two reported contradictory statements by Peck discussed above. (See Ex's. 3, pp. 6, 7; 4b, p. 3; 5a; 26). All of these versions arose out of statements apparently made in 1980 about events in 1978. Aside from problems of accuracy created by this time lapse, there are other reasons for questioning each of the following versions of how the checks were delivered, including the fact that some of the statements were made by Dennis while in prison, lack of indication of the source in some instances, and apparently contradictory statements in other instances. Without indicating its source, the article by Bob Baker in the Los Angeles Times indicates that Gregory Peck delivered the first two checks from Dennis, one from Dennis himself and one in the name of another individual, and that Dennis brought the last five checks to California in November and went to dinner with both Pecks and two ITEL executives at Chasens. (Ex. 5a). Also without identifying its source, a column by Jack Anderson appearing (cont'd. next page)

(2) the number of times and the circumstances under which Carey Peck met James Dennis, 34/ and (3) the extent and method of checking out the cashier's checks when they were received. 35/ There is enough discrepancy over details in these articles to raise doubts as to their accuracy and hence as to the significance of the discrepancies raised by Congressman Dornan. (Compare, e.g., Ex. 5a with Ex. 5e). Additionally, they do not always clearly identify the source of their information. (See Ex. 5a, e.g.). 36/

33/ (con'td.) in The Washington Post on June 21, 1980, reports that Dennis gave Gregory Peck \$6,000 to carry back to California. (Ex. 26). In the MUR 1332 complaint Congressman Dornan states that Terry Pullan apparently was the source for this statement by Anderson. (Ex. 3, p. 6). However, Congressman Dornan provides no explanation for his own statement. Finally, Dennis is again the source for further contradictory statements. During his prison interview he told Congressman Dornan that he initially contributed three checks to the Peck campaign and later sent ten more and that they all were sent by Federal Express. (Ex. 3, pp. 6-7; Ex. 4b, p. 3). According to Congressman Dornan, Dennis later indicated over the telephone that he gave checks to Gregory Peck personally. (Ex. 3, p. 7). This reference as stated in the complaint apparently is to the 3 initial checks. (See Ex. 3, pp 6-7). However, further down on the same page of the complaint Congressman Dornan states that Dennis claims to have hand carried the last checks. (Ex. 3, p. 7). It is not clear when Dennis made this claim, nor to whom he made it.

A likely version of what actually happened is that two checks initially were hand delivered by Gregory Peck, one from Dennis and one from another person. This is reported in two news articles and would apparently square with the Peck campaign's reporting receipt of the first two checks, one from Dennis and one from Andy Shadix on October 31, 1978. (See Ex's. 5a; 5e; 27; 28; 3, p. 13). However, given these varied contradictory accounts, no certain version of what actually happened emerges.

34/ Some reports indicate that Peck said he met Dennis only once (see Ex's. 5e, p. 3; 6c; 22; see also Ex. 5a), while at least one article reports Peck as saying he met Dennis twice. (See Ex. 5e, p. 3). Peck is also reported to have said at one time that he met Dennis at a "short sit-down over coffee" (see Ex's. 5a; 5e, p. 3), and to have said on another occasion that the meeting included dinner. (See Ex. 5e, p. 3; see also Ex. 5a).

35/ There are a variety of reported statements here: (1) checks were inspected as they came to campaign headquarters and found to be good (see Ex. 6d, p. 2; see also Ex. 5a); (2) the campaign checked with Dennis to verify names and occupations of donors and in some instances checked with the businesses of some donors (see Ex's. 22; 6c); (3) the campaign only checked with Dennis' secretary (see Ex's. 5a; 5e, pp. 3-4). Additionally Congressman Dornan notes in the complaint in MUR 1332 that Terry Pullan told Dornan's campaign manager in June, 1980, that they "never bothered to check out the money." (Ex. 3, p. 9).

36/ Failure to identify a source does not mean an article is inaccurate. However, it makes assessment of its accuracy more difficult.

on the part of Peck he has so far failed to do so. 37/

Another issue raised by Congressman Dornan, apparently in support of his allegation of knowing acceptance of the illegal contributions, is the number of discrepancies in the reported dates of receipt of contributions. Congressman Dornan notes in MUR 1332 that the Peck campaign's 1978 post general election report and mailgrams sent by the campaign cite different dates for the receipt of "phantom" contributions. (Ex. 3, p. 12). Congressman Dornan goes on to state: "All of those different dates bear the mark of a fabrication." (Id.). Examination of the chart of contributions from Dennis to Peck contained in MUR 1332 and also another chart prepared by the Office of General Counsel (for clarification) indicates that of the eight contributions from Alabama which the Peck campaign reported by mailgram as well as in the post general election report, five were reported with the identical date of receipt. (See Ex. 3, p. 13, and Ex. 28, respectively). For the other three contributions, the date of receipt was reported by mailgrams as November 6; it was reported as November 8 in the post general election report. (Id.; see Ex. 27). Meanwhile, Election Day was November 7, 1978, and the post election report was due 30 days later. Losing campaign committees generally fall into disarray and confusion once an election is lost and they are in the process of disbanding. Under the circumstances, it is much more likely that the discrepancy was made by mistake than that it was the result of a "fabrication." 38/

37/ The Baker article states:

This year, Dornan, still furious about the text of the mailer [a mailer sharply critical of Congressman Dornan which Dennis' money allegedly enabled the Peck campaign to send toward the end of the 1978 campaign], set out to prove that Peck knew the money had been donated in violation of federal law. But Dornan failed, and six weeks ago the Justice Department formally cleared Peck of mishandling campaign finances.

The Connell article indicates that:

Since that time [when Dornan purchased newspaper advertisements questioning the contributions from Dennis], Peck's basic explanation of what occurred has not changed. And Dornan, despite his efforts, has failed to prove wrongdoing on Peck's part. (Ex. 5e, p. 3).

38/ This proposition is supported by the fact that other examples of this reporting discrepancy exist with regard to contributions by persons wholly unrelated to these MURs. For instance, another mailgram from the Peck campaign dated November 5, 1978, lists contributions from Ana Olar, Amir Rokni, and Homa Mashreghi as being received on November 3, 1978. The post general election report lists the contributions from Ana Olar and Amir Rokni as being received on November 1, 1978; it lists the contributions from Homa Masreghi as being received on November 2, 1978. (See Ex. 27). Apparently, these are mistakes also. In the General Counsel's view, they are of no significance.

Congressman Dornan apparently links the foregoing reported misstatements by Carey Peck, reporting discrepancies, and the differing versions of the methods by which the cashiers checks reached the Peck campaign as evidence of knowledge on the part of Carey Peck and his campaign of the acceptance of illegal campaign contributions. (See Ex. 3, pp. 5-9, 12, 13). However, neither the apparent misstatements by Peck nor the discrepancies in reported dates of contributions, either together or alone, provide positive evidence, as opposed to speculation, that at the time of the receipt of the checks, there was actually knowledge on the part of anyone other than Dennis that the contributions were illegal. Moreover, even assuming that check delivery occurred as Congressman Dornan supposes, this would not provide positive evidence that anyone other than Dennis actually knew the contributions were illegal when they were received from Dennis. 40/

Congressman Dornan's allegations are denied by the respondents. (Ex's. 20a, Ex's. A, B, C; 21a). The response

40/ Having provided information indicating several contradictory versions of check delivery, Congressman Dornan never explains why he prefers one. (See Ex. 3). However, Congressman Dornan has developed a scheme of delivery of checks to Peck in 3 batches (see Ex. 3, p. 7) and uses this to further allege guilty knowledge at the time of acceptance of the checks.

Congressman Dornan purportedly quotes an article by Bob Baker in the Los Angeles Times:

On four days between October 31 and November 25, 1978 from two to five cashiers checks--ostensibly from different Alabama residents-- arrived at Peck campaign headquarters. Although each envelope was mailed by Dennis, there was no reason to be wary, Peck said. (Id).

Congressman Dornan then uses that quote to support the supposition that Dennis hand carried the last five sequentially numbered checks. Examination of the cited article indicates that the quote is not taken from it. (See Ex. 5a). Additionally, the quoted statement that checks arrived by mail at Peck headquarters (while conceivably a misstatement), provides no support whatsoever for the proposition that Dennis hand carried the last 5 checks to California. Moreover, based on the Baker article with its unidentified source of information concerning checks delivered by Dennis (id.), Congressman Dornan goes on to state that a former ITEL employee told him that he thought Dennis spent the night prior to a reported party at Chasen's at the home of Gregory Peck. (Ex. 3, p. 7). Congressman Dornan then speculates that if Dennis in fact spent the night at Gregory Peck's he might have brought checks with him as he [Dennis] claims. (Id.). From here Congressman Dornan goes on to further speculation about how the Peck campaign may have made some of its expenditure decisions at the time based on actual delivery of checks by Dennis or anticipation of further checks being sent by Dennis. Finally, Congressman Dornan speculates that perhaps the Peck campaign actually mailed checks to pay expenditures later than the dates on which they are reported. (Id.). These matters are discussed at great length and yet none of this speculation can serve as evidence.

on behalf of Carey Peck, Carey Peck for Congress, Terry Pullan, and Michael Gordon denies that Peck or his campaign knew of any impropriety concerning contributions at the time of their acceptance. (Ex. 20a, pp. 2-4 and Ex's. A, B). In his affidavit Carey Peck states that he was not aware of the illegal nature or source of the \$12,000 contributed by Dennis in the names of others until approximately June, 1979, and that to his knowledge no one else connected with his campaign had such knowledge. (Ex. 20a, Ex A, ¶ 4). Terry Pullan's affidavit is similar. (See id., Ex. B, ¶ 4). He states:

I was not aware of the illegal nature or actual source of the contributions made by Dennis at the time they were received by the Committee. Such facts first came to my attention in the latter part of May, 1979, or early part of June, 1979. To my knowledge, no one else in or even remotely connected with the campaign had any such knowledge until then. (Id.).

Michael Gordon indicates that he was not connected with the Peck campaign prior to January 29, 1979, and denies personal knowledge of any of the alleged matters prior to that time. (Id. Ex. C, ¶ 4). He further states that he first received information concerning the illegal contributions in late May or early June of 1979. (Id., ¶ 5).

Finally, in his sworn affidavit, Stanley Caidin, the former Treasurer for the Peck campaign, denies any knowledge of the illegal nature of the contributions prior to subsequent publicized reports of the problem. (Ex. 21a).

Given the speculative nature of the evidence supporting the allegation of knowing acceptance of illegal contributions and the sworn denials by respondents, the Office of General Counsel recommends that the Commission find no reason to believe that Carey Peck, Friends of Carey Peck, or officials of the Peck campaign violated 2 U.S.C. § 441f, 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), or former 11 C.F.R. § 103.3(b).

c. Alleged violation by possible failure to report any endorser or guarantor of a loan

Congressman Dornan also alleges in MUR 1332 that Carey Peck and his campaign may have failed to report endorsers or guarantors on the bank loan received by Peck, and in turn loaned to Carey Peck for Congress, to refund money to James Dennis in June, 1979. (Ex. 3, pp. 14-15). This allegation would constitute a violation

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of former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5) for failure to report any endorsers or guarantors (including their occupations and principal places of business, if any). As in this instance the loan apparently was in the amount of \$13,000, this might also constitute a violation of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) for knowing acceptance of excessive contributions.

Congressman Dornan apparently bases this allegation on a conversation he had on May 16, 1980, with Bram Goldsmith, a branch manager of City National Bank, and also on his speculation that Peck's income and credit rating would not be sufficient to secure such a loan. (Ex. 3, pp. 14-15). Congressman Dornan notes that Peck "cites himself as the source of the \$13,000, even though he has been virtually unemployed for the last three years." (Ex. 3, p. 14).

Congressman Dornan reports three sentences spoken by Mr. Goldsmith in their conversation:

Goldsmith: Well, Congressman Gregory Peck didn't cosign the loans.

[further question by Congressman Dornan]

Goldsmith: Congressman, I said GREGORY PECK didn't cosign the loans

[further sentences by Congressman Dornan]

Goldsmith: You're welcome. Bob. (Ex. 3, p. 15).

These sentences as quoted do not indicate the existence of guarantors or endorsers on any loan. However, Congressman Dornan says in the complaint that the tone in which the second statement was made implied that in fact someone other than Gregory Peck had co-signed a loan. 41/ (Id.).

41/ In quoting Mr. Goldsmith, Congressman Dornan refers to "loans" in the plural. While in the past, Friends of Carey Peck has reported other loans by Peck to his committee, there is no indication other than Mr. Goldsmith's quoted reference to "loans" that we are dealing with more than one loan in this instance.

Neither speculation on Peck's finances nor the reported implication in a tone of voice provides an appropriate basis for opening an investigation by the Commission, in the General Counsel's view. Congressman Dornan's allegation is denied in the response submitted on behalf of Carey Peck, Carey Peck for Congress, Terry Pullan, and Michael Gordon. (Ex. 20a, p. 4, and Ex. A, ¶ 11). In a sworn affidavit Carey Peck states: "The loan involved in this instance was on my own signature, alone, and there were no guarantors or other endorsers." 42/ (Ex. 20a, Ex. A, ¶ 11). A news article submitted by Congressman Dornan also indicates that City National Bank confirmed that Carey Peck obtained a loan without a co-signer. (Ex. 6d, p. 5).

For all of the above reasons, the Office of General Counsel recommends that the Commission find no reason to believe that Carey Peck, Carey Peck for Congress, or officials of the Peck campaign violated former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5), or 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a).

d. Alleged violation by failure to report bank loan to Carey Peck as the underlying source of loan by Peck to Carey Peck for Congress.

Congressman Dornan further alleges that Carey Peck and his campaign committee have failed to properly report a bank loan to Carey Peck as the underlying source for a loan from Peck to the Committee which was used to refund the \$13,000 to James Dennis (Ex. 3, pp. 14-15). The

42/ One of the memoranda which Congressman Dornan obtained from the Justice Department and sent to the Commission on January 28, 1980, indicates that a subpoena to City National Bank in Beverly Hills shows that Carey Peck and his wife applied for an unsecured personal loan for \$13,000 on June 1, 1979. (Ex. 7b, p. 2). Because California is a community property state, it is highly likely that she would have been involved in the loan application even if she did not co-sign the loan note.

allegation involves a possible violation of former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5) for failure to adequately report a loan as to its source. None of the respondents have addressed this allegation in their responses. 43/

Congressman Dornan bases this allegation on an examination of the July 10, 1979 quarterly report of the Peck committee and news reports of statements by Peck that he obtained a personal bank loan in order to return money to Dennis. (Ex. 3, p. 14).

Carey Peck has acknowledged in his affidavit submitted as part of the response in MUR 1332 that he loaned his campaign committee the money used to refund Dennis' contributions and that he in turn obtained the money "through a personal loan from City National Bank...." (Ex. 20a, Ex. A, ¶ 11). One of the memoranda Congressman Dornan obtained from the Justice Department also indicates that in June, 1979, Peck applied for (and apparently obtained) a personal loan from City National Bank in the amount of \$13,000. (Ex. 7b, p. 2). 44/ According to the memorandum, the stated purpose for the loan was to enable Peck to return illegal contributions made to his 1978 campaign. (Id.). However, as Congressman Dornan correctly notes, the July 10, 1979 report for Carey Peck for Congress indicates a \$13,000 loan from Carey Peck to the committee on June 14, 1979, with no indication of any underlying bank loan. (Ex. 25, Schedule C, p. 1 of 1, line 13; Ex. 3., p. 14). In the box for reporting the nature of the obligation the report merely states: "Advance for campaign expenditures - from personal funds." (Ex. 25, Schedule C, p. 1 of 1, line 13).

At the time that Carey Peck obtained the bank loan and, in turn, loaned it to this committee, the Commission required that where pursuant to former 2 U.S.C. § 436(b)(1) a candidate waived his personal reporting responsibility, an underlying bank loan to the candidate which was, in turn, loaned to the committee must be reported by the committee. 45/

43/ It is possible from the way this allegation is combined with a discussion of possible failure to report any endorsers or guarantors, that this allegation was not clear to respondents. (See Ex. 3, pp. 14-15).

44/ Congressman Dornan notes a discrepancy in newspaper accounts as to the amount borrowed. (Ex. 3, p. 14). Will Thorne reports a statement by Peck that he borrowed \$9,000 from the bank. (Ex's. 6b, p. 2; and Ex. 6d, p. 5). However, all other indications are that the loan was for the full \$13,000. (See e.g., Ex's. 7b, p. 2; 20a, Ex. A, ¶ 11; 26). Apparently, Mr. Thorne's account is in error.

45/ Carey Peck requested a waiver of his personal reporting responsibility in January, 1978.

This requirement was stated in the instructions on the back of the reporting schedule then in use:

LINE 13--DEBTS AND OBLIGATIONS OWED BY THE CANDIDATE/ COMMITTEE

[I]f a candidate has personally received a loan, which in turn is loans [sic] to the committee for use in the campaign, and has obtained a waiver of reporting requirements, the candidate's principal campaign committee must disclose all information with respect to that debt.

ADDITIONAL EXPLANATION ABOUT THE SPECIFIC MANNER IN WHICH LOANS TO A POLITICAL COMMITTEE MUST BE DISCLOSED ON SCHEDULE C, FEC FORM 3, AS "DEBTS AND OBLIGATIONS."

. . . .

In addition, certain other information about each loan to a political committee must be entered on Schedule C in the box entitled NATURE OF OBLIGATION (Details of Debt): . . . (2) more specific identification of the original source of the loan if there is any intermediary. For example, if a candidate obtains a loan from a bank and, in turn, loans the money to his or her principal campaign committee, then the committee must disclose both the candidate and the bank as sources of the loan. The bank must be listed as the original source of the loan and the candidate listed as an intermediary.

(Schedule C, FEC Form 3, revised January, 1978).

However, this reporting obligation was not clearly specified in either former 2 U.S.C. § 434(b)(5) or former 11 C.F.R. § 104.2(b)(5). Former 11 C.F.R. § 104.2(b)(5) states that each loan over \$100 to a political committee or to a candidate or his authorized committee shall be reported together with the identification of each lender, endorser or guarantor.

The requirement that a committee report the source of a loan from the candidate has been made explicit with the 1979 amendments to the Act. 2 U.S.C. § 432(e)(2) and 11 C.F.R. § 101.2(a) specify that when a candidate receives any loan for use in connection with his campaign he shall be considered as having received the loan as an agent of his authorized committee, and 2 U.S.C. § 434(b)(3)(E) and 11 C.F.R. § 104.3(a)(4)(iv) require the committee to disclose the identification of any person that makes a loan to the committee or to the candidate acting as the agent of the committee. Additionally, the instructions on the new schedule for reporting loans further clarify this requirement. (See Report of Receipts and Disbursements for an Authorized Committee, Schedule C, revised 3/80).

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Prior to the 1979 amendments to the Act there was widespread confusion about the extent of the disclosure obligation in reporting loans from candidates, despite the instructions on the back of the reporting schedule. Indeed, it is arguable that the statute and regulations did not expressly require the committee to report the original source of the loan (the bank). Accordingly, the Office of General Counsel recommends that the Commission take no action with regard to this allegation. However, it appears that the loan from Carey Peck to the committee remains outstanding. (See Carey Peck for Congress, 1980 Year End Report, Schedule C, p. 1 of 1, line 10). Therefore, the Office of General Counsel recommends that the notification letter to counsel for Carey Peck, the Committee, and current committee officials contain instructions on the proper reporting of candidate loans. Furthermore, the letter should request the amendment of reports filed after the effective date of the most recent amendments to the statute and regulations to indicate the bank as the source of the loan. (See proposed letter to Jules Radcliff). 46/

46/ Congressman Dornan does not raise in any of his complaints the issue of a similar reporting violation with regard to Senator Stewart's loan of \$22,000 to Friends of Donald Stewart to enable the committee to repay Dennis. (See Ex's. 1-3). The July 10, 1979 report for Friends of Donald Stewart discloses a loan to the committee of \$22,000 from Senator Stewart on May 11, 1979, the date on which the return to Dennis was made. (See Ex. 29, Schedule C, p. 1 of 2, line 13). The obligation is characterized merely as: "Candidate's Personal Loan to Committee." (Id.). However, an article cited by Congressman Dornan reports that a banker in Anniston, Alabama, stated in an affidavit that Stewart had borrowed \$22,000 from the bank which was deposited in the account of the campaign committee. (Ex. 14, p. 1). The banker further stated that the loan has since been repaid in full. (Id.). The article also reports that Senator Stewart's campaign repaid him and he repaid the bank. (Id., p. 2).

According to the committee's 1979 October Quarterly Report, the loan was repaid in full in 1979, i.e., before the effective date of the amendments to the statute and regulations. Furthermore, the most recent report filed by Friends of Donald Stewart indicates no outstanding loans from the campaign committee to Stewart. (See Friends of Donald Stewart 1980 Year End Report, p. 2). In light of the above discussion, the Office of General Counsel recommends that the Commission take no action regarding the omission of any reference to the bank in the Stewart reports. Because the committee repaid the loan in 1979 and filed no reports regarding the loan after the effective date of the amendments, there is no reason to request the amendment of any committee reports.

Possible violations by James H. Dennis, Sr., in connection with contributions to the campaigns of Donald Stewart and Carey Peck

a. Possible violations related to the Peck campaign

In the MUR 1331 complaint Congressman Dornan alleges violations by James Dennis for his part in the alleged sham refund transaction with Carey Peck. (Ex. 2, p. 2). Additionally, the sham refund allegation made in MUR 1332 with regard to the Peck campaign would indicate possible correlative violations by Dennis. ^{47/} The alleged transaction would constitute violations by Dennis of 2 U.S.C. § 441g for making excessive cash contributions and of 2 U.S.C. § 441a(a)(1)(A) for making contributions in excess of \$1,000 per election. However, for all the reasons discussed at length with regard to the Peck campaign, there is no merit to this allegation.

Congressman Dornan's allegations against the Peck campaign in MUR 1332 concerning a possible knowing acceptance of illegal contributions also indicates possible correlative violations by Dennis. However, such violations in connection with Peck's 1978 campaign by contributing in the names of others (§ 441f), making excess cash contributions (§ 441g), and making excessive contributions (§ 441a(a)(1)(A)), are the violations previously dealt with in MUR 970 and made the subject of the conciliation agreement between Dennis and the Commission. (See Ex. 12, p. 4). The other alleged violations with regard to the Peck campaign in MUR 1332 concern reporting violations, and there would be no related violations by Mr. Dennis.

b. Possible violations by Dennis related to the Stewart campaign

In the MUR 1331 complaint Congressman Dornan alleges violations of 2 U.S.C. §§ 441a(a)(1)(A), 441f and 441g by James Dennis for \$3,000 in excessive contributions to the Stewart campaign as indicated by the article by Peggy Roberson in the Alabama Journal. (Ex. 2, pp. 1-2; see also Ex. 14). Additionally, the related allegation with regard to the Stewart

^{47/} The response on behalf of Mr. Dennis with regard to all of these matters merely states: "Mr. Dennis has no statement to make concerning the allegations of Congressman Dornan except that they are untrue and are based on surmise and conjecture and not on fact." (Ex. 30).

Stewart campaign in MUR 1329, would indicate possible correlative violations by Dennis. However, as discussed with regard to the reciprocal alleged violations by the Stewart campaign, the allegations are unclear and the article which forms the basis for them does not appear particularly reliable. (See pp. 7 and 10, supra; Commission Memorandum No. 633). Moreover, as discussed previously, (see p. 10), the allegations fall within the ambit of the MUR 970 investigation.

Congressman Dornan's allegations concerning the acceptance of cash by the Stewart campaign and the sham refund with the Stewart campaign would indicate possible correlative violations by Dennis, except that such allegations are not substantiated for the reasons discussed previously. Finally, any correlative violations by Dennis with regard to allegations of the acceptance of corporate contributions and the knowing acceptance of illegal contributions by the Stewart campaign, would be barred by his conciliation agreement with the Commission.

RECOMMENDATIONS

1. Merge MURs 1329, 1331 and 1332.
2. In connection with the allegations of sham refunds by the Stewart and Peck campaigns, \$3,000 in additional contributions to the Stewart campaign, and other matters involving James H. Dennis, Sr., find no reason to believe that James H. Dennis, Sr., violated 2 U.S.C. §§ 441a(a)(1)(A), 441f, or 441g.
3. In connection with the allegation of acceptance of \$11,000 in cash contributions, find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 11 C.F.R. § 110.4(c)(2).
4. In connection with the allegation of knowing acceptance of \$1,150 in corporate contributions, find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 2 U.S.C. § 441b.
5. In connection with the allegation of knowing acceptance of \$3,000 in excessive contributions, find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 2 U.S.C. § 441f, 11 C.F.R. § 110.4(c)(2), or former 11 C.F.R. § 103.3(b).
6. In connection with the allegation of knowing acceptance of \$22,000 in illegal contributions and failure to promptly return apparently illegal contributions, find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 2 U.S.C. § 441f, 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), or former 11 C.F.R. § 103.3(b).

7. In connection with the allegation of engaging in a sham refund of \$22,000, find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 11 C.F.R. § 110.4(c)(2), or former 11 C.F.R. § 103.3(b).
8. Take no action with regard to the failure of Friends of Donald Stewart to report a bank loan to Donald Stewart as the underlying source of a loan by Donald Stewart to Friends of Donald Stewart.
9. In connection with the allegation of engaging in a sham refund of \$13,000, find no reason to believe that Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon or Stanley R. Caidin violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 11 C.F.R. § 110.4(c)(2), or former 11 C.F.R. § 103.3(b).
10. In connection with the allegation of knowing acceptance of \$12,000 in illegal contributions and failure to promptly return apparently illegal contributions, find no reason to believe that Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon or Stanley R. Caidin violated 2 U.S.C. § 441f, 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), or former 11 C.F.R. § 103.3(b).
11. In connection with the allegation of failure to report any endorser or guarantor of a loan, find no reason to believe that Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon, or Stanley R. Caidin violated former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5) or 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a).
12. Take no action with regard to the allegation of violation of former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5) by failure to report a bank loan to Carey Peck as the underlying source of a loan by Carey Peck to Carey Peck for Congress.
13. Send attached letters.
14. Close the file on these matters.

Attachments

1. Appendix I - Summary of MUR 970
2. Appendix II- Table of Exhibits and Exhibits
3. Proposed letters - 5

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
James H. Dennis, Sr.,) MURS 1329, 1331, 1332
et al.)

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission's Executive Session on June 23, 1981, do hereby certify that the Commission took the following actions in the above-captioned matter:

- 1. Decided by a vote of 5-0 to merge MURS 1329, 1331, and 1332.

Commissioners Aikens, Harris, McGarry, Reiche, and Thomson voted affirmatively for the decision. Commissioner Tiernan was not present at the time of the vote.

- 2. Decided by a vote of 4-1 that in connection with the allegations of a ~~sum~~ refund by the Stewart campaign, \$3,000 in additional contributions to the Stewart campaign, and other matters involving James H. Dennis, Sr., to find no reason to believe that James H. Dennis, Sr. violated 2 U.S.C. §§441a(a)(1)(A), 441f, or 441g.

Commissioners Aikens, McGarry, Reiche, and Thomson voted affirmatively for the decision; Commissioner Harris dissented; Commissioner Tiernan was not present at the time of the vote.

- 3. Decided by a vote of 5-0 that in connection with the allegation of acceptance of \$11,000 in cash contributions to find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 11 C.F.R. §110.4(c)(2).

Commissioners Aikens, Harris, McGarry, Reiche, and Thomson voted for the decision. Commissioner Tiernan was not present at the time of the vote.

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4. Decided by a vote of 4-1 that in connection with the allegation of knowing acceptance of \$1,150 in corporate contributions to find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 2 U.S.C. §441b.

Commissioners Harris, McGarry, Reiche, and Thomson voted affirmatively for the decision; Commissioner Aikens dissented; Commissioner Tiernan was not present.

5. Decided by a vote of 5-0 that in connection with the allegation of knowing acceptance of \$3,000 in excessive contributions, to find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 2 U.S.C. §441a(f) and 11 C.F.R. §110.9(a), 2 U.S.C. §441f, 11 C.F.R. §110.4(c)(2), or former 11 C.F.R. §103.3(b).

Commissioners Aikens, Harris, McGarry, Reiche, and Thomson voted affirmatively for the decision; Commissioner Tiernan was not present.

6. Decided by a vote of 5-0 that in connection with the allegation of knowing acceptance of \$22,000 in illegal contributions and failure to promptly return apparently illegal contributions, to find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 2 U.S.C. §441f, 2 U.S.C. §441a(f) and 11 C.F.R. §110.9(a), or former 11 C.F.R. §103.3(b).

Commissioners Aikens, Harris, McGarry, Reiche, and Thomson voted affirmatively for the decision; Commissioner Tiernan was not present.

7. Decided by a vote of 5-0 that in connection with the allegation of engaging in a sham refund of \$22,000, to find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 2 U.S.C. §441a(f) and 11 C.F.R. §110.9(a), 11 C.F.R. §110.4(c)(2), or former 11 C.F.R. §103.3(b).

Commissioners Aikens, Harris, McGarry, Reiche, and Thomson voted affirmatively for the decision; Commissioner Tiernan was not present.

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8. Decided by a vote of 5-0 to take no action with regard to the failure of Friends of Donald Stewart to report a bank loan to Donald Stewart as the underlying source of a loan by Donald Stewart to Friends of Donald Stewart.

Commissioners Aikens, Harris, McGarry, Reiche, and Thomson voted affirmatively for the decision; Commissioner Tiernan was not present.

9. Decided by a vote of 4-1 that in connection with the allegation of engaging in a sham refund of \$13,000, to find reason to believe that Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon and Stanley R. Caidin violated 2 U.S.C. §441a(f) and 11 C.F.R. §110.9(a), 11 C.F.R. §110.4(c)(2), or former 11 C.F.R. §103.3(b).

Commissioners Aikens, McGarry, Reiche, and Thomson voted affirmatively for the decision; Commissioner Harris dissented; Commissioner Tiernan was not present.

10. Decided by a vote of 5-0 to reconsider the vote taken on Number 9 above.

11. Failed by a vote of 3-2 to pass a motion that in connection with the allegation of engaging in a sham refund of \$13,000, to find reason to believe that Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon and Stanley R. Caidin violated 2 U.S.C. §441a(f) and 11 C.F.R. §110.9(a), 11 C.F.R. §110.4(c)(2), and former 11 C.F.R. §103.3(b).

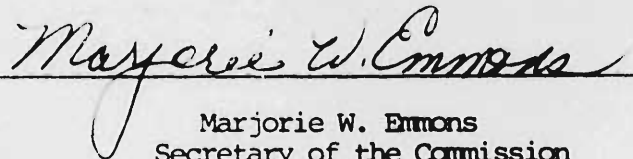
Commissioners Aikens, Reiche, and Thomson voted affirmatively; Commissioners Harris and McGarry dissented. Commissioner Tiernan was not present.

12. Agreed by unanimous consent to suspend further voting and continue consideration of this case at the FEC Executive Session of June 30, 1981.

Attest:

June 23, 1981

Date


Marjorie W. Emmons
Secretary of the Commission



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *mwe*
FROM: MARJORIE W. EMMONS / JODY CUSTER *jc*
OFFICE OF THE SECRETARY TO THE COMMISSION
DATE: JUNE 16, 1981
SUBJECT: ADDITIONAL OBJECTION - MURs 1329, 1331, 1332,
First General Counsel's Report, dated 6-12-81;
Received in OCS, 6-12-81, 10:41

You were notified previously of an objection by
Commissioner Reiche.

Commissioner Harris submitted an additional objection
at 4:43, June 15, 1981.

This matter will be discussed in executive session
on Tuesday, June 23, 1981.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE
FROM: MARJORIE W. EMMONS/JODY CUSTER *Jc*
DATE: JUNE 15, 1981
SUBJECT: OBJECTION - MURs 1329, 1331, 1332 First
General Counsel's Report, dated 6-12-81;
Received in OCS, 6-12-81, 10:41

The above-named document was circulated on a 48
hour vote basis at 2:00, June 12, 1981.

Commissioner Reiche submitted an objection at 4:08,
June 15, 1981.

This matter will be placed on the Executive Session
Agenda for Tuesday, June 23, 1981. A copy of Commissioner
Reiche's vote sheet with comments is attached.

Attachment:
Vote sheet

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June 12, 1981

MEMORANDUM TO: Marjorie W. Emmons
FROM: Phyllis A. Kayson
SUBJECT: MURs 1329, 1331, 1332

Please have the attached First General Counsel's
Report distributed to the Commission on a 48 hour tally
basis. Thank you.

Attachment

cc: Cauman

110000007

SENSITIVE

FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

RECEIVED
OFFICE OF THE
SECRETARY

81 JUN 12 AIO: 41

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 6-12-81

MUR # 1329, 1331, 1332
DATE COMPLAINTS RECEIVED
BY OGC Oct. 31, Nov. 3
and Nov. 4, 1980, respec-
tively
STAFF MEMBER Cauman

COMPLAINANT'S NAME: Congressman Robert K. Dornan

RESPONDENTS' NAMES: James H. Dennis, Sr. (MURs 1329, 1331, and 1332)
Senator Donald Stewart (MURs 1329 and 1331)
Friends of Donald Stewart (MURs 1329 and 1331)
James H. Stewart, Jr. (MUR 1329)
Carey Peck (MURs 1331 and 1332)
Carey Peck for Congress (MURs 1331 and 1332)
Stanley Caidin (MUR 1332)
Michael Gordon (MUR 1332)
Terry Pullan (MUR 1332)

RELEVANT STATUTES AND REGULATIONS: 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 2 U.S.C. § 441f, 2 U.S.C. § 441b, 2 U.S.C. § 441g, 11 C.F.R. § 110.4(c)(2), former 11 C.F.R. § 103.3(b), 2 U.S.C. § 441a (a)(1)(A), former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5)

INTERNAL REPORTS CHECKED: Friends of Donald Stewart (1977-present); Carey Peck for Congress (1978-present); MUR 970 (closed)

FEDERAL AGENCIES CHECKED: NONE

SUMMARY OF ALLEGATIONS

The three complaints filed by Congressman Dornan allege several violations of the Act and regulations arising from contributions by James H. Dennis, Sr., to the 1978 campaigns of Senator Donald Stewart and Carey Peck. Contributions by Dennis to the two campaigns were the subject of MUR 970 which was closed after the Commission learned that Senator Stewart's campaign returned \$22,000 to Mr. Dennis and Carey Peck's campaign returned \$13,000 to Mr. Dennis, and after Mr. Dennis entered into a conciliation agreement containing an \$18,000 civil penalty provision.

The central allegations of the current complaints are that Stewart and Peck engaged in sham returns of the contributions

by Dennis and that the Stewart and Peck campaigns knew that the contributions by Dennis were illegal when they were received. With regard to the Stewart campaign, Congressman Dornan also alleges the acceptance of \$1,150 in corporate contributions which were never refunded to Mr. Dennis, the acceptance in 1978 of six additional contributions made by Dennis in the names of others, and the acceptance of cash contributions in excess of \$100. With regard to the Peck campaign, Congressman Dornan further alleges the improper reporting of the source and guarantors of a \$13,000 loan made by Carey Peck to enable the Peck Committee to refund Dennis' contributions.

Separated by complaint, the allegations appear to involve the following statutory and regulatory provisions:

MUR 1329 - Alleged violations by Senator Donald Stewart, his principal campaign committee, Friends of Donald Stewart, and J.H. Stewart, Treasurer, of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 2 U.S.C. § 441f, 2 U.S.C. § 441b, 11 C.F.R. § 110.4(c)(2) and former 11 C.F.R. § 103.3(b).

MUR 1331 - Alleged violations by James H. Dennis, Sr. of 2 U.S.C. §§ 441a(a)(1)(A), 441f and 441g.

MUR 1332 - Alleged violations by Carey Peck, Friends of Carey Peck, and officials of Friends of Carey Peck of 2 U.S.C. § 441f, 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), former 11 C.F.R. § 103.3(b), and former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5). 1/

1/ Congressman Dornan includes several other statutory and regulatory provisions among his allegations. However, these other provisions are inapposite for various reasons. For example, Congressman Dornan alleges in each complaint a violation of Title 26, United States Code. Clearly, the sections cited pertain only to presidential matters. Congressman Dornan also refers to violations of 2 U.S.C. § 441a(a)(1)(A) and 11 C.F.R. § 110.1(a)(1) by the recipient candidates and committees, when in fact 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) are the relevant provisions. He cites 2 U.S.C. § 441g for a violation by the Stewart campaign, when actually 11 C.F.R. § 110.4(c)(2) is the provision which concerns the receipt of cash contributions. He also cites the present version of the statute, 2 U.S.C. § 434(b)(3)(E), when in fact the former provision, § 434(b)(5), would be applicable. Finally, he cites 2 U.S.C. § 432(i) and 11 C.F.R. § 104.7(b) for violations by the Peck campaign, even though they do no more than refer to the standard of good faith which can negate a violation. The General Counsel has relied on the evidence provided by Congressman Dornan to determine which statutes and regulations the allegations actually cover. Where appropriate, the correct provision has been substituted.

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FACTUAL AND LEGAL ANALYSIS

The complaint initiating MUR 1329 was filed by Congressman Dornan on October 31, 1980, the complaint initiating MUR 1331 was filed on November 3, 1980, and the complaint initiating MUR 1332 was filed on November 4, 1980. 2/ (Exhibits 1, 2 and 3, respectively.). 3/ Responses have been received from all respondents.

In the opinion of the General Counsel there are a number of reasons for dismissing these complaints and finding no reason to believe that the various respondents violated the Act. One of the grounds for dismissal relevant to both MURs 1329 and 1332, was raised in the response to MURs 1329 and 1331 on behalf of Senator Donald Stewart, James H. Stewart, Jr., and Friends of Donald Stewart. (Ex. 8) (hereinafter referred to as "Stewart response"). It is asserted in this response that MUR 1329 should be dismissed because the complaint was not sworn to by the complainant (Id., p. 3). No other respondents make this argument. However, because this argument raises a threshold issue, i.e., the technical sufficiency of the complaints, we will address the issue as it applies to all three complaints.

Examination of MURs 1329, 1331, and 1332 indicates that, on the complaint filed in MUR 1331, the notary certified that it was "subscribed and sworn to" before him, but that, on the complaints in MURs 1329 and 1332, the notary merely certified that Congressman Dornan "acknowledged that he executed the [complaint]." (Compare Ex. 2, p. 3, with Ex. 1, p. 7, and Ex. 3, p. 19). Further examination of MURs 1329 and 1332 indicates that neither complaint has been certified as true under penalty of perjury. (See Ex's. 1 and 3). Consistent with procedures approved by the Commission on February 26, 1981, it would be appropriate to

2/ Congressman Dornan structured his complaints as three separate complaints each directed at a different set of persons, i.e., the Stewart campaign and related individuals, James Dennis, and the Peck campaign and related individuals. However, in providing the Commission with additional materials relevant to his complaints, he did not always identify the complaint for which material was being submitted. (Compare Ex's. 4 and 6a with Ex's. 5 and 7). The three complaints are being analyzed together, both to clarify any allegations incomplete in any one complaint and to utilize all information provided by all sources in analyzing the complaints which contain related parties and allegations. We recommend that the Commission formally merge MURs 1329, 1331, and 1332 for administrative convenience.

3/ Exhibits will hereinafter be referred to as "Ex." Many documents which relate to this report, such as the complete MUR 970 closed file and complete reports filed with the Commission by the Stewart and Peck campaigns, are not included as exhibits, but are available for review in the General Counsel's office. These latter files all are a matter of public record.

give the complainant 15 days to cure the defects of the two unsworn complaints. However, in the opinion of the General Counsel there are reasons for dismissing all three complaints on their merits, thereby obviating the need for notifying both the complainant and the respondents of the technical deficiencies of two of the complaints.

There are certain common issues relevant to examination of the various allegations. Because these matters concern allegations related to closed MUR 970, a pervasive question involves the extent to which that investigation precludes further investigation in the current MURs. A related question involves the type and extent of evidence necessary to re-examine a matter. Much of the evidence comes from newspaper articles or from the statements of persons who are hardly disinterested witnesses. Moreover, in many instances the statements involved were made months if not years after the events in question.

The various allegations against each respondent will be reviewed one by one. In some instances the reasons for the General Counsel's recommendation of dismissal are related to the responses submitted by respondents. Therefore, the responses will be discussed in detail as appropriate in the course of reviewing the allegations.

Alleged violations by Senator Donald Stewart, James H. Stewart, Jr., and Friends of Donald Stewart

a. Alleged violation by acceptance of cash contributions

In MUR 1329 Congressman Dornan alleges, based on the U.S. Attorney's referral to the Commission in MUR 970, that Friends of Donald Stewart may have accepted \$11,000 in cash contributions from James Dennis. (Ex. 1, p. 6). This would constitute a violation of 11 C.F.R. § 110.4(c)(2) for failure to return to a contributor the amount of a cash contribution in excess of \$100.

The Stewart response does not discuss this allegation specifically but states that the complaints in MURs 1329 and 1331 should be dismissed because the allegations in both MURs have been "raised, investigated and resolved by the Commission in 1979 in MUR 970." (Ex. 8, p. 1).

This specific allegation was dealt with in MUR 970, and the Commission found no reasonable cause to believe that James H. Dennis, Sr., violated 2 U.S.C. § 441g and 11 C.F.R. § 110.4(c)(1), or that Friends of Donald Stewart violated 11 C.F.R. § 110.4(c)(2). 4/ The MUR 970 record

4/ A thorough summary of the MUR 970 proceeding is attached as an Appendix.

indicates that in his first communication to the Commission notifying the Commission of the return of \$22,000 to Mr. Dennis, James H. Stewart, Treasurer of Friends of Donald Stewart, stated that neither he, Senator Stewart nor the Stewart Committee knew when the \$22,000 in contributions were received that the contributions were improper. (Ex. 9, p. 1). After receipt of notification from the Commission that the Committee may have violated 11 C.F.R. § 110.4(c)(2), the response on behalf of the Stewart Committee (a letter dated July 2, 1979, referred to by Congressman Dornan in his complaint, see Ex. 1, p. 6), states that none of the \$22,000 contributed by James Dennis in the names of others was in cash. (Ex. 10, p. 2). An affidavit of Mr. Dennis' dated June 4, 1979, indicates that all monetary contributions to the Stewart campaign were made by cashier's checks. (Ex. 11b). The General Counsel's report to the Commission dated August 9, 1979, stated: "[T]he 11 C.F.R. § 110.4(c)(2) violation allegedly committed by Friends of Donald Stewart [was] unsubstantiated."

As the Commission has previously investigated this allegation and found no reasonable cause to believe that Friends of Donald Stewart violated 11 C.F.R. § 110.4(c)(2), and as Congressman Dornan has provided no evidence whatsoever concerning this allegation, but merely cited the original allegation from the MUR 970 file, it is the opinion of the General Counsel that there is no basis for reopening an investigation of this allegation. Therefore the Office of General Counsel recommends that the Commission find no reason to believe that Senator Stewart, J. H. Stewart or Friends of Donald Stewart violated 11 C.F.R. § 110.4(c)(2).

b. Alleged violation by knowing acceptance of corporate contributions

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c. Alleged violation by knowing acceptance of further excessive contributions

In MURs 1329 and 1331 Congressman Dornan is apparently alleging that Senator Stewart and his campaign committee accepted \$3,000 in excessive contributions from Dennis over and above the \$22,000 which was the subject of MUR 970 and which was returned to Dennis in May, 1979. (Ex. 1, pp. 2-3; Ex. 2, pp. 1-2). The complaints in this regard are very unclear, referring to six \$500 tickets to a Stewart fundraiser purchased by Dennis. (Id.). The complaints appear to allege alternately that the contributions were made in cash or that they were made in cashier's checks in the names of other persons. (Compare Ex. 1, pp. 2-3 with Ex. 2, pp. 1-2). In MUR 1331 Congressman Dornan states that he was told the contributions were made in cashier's checks, but fails to identify the source of his information. (See Ex. 2, p. 2). Congressman Dornan bases his allegations on a newspaper article by Peggy Roberson which he cites to the June 20, 1980, Montgomery Advertiser. Congressman Dornan failed to provide the Commission with a copy of this article. When the General Counsel's office finally obtained the article through the Montgomery public library system,

it turned out to be an article in the June 19, 1980, Alabama Journal. 5/

Specifically, the article contains the following statement:

Dennis - who met Stewart early in the 1978 campaign through his attorney in Birmingham - bought six \$500-a-plate tickets to a Stewart fundraiser in October 1978 at which Gregory Peck was the star attraction, according to one of the hostesses.

"None of us knew him," she remembers, "but we were delighted that he bought so many tickets. They were difficult to sell at that price and we didn't want the dining room to look empty." (Ex. 14, p. 2).

Congressman Dornan's allegations would constitute a violation of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) for knowing acceptance of excessive contributions, of 2 U.S.C. § 441f for knowing acceptance of a contribution made by one person in the name of another, and possibly of 11 C.F.R. § 110.4(c)(2) and former § 103.3(b) for failure

5/ Congressman Dornan referred to ten newspaper articles in the complaints in MURs 1329, 1331, and 1332, but initially failed to enclose any of these articles with his complaints. See 11 C.F.R. § 111.4(d)(4). After receiving a written request from the General Counsel's office to supply copies of these articles, (Ex. 15), Congressman Dornan eventually supplied the Commission with four of the cited articles, as well as five articles not previously referred to. Further documentation was sent to the Commission on Nov. 20, 1980, November 25, 1980, December 17, 1980, and January 28, 1981. (See Ex's. 4-7). However, 2 of the articles were practically illegible. The General Counsel's office has managed to obtain all of the missing articles, assuming that we correctly identified an article from the Birmingham Post Herald dated May 9, 1979, as the article referred to by Congressman Dornan as coming from the Birmingham Post Herald of August 9, 1979. See pp. 11-12 infra, and footnote 9 on p. 12 infra.

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to return the contributions.

The Stewart response provides several separate defenses to these allegations. (See Ex. 8, pp. 2-3). It claims that allegations based on the Peggy Roberson article are deficient for failure by Congressman Dornan to provide documentation required pursuant to 11 C.F.R. § 111.2 [sic] (Id., p. 3).^{6/} It further claims that, as the article appears inconsistent with the results of prior investigation, it does not meet the substantive requirement of Commission Memorandum No. 633 for complaints based on news articles. (Id.)

The Stewart response also reiterates that none of the respondents have any knowledge of improper contributions by Dennis to the Stewart campaign other than the \$22,000 previously returned. (Id., p. 2). It asserts that the Committee took all steps "reasonable and necessary" to determine any improper contributions made by Dennis and to return such contributions. The response states that attached to the May 2, 1979, letter from J. H. Stewart to Dennis, were all FEC reports filed by the Friends of Donald Stewart as of that date.

Dennis was asked to review those reports and to identify any contributions that were made by him in the name of another and any contributions which he made to the campaign which were not disclosed in those reports. (Id.).

All contributions identified as improper in Dennis' response of May 8, 1979, were then promptly returned, according to the Stewart campaign. (Id.).

The basis of the allegation that six \$500 contributions were made by Dennis is not particularly reliable. The newspaper article relies on the statement of a hostess for the fundraising event made over a year and a half after the event and after Dennis' contributions to the Stewart campaign had received considerable publicity. The Stewart campaign reports do not reflect any separate \$500 contributions by Wayne Moore, Melissa Dennis, and James Dennis (the three people that Dornan refers to in connection with this allegation). Congressman Dornan provides no support for his assertion that one of the tickets to

^{6/} The Stewart response mistakenly refers to former 11 C.F.R. § 111.2. The requirement is now contained in 11 C.F.R. § 111.4 (d)(2), and the wording of the regulation has been altered.

the fundraiser was for Wayne Moore, who apparently was Dennis' father-in-law. (See Ex's. 1, p. 3; 2, p. 1). The mere fact that Moore or Melissa Dennis may have attended the fundraiser is not probative that Dennis purchased \$500 tickets in their names, for they had each purportedly made \$1,000 contributions to the Stewart campaign on September 11, 1978.

Again these allegations raise the issue of the extent to which the Commission's consideration in MUR 970 of Dennis' contributions to the Stewart campaign precludes further investigation of such contributions in the present MURs. While the present allegations involve assertions not previously before the Commission in MUR 970, they fall within the ambit of the MUR 970 investigation. Where the Commission previously investigated excessive contributions, contributions made in the names of others and possible cash contributions by Dennis to the Stewart campaign, and where the Commission found reasonable cause to believe that Dennis violated 2 U.S.C. §§ 441a and 441f (for excessive contributions made in the name of another) but did not find reasonable cause to believe that Dennis violated either 2 U.S.C. § 441g or 11 C.F.R. § 110.4(c)(1) or that the Stewart campaign violated 11 C.F.R. § 110.4(c)(2), the respondents are entitled to rely on the Commission's action. Therefore, the Office of General Counsel recommends that the Commission find no reason to believe that Senator Stewart, J. H. Stewart or Friends of Donald Stewart violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 2 U.S.C. § 441f, 11 C.F.R. § 110.4(c)(2), or former 11 C.F.R. § 103.3(b). 7/

7/ The Alabama Journal article generally concerns a Justice Department inquiry concerning the Stewart campaign. (See Ex. 14). It refers to an alleged \$1,000 cash contribution from Dennis to Stewart which a former newsman claims to have witnessed. (*Id.*, pp. 1-2). In his June 20, 1980, column in The Washington Post, Jack Anderson also discusses, inter alia, the inquiry and the newsman's assertion. (See Ex. 16). Both articles report Senator Stewart's recollection of the incident as involving his receipt of a cashier's check from Dennis at the bank rather than cash. (*Id.*; Ex. 14, p. 2). According to the Anderson column, Stewart recalled waiting while Dennis purchased the check with money he had just withdrawn. (Ex. 16). Despite his references to both newspaper articles in his complaints, Congressman Dornan does not raise the allegation of acceptance of excessive cash contributions in this context. (See Ex's. 1-3). As the Commission has previously dealt with allegations of cash contributions from Dennis to Stewart (see pp. 4-5, supra), and as here the assertion is reported in the context of an investigation which has since terminated clearing Senator Stewart of alleged criminal violations (see p. 26 and footnote 14, p. 16, infra, and Ex. 7a), there appears to be no reason to pursue this matter further.

d. Alleged violations by knowing acceptance of illegal contributions and failure to promptly return apparently illegal contributions

Congressman Dornan further alleges that the Stewart campaign knew at the time of acceptance of contributions from Dennis that such contributions were illegal and that the Stewart campaign should have promptly returned such contributions. (Ex. 1, pp. 3-5). The Stewart response does not address these specific allegations. (See Ex. 8).

The allegation of knowing acceptance of illegal contributions would involve a violation of 2 U.S.C. § 441f for knowing acceptance of contributions made by one person in the names of others and of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) (see 11 C.F.R. § 110.1(a)(1)) for knowing acceptance of excessive contributions. The allegation that the Stewart campaign should have promptly returned the contributions might involve a violation of former 11 C.F.R. § 103.3(b) for failing to return contributions which appeared to be illegal within 10 days, or to deposit, report, and return them within a reasonable period of time. 8/

Congressman Dornan apparently bases his allegation of knowing acceptance of illegal contributions on a newspaper article which he refers to as being in the Birmingham Post herald of August 9, 1979. (See Ex. 1, pp. 4-5). Again, Congressman Dornan failed to provide the Commission with the cited article. Apparently Congressman Dornan meant to refer to an article by Frank Moring, Jr., and Stewart Lytle which

8/ Congressman Dornan's complaint against the Stewart campaign, as well as his complaint against the Peck campaign, obliquely alleges that the recipients of the Dennis contributions should have known of the illegal nature of the contributions. This assertion, however, does not state a violation of the statute or regulations.

The General Counsel does not believe that former 11 C.F.R. § 103.3(b) or present 11 C.F.R. § 103.3(b) (reworded without any substantive change) imposes a higher standard of care than 2 U.S.C. § 441f or 2 U.S.C. § 441a(f), or permits the imposition of liability more readily than under those statutory provisions. In order to trigger the application of the regulation, the contribution must "appear to be illegal." It would thus seem that the committee involved would have to have some basis for knowing that it had received contributions and that the contributions were from someone other than the purported contributors in order to apply the regulation in this instance. This requirement of a basis for knowing the facts which constitute a violation is virtually indistinguishable from the standard which we believe would be required for finding a violation for knowing acceptance of an illegal contribution under 2 U.S.C. § 441f and 2 U.S.C. § 441a(f). See Federal Election Commission v. California Medical Association, 502 F.Supp. 196, 203-204 (cont'd. next page)

appeared in the Birmingham Post Herald on May 9, 1979. (Compare Ex. 1, pp. 4-5 with Ex. 9c). 9/ The Moring and Lytle article forms part of the MUR 970 record, having been sent to the Commission by the U.S. Attorney for the Northern District of Alabama, by Mr. Salter (Mr. Dennis' attorney), and by J.H. Stewart. Assuming that this is the article to which Congressman Dornan meant to refer, he has again based his allegation on the MUR 970 record and offered no new evidence to justify reopening the investigation. In any event, there are a number of other reasons for not proceeding on this allegation.

8/ (cont'd.) (N.D. Cal. 1980), appeal docketed, No. 80-4616 (9th Cir., Apr. 6, 1981).

The explanation and justification of the regulation does not indicate that the Commission intended the requirements of § 103.3(b) to impose a higher standard of care. The Commission merely stated:

Contributions of questionable legality shall be returned to the contributor or deposited while the treasurer determines the validity of the contribution.

Subsection (b) was added by the Commission at the suggestion of many committees as a guide to the proper handling of questionable contributions.

Communication Transmitting Proposed Regulations, H.R. Doc. No. 94-293, 94th Cong., 1st Sess. at 32 (1975). See also Explanation and Justification of Regulations, published by the Commission, at 7 (1978).

9/ An inquiry to the Birmingham public library indicates no articles on Donald Stewart in either the Birmingham Post Herald or The Birmingham News for the period August 8-10, 1979. (Ex. 17). If Congressman Dornan's reference is meant to be to an article other than that by Moring and Lytle mentioned above, the burden is on him to come forward with it. Moreover, if that is the case, the failure to provide the article forming the basis of an allegation would make analysis of the substantiality of the facts therein impossible. Under the circumstances, a finding by the Commission of no reason to believe would be appropriate with respect to the allegation. See 11 C.F.R. §§ 111.4(d)(3) and (4), and Commission Memorandum No. 663.

The "facts" cited by Congressman Dornan are not probative of past knowledge of acceptance of illegal contributions. The Moring and Lytle article described an investigation by Senator Stewart and his campaign committee in the spring of 1979, into contributions which earlier newspaper articles had identified as possibly coming from James Dennis. (See Ex. 9c, p. 1). Congressman Dornan cites the article in a piecemeal fashion ^{10/} and speculates that the Stewart investigation into these contributions as well as the manner of the investigation indicates guilty knowledge of acceptance of illegal contributions. (Ex. 1, pp. 4-5). The fact of such an investigation by the Stewart campaign does not necessarily indicate any sort of guilty knowledge. ^{11/} It is in fact consistent with other indications in the MUR 970 record and with repeated statements by the Stewart campaign both in MUR 970 and in response to the instant complaint that neither Senator Stewart, J. H. Stewart, nor the Friends of Donald Stewart initially knew that the Dennis contributions were improper and that when they verified the impropriety, the contributions were promptly returned. (See pp. 5, 7, 9, *supra*; Ex's. 9, p. 1; 9c, p. 1; 10, p. 2; 18a, p. 1; 8, p. 2). Dennis himself stated in an affidavit submitted to the Commission on July 16, 1979, "Other than Mr. Gurley and Mr. Shadix [two individuals to whom Dennis allegedly loaned money] with regard to their two respective contributions, none of the other individuals involved and no other person outside of the purported contributors [*sic*] had any knowledge of my actions." (Ex. 18a, p. 1).

Congressman Dornan also bases his allegation that the Stewart campaign knew the \$22,000 was from Dennis on a combination of other alleged facts: that the cashier's checks were all drawn on the same bank, that the checks were sequentially numbered, that many of the contributions were made on the same date, and that ten contributors shared the same post office box. (See Ex. 1, pp. 3-5).

These facts alleged by Congressman Dornan are themselves inaccurate in a number of instances. In his affidavit in the MUR 970 file dated July 16, 1979, Mr. Dennis stated that the money orders used to make contributions to the Stewart campaign were purchased at various branches of the same bank, that he

^{10/} Congressman Dornan does not quote the article where it states "Dennis said Stewart did not know the contributions from the 19 individuals on his list were illegal." (Ex. 9c, p. 1).

^{11/} It is well settled that subsequent remedial measures are inadmissible as evidence to prove culpable conduct in connection with the event in question. See Fed. R. Evid. 407.

which is plainly inappropriate in the present set of circumstances. See footnote 8, pp. 11-12, supra. 13/

The Office of General Counsel recommends that the Commission find no reason to believe that Senator Stewart, J. h. Stewart, or the Friends of Donald Stewart violated 2 U.S.C. § 441f, 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), or former 11 C.F.R. § 103.3(b).

e. Alleged violations by engaging in sham refund of \$22,000

Congressman Dornan alleges that Senator Stewart and James Dennis "engaged in the same check exchange charade as he [Dennis] did with Carey Peck." (Ex. 1, pp. 5-6). Without reading the complaints in MURs 1331 or 1332 or some of the newspaper articles submitted by Congressman Dornan dealing with allegations in those complaints, this allegation by Congressman Dornan is unclear. An allegation incomplete without reference to another complaint could be considered insufficient to meet the standard of 11 C.F.R. § 111.4(d)(3) that a complaint should contain a clear and concise recitation of the facts which describe a violation. Such insufficiency could thus be considered grounds for the Commission finding, on the basis of the allegation, no reason to believe that a violation of the Act had occurred. However, as the complaints filed by Congressman Dornan in MURs 1331 and 1332 provide information which clarifies this allegation somewhat, we have evaluated the allegation on its merits. (See footnote 2, supra).

13/ Congressman Dornan's reference to treatment of the 1976 LaRouche campaign (See Ex. 1, p. 3; Ex. 3, p. 5) is inapposite for a number of reasons. In that instance the Commission was dealing with presidential matching funds where requirements for submissions by candidates are different and where the governmental interest in the use of public funds is intertwined. Moreover, in that instance the Commission was confronted with evidence of possible fraud perpetrated by the LaRouche campaign as opposed to a mere failure by the campaign committee to verify the propriety of contributions made by others. While the checks referred to were for small amounts of money (necessary for certification of initial eligibility, see 26 U.S.C. § 9034(a)), they were all drawn on a New York bank and yet were reported as coming from other states. Committee to Elect Lyndon LaRouche v. Federal Election Commission, 613 F.2d 834 (D.C. Cir. 1979), cert. denied, 444 U.S. 1074 (1980).

Analogizing from MURs 1331 and 1332, Congressman Dornan is apparently alleging that although Friends of Donald Stewart reported returning \$22,000 to James Dennis by check, this transaction was a sham in that Senator Stewart, or someone on behalf of him or his campaign, actually received \$22,000 in cash from Mr. Dennis in exchange for the refund check. (See Ex's. 2, pp. 2-3; 3, pp. 17-18; 5b; and 5d).

This allegation raises the possibility of violations of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) for knowing acceptance of a contribution in excess of the limits of 2 U.S.C. § 441a(a)(1)(A) and 11 C.F.R. § 110.1(a)(1), of former 11 C.F.R. § 103.3(b) for failure to return an apparently illegal contribution, and of 11 C.F.R. § 110.4(c)(2) for failure to return a cash contribution in excess of \$100.

The response submitted on behalf of Senator Stewart, J. H. Stewart, and Friends of Donald Stewart flatly denies this allegation. (Ex. 8, p. 2). Enclosed as part of the response is a copy of the front and back of the cancelled check from the Committee to James H. Dennis in the amount of \$22,000, (Id., p. 4).

According to the complaint in MUR 1329, Congressman Dornan bases this allegation on a statement made to him by Mr. Dennis. (Ex. 1, p. 5). He provides no details of either the alleged check exchange or of the circumstances under which this information was told to him by Mr. Dennis. (See Id., pp. 5-6). This is a bare allegation. See 11 C.F.R. § 111.4(d)(3). ^{14/} Additionally, there is reason to doubt the

^{14/} In MUR 1332, in which Congressman Dornan submitted a 19-page complaint devoted to the Peck campaign, there is a two-sentence reference to the alleged U-turn of money to Senator Stewart. (Ex. 3, p. 18). Because the allegation is also covered in MUR 1329 which Congressman Dornan devoted to the Stewart campaign and because the reference in MUR 1332 is so fleeting, Senator Stewart and his campaign committee have not been named as respondents in MUR 1332. It should be noted that in MUR 1332 Congressman Dornan alleges, referring to a June 20, 1979, column by Jack Anderson, that Mr. Dennis told the F.B.I. about the U-turn of money to Stewart. (Id.) Again, Congressman Dornan did not submit the cited column to the Commission; a check, made at the Library of Congress, of the June 20, 1979, Jack Anderson column in The Washington Post, indicates that the column bears no relevance whatsoever to the Stewart campaign. (The column entitled "New Pieces in the Iranian Prank", deals with Henry Kissinger's involvement in the Iranian situation). A June 20, 1980, column by Jack Anderson does refer to an F.B.I. investigation concerning a sham refund by Stewart. (Ex. 16). However, as noted previously at footnote 6, that investigation has since terminated.

credibility of James Dennis, the source of the allegation. Mr. Dennis was convicted of defrauding IteI, a San Francisco corporation of almost \$1,000,000. As a felon convicted of fraud, Dennis is not necessarily the most reliable of sources under any circumstances. (See Fed. R. Evid. 609(a)(2) which provides for impeachment of the credibility of a witness by evidence that he has been convicted of a crime involving dishonesty or false statement; similar provisions are common, also, in state rules of evidence.)

There are particular reasons for doubting the veracity of Dennis' statement in this instance. While Congressman Dornan provides no details of when this statement was made to him, apparently (like the similar statement made about the alleged Peck check charade), it was made while Dennis was imprisoned. ^{15/} Information submitted concerning Congressman Dornan's involvement with Dennis while Dennis was imprisoned raises a serious question about Dennis' motivation for statements made to Congressman Dornan and thus raises a further question as to the reliability of these statements. Additionally, an F.B.I. report of an interview between Congressman Dornan and Dennis at the Talladega Federal Correctional Institute while Dennis was imprisoned there, indicates inconsistencies and inaccuracies in statements by Dennis concerning Carey Peck which further undermine the credibility of statements purportedly made by Dennis about Senator Stewart. (See Ex. 4b).

Congressman Dornan's prison interview with Dennis took place on April 30, 1980; an F.B.I. agent, an assistant U.S. Attorney, Mrs. Dornan, and a member of the Congressman's staff were also present. (See Ex. 4b, p. 1). According to both the report of the interview prepared by the F.B.I. agent and statements made by Congressman Dornan, Dennis told Congressman Dornan that after

^{15/} Congressman Dornan's complaints and the many newspaper articles submitted in this matter indicate that Congressman Dornan's contact with James Dennis occurred primarily while Dennis was in prison. (See, Ex's. 2, p. 2; 3, pp. 4, 6, 7, 17, 18; 5b-d; but see Ex. 14, p. 1). In one of the newspaper articles submitted by him, Congressman Dornan is reported as saying that his first personal contact with Dennis came on April 21, 1980, when Dennis called him from prison. (Ex. 5b, p. 2). Another article submitted by Congressman Dornan reports him as saying that after 3 months of contacts with Dennis, on July 22, 1980, he informed Dennis that he no longer wished to deal with him (Dennis). (Ex's. 5d(1) and (2), p. 1).

Carey Peck gave Dennis a \$13,000 refund check, Dennis cashed the check and returned the cash to Carey Peck as a loan. (See Ex's. 4b, pp. 2, 3; 2, p. 2; 3, p. 17; 5d(1), p. 1; 5e, p. 4). 16/ The report described Dennis' statements in some detail:

DORNAN first asked DENNIS what he did with the \$13,000.00 that was refunded to him by CAREY PECK in mid-June, 1979. DENNIS explained that he met CAREY PECK at the office of PECK's attorney, JULES PATCLIFF, [sic] in the Los Angeles, California area. DENNIS and PECK went to some unrecalled bank near RATCLIFF's office where PECK had taken out a \$13,000. personal loan a day or two earlier. PECK gave DENNIS a \$13,000 check payable to DENNIS which DENNIS immediately cashed at this bank and DENNIS merely handed the \$13,000.00 cash over to PECK all in the same transaction. DENNIS explained that it was understood that this \$13,000.00 was paid by PECK to DENNIS as a refund for the \$13,000.00 paid into PECK's campaign fund during 1978, which were illegal contributions....

DENNIS went on to explain that when he received the \$13,000.00 refund check from PECK in the bank in California [sic] cashed the check and turned the cash back over to PECK, he (DENNIS) gave the cash to PECK as a personal loan not to be put back into PECK's campaign fund. No records, papers or documents were prepared to substantiate this loan. PECK has not repaid this loan made by DENNIS to PECK and DENNIS has not attempted to collect on the loan. DENNIS noted that PECK used the \$13,000.00 loan from DENNIS to pay off the bank's loan to PECK. (Ex. 4b, pp. 2-3). (The entire report is four pages). 17/

16/ Additionally, Mrs. Dornan and a member of Congressman Dornan's staff reportedly have corroborated that Dennis stated in the interview that he returned the cash to Peck. (Ex's. 5d(1), p. 1; 5d(2), p. 2). Newspaper accounts of Congressman Dornan's description of what Dennis told him, as well as the account in the complaint in MUR 1331, are generally consistent with the F.B.I. report. (Compare Ex's. 5d(1), p. 1; 5e, p. 2; 2, p. 4 with Ex. 4b, pp. 2-3). However, there are discrepancies in some details of Dennis' statements as described by Congressman Dornan in the MUR 1332 complaint and as reported by the F.B.I. agent. (See footnote 24 infra, page 22).

17/ The only direct references to the allegation of a sham refund transaction concerning Senator Stewart in all of the materials submitted in this matter come in the complaints in MURs 1329 and 1332 and in newspaper articles reporting the investigation of this allegation. (See Ex's. 1, pp. 5, 6; 3, p. 18; 14, p. 1; 16; 20a, Ex. E, p. 1). There is no such reference in the report of this interview. (However see footnote 20, inira, p. 20).

However, Dennis has since denied the truth of his sham refund statements. (See Ex's. 5c, p. 1; 5d(1), p. 1; 5e, p. 4; and 5f). 18/ In a letter to Gregory Peck, apparently dated May 15, 1980 (two weeks after the interview with Congressman Dornan), Dennis wrote of the April 30th interview:

He [Congressman Dornan] tried on several occasions [sic] to get me to say that after Carey paid me the money back, that I then proceeded to loan him the money back. I said, "Congressman Dornan you will not accept the plain truth of the matter, but you appear to only want to make headlines through erroneous [sic] statements." (Ex. 5f, p. 2). 19/

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In other instances subsequent to his prison interview, Dennis has flatly denied returning the cash to Carey Peck (Ex's. 5c, p. 1; 5e, p. 4; 20a, Ex. D, p. 1 and Ex. E, p. 4), and claims he made his April 30 statement as part of a deal with Congressman Dornan to get better treatment while in prison. (Ex's. 5c, p. 1; 5d(1), p. 2; 20a, Ex. E, p. 4).

Under the circumstances it is highly likely that, without any impropriety on the part of Congressman Dornan, Dennis made self serving statements while dealing with a United States Congressman. Various newspaper articles submitted both by Congressman Dornan and on behalf of the Peck campaign provide discrepant accounts of Congressman Dornan's role in interviewing Dennis. (See Ex's. 5b, p. 2; 5d(1) and (2); 14, p. 3; 20a, Ex. D, pp. 1-5). The F.B.I. report indicates: "DORNAN explained to DENNIS that if DENNIS would tell the truth about his dealings with CAREY PECK, then DENNIS could count on DORNAN to vouch for DENNIS' character as a person who is trying to be a better citizen." (Ex. 4b, p. 1).

There are further indications that Dennis' statements made during the course of his prison interview are not reliable. His account of dealing with the Commission in MUR 970, as described in the F.B.I. report, is clearly erroneous. According to the report, when Dennis and his attorney Stephen Salter, came to the Commission, Dennis examined the Peck files at the request of the then General Counsel, William Oldaker.

18/ There is one newspaper article which reported that Dennis denied having even made the statement. (Ex. 5d(1)).

19/ This letter was submitted by Congressman Dornan. Congressman Dornan has not explained how he came to be in possession of a copy of letter from Dennis to Peck, but as there is no evidence to the contrary, we are assuming that the letter is what it purports to be.

DENNIS noticed several affidavits in the FEC file supposedly signed by persons whose names had appeared as payees on Cashiers Checks given to PECK [FOIA deletion 20/] DENNIS claims that these were forged affidavits and that the payees on the checks had neither been contacted by the FEC or signed any affidavit about this matter. (Ex. 4b, p. 3).

The 1977-78 files on the Peck campaign's reports of receipts and expenditures were shown to Dennis when he and Mr. Salter came to the General Counsel's office on June 1, 1979, to discuss conciliation. These files contain nothing which Mr. Dennis could reasonably have mistaken for forged affidavits supposedly signed by persons in whose names contributions were made to the Peck campaign. Similarly, the Stewart campaign's reports of receipts and expenditures also contain nothing which could reasonably be mistaken for forged affidavits. 21/

Another apparently inaccurate statement by Dennis in the course of his prison interview was that Carey Peck had used the 13,000 loan from Dennis to pay off his (Peck's) bank loan. (See Ex. 4b, p. 3). Dennis' statement is contradicted by newspaper accounts of statements by Carey Peck and an official of City National Bank. (See Ex. 5c, p. 2; see also Ex. 7b, p. 2).

A further reason for doubting the credibility of the statement purportedly made by Mr. Dennis regarding a sham refund by the Stewart campaign is that, according to materials submitted by Congressman Dornan, he no longer trusts Dennis himself. 22/ The cumulative documentation submitted by Congressman Dornan not only provides repeated indications

20/ There are deletions in the report here for Freedom of Information Act exemptions. Under the circumstances it appears highly likely that the deletions contain references to the Stewart campaign.

21/ The F.B.I. report is not clear about what files Dennis saw. (See Ex. 4b, pp. 3-4). However, even if he had seen the MUR 970 file, it contained no affidavits as of June 1, 1979, and the only affidavits added later were from Dennis himself.

22/ According to an article by K. Reich & R.L. Jackson of the Los Angeles Times:

The congressman [Dornan] says he had reason to believe at the time that what Dennis had told him about returning the money might be true.
(cont'd. next page)

of Dennis' lack of credibility with regard to the alleged sham refunds; it creates a question as to the propriety of Congressman Dornan basing perhaps the most serious allegations in his complaints (that of the supposed check U-turns by both Stewart and Peck) on the word of a man whom he apparently does not trust. 23/

For all of the above reasons the Office of General Counsel recommends that the Commission find no reason to believe that Senator Stewart, J. H. Stewart, or the Friends of Donald Stewart violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 11 C.F.R. § 110.4(c)(2) or former 11 C.F.R. § 103.3(b).

Alleged violations by Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon and Stanley R. Caidin

a. Alleged violations by engaging in sham refund of \$13,000

As previously discussed with regard to alleged violatons in connection with the Stewart campaign, in MURs 1331 and 1332 Congressman Dornan alleges that Carey Peck engaged in a sham check refund transaction with James Dennis. (Ex. 2, pp. 2-3; Ex. 3, pp. 16-18). In the MUR 1332 complaint Congressman Dornan recounts Dennis' description of the alleged transaction in some detail. (Ex. 3, p. 17). There are some discrepancies between the details of Dennis' statement as described in the MUR 1332 complaint and the F.B.I. report. 24/ It is clear, however, that the basic allegation is that Peck presented Dennis with a \$13,000 check which Dennis cashed, returning \$13,000 in cash to Carey Peck.

22/ (cont'd.)

But Dornan said 10 days ago that he had broken off contacts with Dennis, convicted of fraud, after he had decided Dennis could not be trusted.

And the congressman, turning his copy of the FBI agent's report over to The Times on Thursday in Washington, D.C., said that in view of Dennis' conflicting stories, he is in no position to verify what Dennis told him at Talladega. (Ex. 5c, p.1; see also Ex's. 5b, p. 2; 5d(2), pp. 1, 3).

23/ With regard to Stewart this allegation is apparently based solely on Dennis' word. With respect to Peck, Congressman Dornan presents other information in support of this allegation. (See Ex's. 2, pp. 2, 3; 3, pp. 16-18; 7a, p. 2; 7c, p. 3).

24/ See next page for footnote.

This allegation of a sham refund raises the possibility of violations of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) for knowing acceptance of a contribution in excess of the limits of 2 U.S.C. § 441a(a)(1)(A) and 11 C.F.R. § 110.1(a)(1), of former 11 C.F.R. § 103.3(b) for failure to return an apparently illegal contribution, and of 11 C.F.R. § 110.4(c)(2) for failure to return to a contributor the amount of cash contribution in excess of \$100.

It is not clear against which respondents the allegation is directed. Congressman Dornan named as respondents in the MUR 1332 complaint Carey Peck, Stanley Caidin (former Treasurer of the Peck campaign), Michael Gordon (current Treasurer of the Peck campaign), and Terry Pullan (the campaign's manager). Congressman Dornan did not specify in the complaint which respondents he considered responsible for which alleged violations. However, it appears that Congressman Dornan intends to extend the instant alleged violation at least to Terry Pullan on

24/ According to the MUR 1332 complaint (filed approximately five months after the interview with Dennis), Dennis waited in Peck's lawyer's office while a loan was arranged for Carey Peck at his father's bank. (Ex. 3, p. 17). The check was given to Dennis at the lawyer's office and then "they" (it is unclear to whom "they" refers) drove Dennis to the bank used by the Peck campaign (apparently a different bank than "daddy's") where the check was cashed. Dennis then went back to Peck's lawyer's office and there presented Peck with \$13,000 in cash. (Id.). According to the F.B.I. report, however, Peck and Dennis met at Peck's lawyer's office and then Peck and Dennis (apparently no other person was along) went to the bank from which Peck had taken out a \$13,000 loan in the past couple of days. (Ex. 4b, p. 2). Peck gave Dennis a check for \$13,000 "which DENNIS immediately cashed at this bank and DENNIS merely handed the \$13,000 cash over to PECK all in the same transaction." (Id.) (emphasis added). There are also discrepancies between the F.B.I. report and other statements by Dennis. (Compare Ex. 4b with Ex's. 5f; 5d(1), p. 1; 20a, Ex. E., p. 4; see also discussion at pp. 19-20, supra). Agent Deffenbaugh apparently dictated the account of the interview on May 2, 1980, (2 days after the interview), and it was transcribed on May 5, 1980. (Ex. 4b, p. 1). Given the fact that the report was prepared soon after the interview, as well as the common sense observation that Deffenbaugh's account was more likely to be disinterested than that of either Dennis or Congressman Dornan, the F.B.I. report probably represents the most accurate version of the interview.

the basis of statements Pullan purportedly made to a reporter. (See Ex. 2, p. 2; Ex. 3, p. 17). 25/

The response on behalf of Carey Peck, Carey Peck for Congress, Terry Pullan and Michael Gordon in MUR 1332 denies Congressman Dornan's allegation of the existence of a sham refund transaction. (Ex. 20a). Included as exhibits in the response are sworn affidavits from Carey Peck, Terry Pullan and Michael Gordon. (Id., Ex's. A, B, & C, respectively). Each affiant has stated that Carey Peck for Congress refunded \$13,000 to James Dennis on June 14, 1979, and that he (the affiant) personally did not receive in whole or in part the \$13,000 allegedly returned by Dennis in cash. (Id.). Each affiant has further stated that to his knowledge Dennis never returned the refund or any other money to the Committee or anyone even remotely connected with the Peck campaign. (Id.) the response on behalf of Carey Peck and Carey Peck for Congress in MUR 1331 is similar, including another sworn affidavit by Peck to the same effect. (See Ex. 20b and Ex. A).

As noted above, Congressman Dornan's allegation concerning the sham refund transaction involving Peck is essentially based on statements by Dennis, although Congressman Dornan has alleged further corroborating evidence. In the opinion of the General Counsel, Dennis is not a credible source on which to base an investigation for all the reasons previously discussed at length in connection with the similar allegation concerning Senator Stewart. (See pp.15-21, supra). It is this very allegation concerning Peck on which Mr. Dennis has such a poor record for consistency. (Id.). Moreover, as discussed supra at pages 17-19, it is clear that Dennis made this allegation while in jail and that he has since claimed to have done so as part of a deal with Congressman Dornan in an attempt to better his conditions.

25/ It appears that Congressman Dornan does not intend for this allegation to include Stanley Caidin, for in the MUR 1332 complaint he states that when he spoke with Mr. Caidin on February 7, 1980, Mr. Caidin informed him that he had quit the Peck campaign prior to the refund transaction and that Caidin told Congressman Dornan that he had no idea of the procedures used to allegedly return the \$13,000. (Ex. 3, p. 17). Moreover, Caidin's response in MUR 1332 has attached as an exhibit a letter from Congressman Dornan to Caidin with regard to the February 7, 1980, conversation. (See Ex. 21a, Ex. A). In it Congressman Dornan states, "I was not surprised to learn that you had no knowledge of the way the illegal \$13,000 was returned."

Congressman Dornan's alleged corroborating information is also insufficient to provide a basis for an investigation of this allegation by the Commission, especially in light of the respondents' submissions.

In both MURs 1331 and 1332 Congressman Dornan alleges that Rick Cziment, a California reporter, learned from Terry Pullan that the \$13,000 never left California. (See Ex. 2, p. 2; Ex. 3, p. 17). In MUR 1332 Congressman Dornan also alleges that Cziment claims to have seen a copy of the refund check and to have a photocopy of both the front and back of the check. (Ex. 3, p. 17). Even if Cziment did learn from Pullan that the money never left California and even if he did claim to see the refund check and has a xerox of the check, this is not probative information. ^{26/} The fact that the check may have been cashed in California does not necessarily indicate that the cash was in fact given to Peck or anyone involved with the Peck campaign. (See *id.*). Carey Peck addresses this supposition in his affidavit in MUR 1332 by denying the acceptance from Dennis of any part of the refund and denying knowledge of any such acceptance on the part of anyone even remotely connected with his campaign. (Ex. 20a, Ex. A, ¶ 10).

Additionally, he states:

Dornan's charge on this point is not only wholly untrue but, to my knowledge, was thoroughly investigated by the United States Justice Department, which issued a statement on September 19, 1980 indicating that there was no substantiation to the charge. (*Id.*).

He also states:

It is my understanding that sometime after leaving Mr. Radcliff's office, Dennis cashed the check at a bank in Los Angeles. Neither I nor anyone else from my committee was with Dennis at that time. Why he cashed the check when and where he did is a mystery to me. (*Id.*, Ex. A, ¶ 9).

^{26/} Even less probative is the allegation that Peck threatened to sue the Independent Journal, Cziment's newspaper. See Ex. 2, p. 2; Ex. 3, p. 18). If the reporter's allegation was incorrect, there would be a legitimate reason for threatening suit.

Pullan refutes the statement attributed to him that the money never left California by stating in his affidavit that he has no idea "as to what Dennis may have done with the refunded amount." (Id., Ex. B, ¶ 6). 27/

In further corroboration of this allegation, among others, Congressman Dornan submitted copies of "memoranda" he obtained from the Department of Justice under the Freedom of Information Act. (See Ex's. 7-7c). The memoranda deal with investigations of Senator Stewart and Carey Peck during the period of June through September of 1980. Sections of the submitted material have been deleted, presumably by the Department of Justice. (See id.) A few phrases in the memoranda raise questions, but must be considered in context.

A memorandum dated June 18, 1980, concerns a request by Congressman Dornan for an F.B.I. investigation into possible criminal violations by Carey Peck concerning \$12,000 in illegal campaign contributions made by James H. Dennis, Sr., to Peck's 1978 congressional campaign. (See Ex. 7c). 28/ It is noted in the memorandum that Dennis made conflicting statements concerning the \$12,000 and that in light of these statements he was brought before a grand jury to testify under oath on June 12, 1980. (Id. p. 2). Almost an entire page of deletions follows. (Id. pp. 2-3). Presumably it refers to Dennis' grand jury testimony.

The first legible sentence after the deletions states:

Donsanto has rendered the opinion that the return of the cash to Peck does not constitute a violation of election laws or any other federal violation inasmuch as the refund of the illegal campaign contributions was made voluntarily by Peck. (Id. p. 3). 29/

27/ In this instance Congressman Dornan is relying on at least second-hand hearsay for his information about the information allegedly coming from Pullan. Additionally, Congressman Dornan contradicts himself in MURs 1331 and 1332 about whether the information that the money never left California was told directly to him by Cziment or to his (Dornan's) campaign manager. (Compare Ex. 2, p. 2 with Ex. 3, p. 17).

28/ Note the memorandum refers mistakenly to contributions to Congressman Carey Peck. (Ex. 7c, p. 1). Its not clear from the context whether the reference is to the initial contributions in 1978 by Dennis in the names of others, the alleged sham refund transaction, or both.

29/ Examination of the original copy of this submission by Congressman Dornan indicates that the underlining in the quoted statement and any other sections of this exhibit was apparently done by him. All other underlining in copies of exhibits submitted by Congressman Dornan has, also, apparently been done by him.

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Arguably, the reference to "the return of the cash to Peck" suggests that Justice or the F.B.I. concluded that Dennis did in fact return cash to Peck. That is the inference Congressman Dornan apparently makes. However, it is just as likely, in the General Counsel's view, that Justice or the F.B.I. was speaking in hypothetical terms, i.e., that even if the refund was returned to Peck in cash, there would be no violation. In any event, implications and inferences based on this one sentence are not an appropriate trigger for an investigation, particularly in light of the surrounding circumstances.

A subsequent memorandum dated September 16, 1980, indicates that on September 15, 1980, Craig Donsanto of the Public Integrity section of the Justice Department advised that a review of the investigation concerning James Dennis, Senator Stewart, and Carey Peck "disclosed no basis for further investigation as the matters had no prosecutive merit." (Ex. 7a, p. 1). The memorandum states further:

Los Angeles is advised that the matter concerning Cary [sic] Peck's receipt of conduit contributions may be referred by the DOJ back to the Federal Election Commission for further resolution. (Id. p. 2).

The failure of the Justice Department to refer this matter back to the FEC in the intervening seven months since Justice apparently ended its investigation indicates that, on further review, Justice decided there was no basis even for a referral.

Congressman Dornan places emphasis in MUR 1332 on the fact that Dennis personally came out to Los Angeles to pick up the refund check, pointing out that that is the only mode of exchanging money which does not leave a paper trail of evidence. (Ex. 3, p. 18). However, this amounts to pure speculation.

Congressman Dornan apparently finds significance in the fact that Carey Peck has been reported in newspaper articles as saying he became suspicious about contributions from Dennis after learning about Dennis' legal problems through a newspaper clipping service maintained by Gregory Peck. (See Ex. 3, pp. 11, 16; see also Ex's. 6b, p. 2; 22). Specifically, with regard to the allegation of a sham refund, Congressman Dornan focuses on a reported statement by Carey Peck that the \$13,000 had been returned after Peck and his father learned of Dennis' indictment in the Itel fraud case.

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(Ex. 3, p. 17; See Ex. 6b, p. 2). 30/

As Congressman Dornan correctly notes, Dennis was in fact indicted in the Itel case on July 6, 1979, approximately three weeks after the \$13,000 refund to Dennis. (See Ex. 3, p. 17; Ex. 23). Thus, assuming the Jan. 10, 1980, article by Will Thorne to be an accurate report of Peck's statement (see Ex. 6b), Peck appears to have made a misstatement. However, this misstatement is easily explainable.

The response on behalf of Carey Peck, Carey Peck for Congress, Terry Pullan and Michael Gordon and supporting affidavits by Carey Peck and Michael Gordon reiterate statements that Peck and his campaign became suspicious in May, 1979, when news articles from Alabama concerning Dennis' illegal contributions to Stewart and Peck came to their attention. (See Ex. 20a, p. 3, and Ex. A, ¶ 5, Ex. C, ¶ 5).

The May 9, 1979, Birmingham Post-Herald article by Frank Moring, Jr., and Stewart Lytle (an article which apparently forms the basis for one of Congressman Dornan's allegations against Senator Stewart (see pp. 11-12, supra)) concerns Dennis' illegal contributions to Senator Stewart; in it Dennis' problems with Itel are discussed extensively. (See Ex. 9c). Moreover, the May 10, 1979, article in The Birmingham News by Andrew Kilpatrick, apparently the first article to mention Dennis' contributions to Peck, contains a reference to a federal investigation of Dennis for his dealings with Itel and reports that Dennis has said he expects to be indicted. (See Ex. 24a, p. 2). These newspaper articles appear to explain the basis for statements made by Peck and his campaign and suggest that Congressman Dornan's suspicions in this regard are groundless.

Congressman Dornan's last piece of corroborating information with regard to the sham refund allegation is the discrepancy between Peck's statements that the refund was made on June 14, 1979, and the report of the return to Dennis on June 13, 1979, in the Peck campaign's July 10, 1979 quarterly report. (See Ex's. 3, p. 16; Ex. 25, Schedule B, p. 1 of 1, line 20A). Congressman Dornan is certainly correct that this discrepancy exists, and it is a discrepancy never addressed by anyone connected with the Peck campaign. In the General Counsel's view, it is not probative of the existence of a sham refund transaction. The date reported in the committee's reports could logically represent the date the check was written.

30/ Congressman Dornan does not cite the same newspaper article by Will Thorne where it states that:

[Peck] said his suspicions were also heightened when he saw Birmingham newspaper clippings in which it was reported that Dennis had contributed \$22,000 illegally to the campaign of U.S. Sen. Donald Stewart, for whom the elder Peck campaigned. (Id., p. 2).

Thus, in sum, there are a number of apparent inconsistencies in the evidence concerning this allegation. However, while they may raise questions as to details of what actually happened, none of them provide reliable evidence of the existence of a check exchange charade between Peck and Dennis.

In light of the apparent unreliability of Dennis' allegation made while he was imprisoned, the inconclusive nature of the apparent inconsistencies noted by Congressman Dornan, and the responses in this matter including sworn affidavits by Peck, Pullan and Gordon which deny this allegation, the Office of General Counsel recommends that the Commission find no reason to believe that Carey Peck, Friends of Carey Peck, Stanley Caidin, Michael Gordon, or Terry Pullan violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), former 11 C.F.R. § 103.3(b), or 11 C.F.R. § 110.4(c)(2).

b. Alleged violations by knowing acceptance of illegal contributions and failure to promptly return apparently illegal contributions

Congressman Dornan further alleges that Peck and his campaign knowingly accepted illegal contributions from James Dennis. (Ex. 3, pp. 4-14). This allegation is denied by the respondents. (Ex's. 21a, pp. 4-5; 20a, pp. 2-4, and Ex. A, ¶ 4, Ex. B, ¶ 4). While this allegation is framed in terms of knowing acceptance of the illegal contributions, it also raises the issue more explicitly raised with regard to the Stewart campaign of failure to return within 10 days, or to deposit, report, and return within a reasonable period of time, contributions which appear to be illegal. 31/

The allegation of knowing acceptance of illegal contributions would involve a violation of 2 U.S.C. § 441f for knowing acceptance of contributions made by one person in the names of others, and of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) (see 11 C.F.R. § 110.1(a)(1)) for knowing acceptance of excessive contributions. The allegation of failure to return contributions which appeared to be illegal within 10 days, or to deposit, report, and return them within a reasonable period of time, would involve a violation of former 11 C.F.R. § 103.3(b).

31/ See footnote 8, supra, pp. 11-12.

Congressman Dornan bases this allegation on a combination of facts including: (1) statements made by James Dennis while he was imprisoned, (2) apparently contradictory statements made by Carey Peck to reporters in 1980 about his relationship with Dennis in 1978, (3) discrepancies in reported dates of receipt of contributions, and (4) a number of other facts including the fact that the contributions were in the form of cashiers checks and that some of the checks were sequentially numbered.

Statements made to Congressman Dornan by James Dennis while Dennis was imprisoned suffer all of the problems of credibility previously discussed. Moreover, in this instance, it is not clear what Dennis actually said; Dennis' statements on this point are reported differently by Congressman Dornan and the F.B.I. report. (Compare Ex. 3, p. 4 with Ex. 4b, p. 3). In MUR 1332, Congressman Dornan states that Dennis told him that he (Dennis) "received a hurried phone call just prior to the election: 'Peck or Pullen [sic] phoned and begged, 'Can you send \$9,000 or \$10,000 more?'" (Ex. 3, p. 4).

The F.B.I. report describes Dennis' account of going to a party with two Itel executives at Gregory Peck's home. The transcript continues:

A few days after DENNIS arrived back in Birmingham, CAREY PECK called and asked DENNIS to contribute to his campaign. ^{32/} DENNIS agreed to send at least \$10,000.00. There was some discussion to the effect that the manner in which it was sent would probably not be important since it was coming all the way from Alabama and the conversation was in terms of the entire contribution coming from DENNIS and not from a group of contributors in Alabama. (Ex. 4b, p.3).

The quoted question allegedly asked by either Peck or Pullan ("Can you send \$9,000 or \$10,000 more?") is somewhat ambiguous. It does not necessarily imply that the speaker was asking for all of that money to come from Dennis' own funds. It could just as easily have meant that the speaker was expecting Dennis to raise the money from other people. Such an interpretation would be consistent

^{32/} There is no mention of Pullan here, as there is in Congressman Dornan's recollection of Dennis' statements. (Compare Ex. 4b, p. 3 with Ex.3, p.4).

with Carey Peck's reported explanation that Dennis offered to raise funds for his (Carey Peck's) campaign to thank Gregory Peck for raising funds for Senator Stewart. (Ex's. 5b, p. 1; 6b, p. 2; 6d, p. 2; 21a, pp. 5, 6). Similarly, the statement in the F.B.I. report, "the conversation was in terms of the entire contribution coming from DENNIS and not from a group of contributors in Alabama", could be an accurate transcription in terms of what was actually said, but could mean merely that Dennis would be responsible for gathering and forwarding the contributions.

A statement by Dennis that Carey Peck requested all of the money from Dennis himself would be inconsistent with other known statements by Dennis, including a sworn affidavit in the MUR 970 file, that Peck never knew the source of the contributions. (See Ex's. 18a; 24a, p. 1). It also would be inconsistent with sworn responses from both Peck and Pullan. (See Ex. 20a, Ex's. A, B).

Congressman Dornan has presented the Commission with at least five newspaper articles indicating apparent misstatements by Carey Peck in comments made to reporters at the beginning of 1980, concerning his relationship with James Dennis in 1978. (See Ex's. 22; 6c; 6d; 5a; 5e). As noted by Congressman Dornan, there are reported discrepancies in statements by Peck concerning: (1) the method by which cashier's checks reached the campaign, 33/

33/ In some instances Peck is reported to have said the checks arrived by mail. (See Ex's. 5a; 6c; 22). He also is reported to have said hand delivery was used in some instances. (See Ex's. 5b, p. 2; 5e, p. 3; see also Ex. 5a). Information provided by Congressman Dornan indicates several different versions of how the cashier's checks reached the Peck campaign other than the two reported contradictory statements by Peck discussed above. (See Ex's. 3, pp. 6, 7; 4b, p. 3; 5a; 26). All of these versions arose out of statements apparently made in 1980 about events in 1978. Aside from problems of accuracy created by this time lapse, there are other reasons for questioning each of the following versions of how the checks were delivered, including the fact that some of the statements were made by Dennis while in prison, lack of indication of the source in some instances, and apparently contradictory statements in other instances. Without indicating its source, the article by Bob Baker in the Los Angeles Times indicates that Gregory Peck delivered the first two checks from Dennis, one from Dennis himself and one in the name of another individual, and that Dennis brought the last five checks to California in November and went to dinner with both Pecks and two ITEL executives at Chasens. (Ex. 5a). Also without identifying its source, a column by Jack Anderson appearing (cont'd. next page)

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(2) the number of times and the circumstances under which Carey Peck met James Dennis, 34/ and (3) the extent and method of checking out the cashier's checks when they were received. 35/ There is enough discrepancy over details in these articles to raise doubts as to their accuracy and hence as to the significance of the discrepancies raised by Congressman Dornan. (Compare, e.g., Ex. 5a with Ex. 5e). Additionally, they do not always clearly identify the source of their information. (See Ex. 5a, e.g.). 36/

33/ (con'td.) in The Washington Post on June 21, 1980, reports that Dennis gave Gregory Peck \$6,000 to carry back to California. (Ex. 26). In the MUR 1332 complaint Congressman Dornan states that Terry Pullan apparently was the source for this statement by Anderson. (Ex. 3, p. 6). However, Congressman Dornan provides no explanation for his own statement. Finally, Dennis is again the source for further contradictory statements. During his prison interview he told Congressman Dornan that he initially contributed three checks to the Peck campaign and later sent ten more and that they all were sent by Federal Express. (Ex. 3, pp. 6-7; Ex. 4b, p. 3). According to Congressman Dornan, Dennis later indicated over the telephone that he gave checks to Gregory Peck personally. (Ex. 3, p. 7). This reference as stated in the complaint apparently is to the 3 initial checks. (See Ex. 3, pp 6-7). However, further down on the same page of the complaint Congressman Dornan states that Dennis claims to have hand carried the last checks. (Ex. 3, p. 7). It is not clear when Dennis made this claim, nor to whom he made it.

A likely version of what actually happened is that two checks initially were hand delivered by Gregory Peck, one from Dennis and one from another person. This is reported in two news articles and would apparently square with the Peck campaign's reporting receipt of the first two checks, one from Dennis and one from Andy Shadix on October 31, 1978. (See Ex's. 5a; 5e; 27; 28; 3, p. 13). However, given these varied contradictory accounts, no certain version of what actually happened emerges.

34/ Some reports indicate that Peck said he met Dennis only once (see Ex's. 5e, p. 3; 6c; 22; see also Ex. 5a), while at least one article reports Peck as saying he met Dennis twice. (See Ex. 5e, p. 3). Peck is also reported to have said at one time that he met Dennis at a "short sit-down over coffee" (see Ex's. 5a; 5e, p. 3), and to have said on another occasion that the meeting included dinner. (See Ex. 5e, p. 3; see also Ex. 5a).

35/ There are a variety of reported statements here: (1) checks were inspected as they came to campaign headquarters and found to be good (see Ex. 6d, p. 2; see also Ex. 5a); (2) the campaign checked with Dennis to verify names and occupations of donors and in some instances checked with the businesses of some donors (see Ex's. 22; 6c); (3) the campaign only checked with Dennis' secretary (see Ex's. 5a; 5e, pp. 3-4). Additionally Congressman Dornan notes in the complaint in MUR 1332 that Terry Pullan told Dornan's campaign manager in June, 1980, that they "never bothered to check out the money." (Ex. 3, p. 9).

36/ Failure to identify a source does not mean an article is inaccurate. However, it makes assessment of its accuracy more difficult.

There is considerable agreement in the only two articles dealing directly with inconsistencies about Gregory Peck's involvement that Carey Peck admitted not giving complete, accurate answers initially in an attempt to minimize his father's involvement in the matter. (See Ex's. 5a, 5e, p. 3). The article by Bob Baker also reports that Peck admitted trying to play down his own relationship with Dennis. (See Ex. 5a).

Congressman Dornan apparently interprets these reported misstatements by Peck as indicative of knowledge by Peck and his campaign at the time of acceptance that the contributions from Dennis were illegal. However, this information, while raising possible questions as to Carey Peck's veracity, is not highly probative of the allegation in question. All of the reported misstatements by Peck were apparently made in 1980, over a year after Dennis' contributions to the Peck campaign and more than six months after problems concerning these contributions became public and the Peck campaign reported refunding \$13,000 to Dennis. These reported statements made in 1980, are indicative of Carey Peck's state of mind, and perhaps memory, at the time they were made. They do not indicate knowledge in 1978 of acceptance of illegal contributions. Additionally, Peck has reportedly provided a plausible explanation for his apparent lack of candor, i.e., his stated concern for minimizing the involvement of his father and his reported desire to play down his (Carey Peck's) relationship with Dennis. (See Ex's. 5a; 5e).

It is appropriate to consider the context in which such statements apparently were made. By the time they allegedly occurred, Carey Peck was again a candidate for public office. Even before he had formally announced his candidacy for the 1980 Democratic primary for the 27th Congressional District of California, Congressman Dornan had begun raising Dennis' 1978 contributions to Peck as an issue in the 1980 congressional race. (See Ex's. 6b; 6d). By late January 1980, Congressman Dornan had placed full page advertisements in local newspapers questioning Peck's handling of the contributions from Dennis. (See Ex's. 5e, p. 3; 22; see also Ex. 5a). According to the Bob Baker article which is Congressman Dornan's chief source for reported misstatements by Peck, the misstatements were made in response to Congressman Dornan's advertisements. (See Ex. 5a). Moreover, both the Baker article and the article by Rich Connell in the September 8, 1980, edition of the Daily Breeze reporting misstatements by Peck note that while Congressman Dornan has tried to prove wrongdoing

on the part of Peck he has so far failed to do so. 37/

Another issue raised by Congressman Dornan, apparently in support of his allegation of knowing acceptance of the illegal contributions, is the number of discrepancies in the reported dates of receipt of contributions. Congressman Dornan notes in MUR 1332 that the Peck campaign's 1978 post general election report and mailgrams sent by the campaign cite different dates for the receipt of "phantom" contributions. (Ex. 3, p. 12). Congressman Dornan goes on to state: "All of those different dates bear the mark of a fabrication." (Id.). Examination of the chart of contributions from Dennis to Peck contained in MUR 1332 and also another chart prepared by the Office of General Counsel (for clarification) indicates that of the eight contributions from Alabama which the Peck campaign reported by mailgram as well as in the post general election report, five were reported with the identical date of receipt. (See Ex. 3, p. 13, and Ex. 28, respectively). For the other three contributions, the date of receipt was reported by mailgrams as November 6; it was reported as November 8 in the post general election report. (Id.; see Ex. 27). Meanwhile, Election Day was November 7, 1978, and the post election was due 30 days later. Losing campaign committees generally fall into disarray and confusion once an election is lost and they are in the process of disbanding. Under the circumstances, it is much more likely that the discrepancy was made by mistake than that it was the result of a "fabrication." 38/

37/ The Baker article states:

This year, Dornan, still furious about the text of the mailer [a mailer sharply critical of Congressman Dornan which Dennis' money allegedly enabled the Peck campaign to send toward the end of the 1978 campaign], set out to prove that Peck knew the money had been donated in violation of federal law. But Dornan failed, and six weeks ago the Justice Department formally cleared Peck of mishandling campaign finances.

The Connell article indicates that:

Since that time [when Dornan purchased newspaper advertisements questioning the contributions from Dennis], Peck's basic explanation of what occurred has not changed. And Dornan, despite his efforts, has failed to prove wrongdoing on Peck's part. (Ex. 5e, p. 3).

38/ This proposition is supported by the fact that other examples of this reporting discrepancy exist with regard to contributions by persons wholly unrelated to these MURs. For instance, another mailgram from the Peck campaign dated November 5, 1978, lists contributions from Ana Olar, Amir Rokni, and Homa Mashreghi as being received on November 3, 1978. The post general election report lists the contributions from Ana Olar and Amir Rokni as being received on November 1, 1978; it lists the contributions from Homa Masreghi as being received on November 2, 1978. (See Ex. 27). Apparently, these are mistakes also. In the General Counsel's view, they are of no significance.

Congressman Dornan also alludes to differences between the Peck campaign's reported date of receipt of contributions and either the date on existing copies of eight cashier's checks or, in the case of four of the five other contributions from Dennis for which Dennis apparently no longer had copies of the checks, the date of the contribution as recalled by Dennis in an affidavit dated July 16, 1979. (See Ex. 3, p. 13). Congressman Dornan finds significant the fact that the date of reported receipt by the Peck campaign is later than that on the corresponding cashier's checks of which we have copies. (Id.). However, this is hardly surprising, as the date on the cashier's check is presumably the date of issuance from the bank and, thus, the earliest date on which it could possibly be contributed to the campaign. It is common for campaigns to report receipt of contributions on a date later than that on which the contributor makes the contribution, and such a difference is of no significance. Where contributions are made by mail, a difference in date is routinely the case. Even if some of the checks were hand delivered by Gregory Peck or Dennis, it is likely that there may have been a few days delay in depositing them or in placing them in the hands of the person preparing campaign reports. 39/

In the case of three cashiers checks, the Peck campaign initially reported receiving them before Dennis recalls giving them. These are the three cashiers checks for which there is the two-day discrepancy in reporting between the Peck campaign's mailgram and their 1978 post general election report. (See pp. 32-33, supra; Ex's. 27; 28; 3, p. 13). The mailgram reports receipt of the contributions on November 6, 1978, while Dennis recalls making the contributions on November 8, 1978. (See Ex's. 3, p. 13; 28; 18a, p. 2). However, the mailgram was sent in the time period when the contributions were made, while Dennis' recollection comes eight months later in the course of involvement with MUR 970. Moreover, Dennis' recollection is probably based on his review of the Peck campaign's 1978 post general election report which reported receipt of these contributions on November 8, 1978. (See Ex. 27). He was shown copies of the Peck campaign's reports when he came to the Office of General Counsel on June 1, 1979. In other words, it is probable that indeed the three cashier's checks in question were received on November 6, 1978, and that the discrepancy with the November 8, 1978, date Dennis recalls stems from an unintentional reporting error by the Peck campaign in its post election report.

39/ It does not appear that the campaign failed to deposit contributions within 10 days as required. See 11 C.F.R. § 103.3(a).

Congressman Dornan apparently links the foregoing reported misstatements by Carey Peck, reporting discrepancies, and the differing versions of the methods by which the cashiers checks reached the Peck campaign as evidence of knowledge on the part of Carey Peck and his campaign of the acceptance of illegal campaign contributions. (See Ex. 3, pp. 5-9, 12, 13). However, neither the apparent misstatements by Peck nor the discrepancies in reported dates of contributions, either together or alone, provide positive evidence, as opposed to speculation, that at the time of the receipt of the checks, there was actually knowledge on the part of anyone other than Dennis that the contributions were illegal. Moreover, even assuming that check delivery occurred as Congressman Dornan supposes, this would not provide positive evidence that anyone other than Dennis actually knew the contributions were illegal when they were received from Dennis. 40/

Congressman Dornan's allegations are denied by the respondents. (Ex's. 20a, Ex's. A, B, C; 21a). The response

40/ having provided information indicating several contradictory versions of check delivery, Congressman Dornan never explains why he prefers one. (See Ex. 3). However, Congressman Dornan has developed a scheme of delivery of checks to Peck in 3 batches (see Ex. 3, p. 7) and uses this to further allege guilty knowledge at the time of acceptance of the checks.

Congressman Dornan purportedly quotes an article by Bob Baker in the Los Angeles Times:

On four days between October 31 and November 25, 1978 from two to five cashiers checks--ostensibly from different Alabama residents-- arrived at Peck campaign headquarters. Although each envelope was mailed by Dennis, there was no reason to be wary, Peck said. (Id.).

Congressman Dornan then uses that quote to support the supposition that Dennis hand carried the last five sequentially numbered checks. Examination of the cited article indicates that the quote is not taken from it. (See Ex. 5a). Additionally, the quoted statement that checks arrived by mail at Peck headquarters (while conceivably a misstatement), provides no support whatsoever for the proposition that Dennis hand carried the last 5 checks to California. Moreover, based on the Baker article with its unidentified source of information concerning checks delivered by Dennis (id.), Congressman Dornan goes on to state that a former ITEL employee told him that he thought Dennis spent the night prior to a reported party at Chasen's at the home of Gregory Peck. (Ex. 3, p. 7). Congressman Dornan then speculates that if Dennis in fact spent the night at Gregory Peck's he might have brought checks with him as he [Dennis] claims. (Id.). From here Congressman Dornan goes on to further speculation about how the Peck campaign may have made some of its expenditure decisions at the time based on actual delivery of checks by Dennis or anticipation of further checks being sent by Dennis. Finally, Congressman Dornan speculates that perhaps the Peck campaign actually mailed checks to pay expenditures later than the dates on which they are reported. (Id.). These matters are discussed at great length and yet none of this speculation can serve as evidence.

on behalf of Carey Peck, Carey Peck for Congress, Terry Pullan, and Michael Gordon denies that Peck or his campaign knew of any impropriety concerning contributions at the time of their acceptance. (Ex. 20a, pp. 2-4 and Ex's. A, B). In his affidavit Carey Peck states that he was not aware of the illegal nature or source of the \$12,000 contributed by Dennis in the names of others until approximately June, 1979, and that to his knowledge no one else connected with his campaign had such knowledge. (Ex. 20a, Ex A, ¶ 4). Terry Pullan's affidavit is similar. (See id., Ex. B, ¶ 4). He states:

I was not aware of the illegal nature or actual source of the contributions made by Dennis at the time they were received by the Committee. Such facts first came to my attention in the latter part of May, 1979, or early part of June, 1979. To my knowledge, no one else in or even remotely connected with the campaign had any such knowledge until then. (Id.).

Michael Gordon indicates that he was not connected with the Peck campaign prior to January 29, 1979, and denies personal knowledge of any of the alleged matters prior to that time. (Id. Ex. C, ¶ 4). He further states that he first received information concerning the illegal contributions in late May or early June of 1979. (Id., ¶ 5).

Finally, in his sworn affidavit, Stanley Caidin, the former Treasurer for the Peck campaign, denies any knowledge of the illegal nature of the contributions prior to subsequent publicized reports of the problem. (Ex. 21a).

Given the speculative nature of the evidence supporting the allegation of knowing acceptance of illegal contributions and the sworn denials by respondents, the Office of General Counsel recommends that the Commission find no reason to believe that Carey Peck, Friends of Carey Peck, or officials of the Peck campaign violated 2 U.S.C. § 441f, 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), or former 11 C.F.R. § 103.3(b).

c. Alleged violation by possible failure to report any endorser or guarantor of a loan

Congressman Dornan also alleges in MUR 1332 that Carey Peck and his campaign may have failed to report endorsers or guarantors on the bank loan received by Peck, and in turn loaned to Carey Peck for Congress, to refund money to James Dennis in June, 1979. (Ex. 3, pp. 14-15). This allegation would constitute a violation

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of former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5) for failure to report any endorsers or guarantors (including their occupations and principal places of business, if any). As in this instance the loan apparently was in the amount of \$13,000, this might also constitute a violation of 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a) for knowing acceptance of excessive contributions.

Congressman Dornan apparently bases this allegation on a conversation he had on May 16, 1980, with Bram Goldsmith, a branch manager of City National Bank, and also on his speculation that Peck's income and credit rating would not be sufficient to secure such a loan. (Ex. 3, pp. 14-15). Congressman Dornan notes that Peck "cites himself as the source of the \$13,000, even though he has been virtually unemployed for the last three years." (Ex. 3, p. 14).

Congressman Dornan reports three sentences spoken by Mr. Goldsmith in their conversation:

Goldsmith: Well, Congressman Gregory Peck didn't cosign the loans.

[further question by Congressman Dornan]

Goldsmith: Congressman, I said GREGORY PECK didn't cosign the loans

[further sentences by Congressman Dornan]

Goldsmith: You're welcome. Bob. (Ex. 3, p. 15).

These sentences as quoted do not indicate the existence of guarantors or endorsers on any loan. However, Congressman Dornan says in the complaint that the tone in which the second statement was made implied that in fact someone other than Gregory Peck had co-signed a loan. 41/ (Id.).

41/ In quoting Mr. Goldsmith, Congressman Dornan refers to "loans" in the plural. While in the past, Friends of Carey Peck has reported other loans by Peck to his committee, there is no indication other than Mr. Goldsmith's quoted reference to "loans" that we are dealing with more than one loan in this instance.

Neither speculation on Peck's finances nor the reported implication in a tone of voice provides an appropriate basis for opening an investigation by the Commission, in the General Counsel's view. Congressman Dornan's allegation is denied in the response submitted on behalf of Carey Peck, Carey Peck for Congress, Terry Pullan, and Michael Gordon. (Ex. 20a, p. 4, and Ex. A, ¶ 11). In a sworn affidavit Carey Peck states: "The loan involved in this instance was on my own signature, alone, and there were no guarantors or other endorsers." 42/ (Ex. 20a, Ex. A, ¶ 11). A news article submitted by Congressman Dornan also indicates that City National Bank confirmed that Carey Peck obtained a loan without a co-signer. (Ex. 6d, p. 5).

For all of the above reasons, the Office of General Counsel recommends that the Commission find no reason to believe that Carey Peck, Carey Peck for Congress, or officials of the Peck campaign violated former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5), or 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a).

d. Alleged violation by failure to report bank loan to Carey Peck as the underlying source of loan by Peck to Carey Peck for Congress.

Congressman Dornan further alleges that Carey Peck and his campaign committee have failed to properly report a bank loan to Carey Peck as the underlying source for a loan from Peck to the Committee which was used to refund the \$13,000 to James Dennis (Ex. 3, pp. 14-15). The

42/ One of the memoranda which Congressman Dornan obtained from the Justice Department and sent to the Commission on January 28, 1980, indicates that a subpoena to City National Bank in Beverly Hills shows that Carey Peck and his wife applied for an unsecured personal loan for \$13,000 on June 1, 1979. (Ex. 7b, p. 2). Because California is a community property state, it is highly likely that she would have been involved in the loan application even if she did not co-sign the loan note.

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allegation involves a possible violation of former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5) for failure to adequately report a loan as to its source. None of the respondents have addressed this allegation in their responses. 43/

Congressman Dornan bases this allegation on an examination of the July 10, 1979 quarterly report of the Peck committee and news reports of statements by Peck that he obtained a personal bank loan in order to return money to Dennis. (Ex. 3, p. 14).

Carey Peck has acknowledged in his affidavit submitted as part of the response in MUR 1332 that he loaned his campaign committee the money used to refund Dennis' contributions and that he in turn obtained the money "through a personal loan from City National Bank...." (Ex. 20a, Ex. A, ¶ 11). One of the memoranda Congressman Dornan obtained from the Justice Department also indicates that in June, 1979, Peck applied for (and apparently obtained) a personal loan from City National Bank in the amount of \$13,000. (Ex. 7b, p. 2). 44/ According to the memorandum, the stated purpose for the loan was to enable Peck to return illegal contributions made to his 1978 campaign. (Id.). However, as Congressman Dornan correctly notes, the July 10, 1979 report for Carey Peck for Congress indicates a \$13,000 loan from Carey Peck to the committee on June 14, 1979, with no indication of any underlying bank loan. (Ex. 25, Schedule C, p. 1 of 1, line 13; Ex. 3., p. 14). In the box for reporting the nature of the obligation the report merely states: "Advance for campaign expenditures - from personal funds." (Ex. 25, Schedule C, p. 1 of 1, line 13).

At the time that Carey Peck obtained the bank loan and, in turn, loaned it to this committee, the Commission required that where pursuant to former 2 U.S.C. § 436(b)(1) a candidate waived his personal reporting responsibility, an underlying bank loan to the candidate which was, in turn, loaned to the committee must be reported by the committee. 45/

43/ It is possible from the way this allegation is combined with a discussion of possible failure to report any endorsers or guarantors, that this allegation was not clear to respondents. (See Ex. 3, pp. 14-15).

44/ Congressman Dornan notes a discrepancy in newspaper accounts as to the amount borrowed. (Ex. 3, p. 14). Will Thorne reports a statement by Peck that he borrowed \$9,000 from the bank. (Ex's. 6b, p. 2; and Ex. 6d, p. 5). However, all other indications are that the loan was for the full \$13,000. (See e.g., Ex's. 7b, p. 2; 20a, Ex. A, ¶ 11; 26). Apparently, Mr. Thorne's account is in error.

45/ Carey Peck requested a waiver of his personal reporting responsibility in January, 1978.

This requirement was stated in the instructions on the back of the reporting schedule then in use:

LINE 13--DEBTS AND OBLIGATIONS OWED BY THE CANDIDATE/
COMMITTEE

[I]f a candidate has personally received a loan, which in turn is loans [sic] to the committee for use in the campaign, and has obtained a waiver of reporting requirements, the candidate's principal campaign committee must disclose all information with respect to that debt.

ADDITIONAL EXPLANATION ABOUT THE SPECIFIC MANNER IN WHICH
LOANS TO A POLITICAL COMMITTEE MUST BE DISCLOSED ON SCHEDULE C,
FEC FORM 3, AS "DEBTS AND OBLIGATIONS."

. . . .

In addition, certain other information about each loan to a political committee must be entered on Schedule C in the box entitled NATURE OF OBLIGATION (Details of Debt): . . .

(2) more specific identification of the original source of the loan if there is any intermediary. For example, if a candidate obtains a loan from a bank and, in turn, loans the money to his or her principal campaign committee, then the committee must disclose both the candidate and the bank as sources of the loan. The bank must be listed as the original source of the loan and the candidate listed as an intermediary.

(Schedule C, FEC Form 3, revised January, 1978).

However, this reporting obligation was not clearly specified in either former 2 U.S.C. § 434(b)(5) or former 11 C.F.R. § 104.2(b)(5). Former 11 C.F.R. § 104.2(b)(5) states that each loan over \$100 to a political committee or to a candidate or his authorized committee shall be reported together with the identification of each lender, endorser or guarantor.

The requirement that a committee report the source of a loan from the candidate has been made explicit with the 1979 amendments to the Act. 2 U.S.C. § 432(e)(2) and 11 C.F.R. § 101.2(a) specify that when a candidate receives any loan for use in connection with his campaign he shall be considered as having received the loan as an agent of his authorized committee, and 2 U.S.C. § 434(b)(3)(E) and 11 C.F.R. § 104.3(a)(4)(iv) require the committee to disclose the identification of any person that makes a loan to the committee or to the candidate acting as the agent of the committee. Additionally, the instructions on the new schedule for reporting loans further clarify this requirement. (See Report of Receipts and Disbursements for an Authorized Committee, Schedule C, revised 3/80).

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Prior to the 1979 amendments to the Act there was widespread confusion about the extent of the disclosure obligation in reporting loans from candidates, despite the instructions on the back of the reporting schedule. Indeed, it is arguable that the statute and regulations did not expressly require the committee to report the original source of the loan (the bank). Accordingly, the Office of General Counsel recommends that the Commission take no action with regard to this allegation. However, it appears that the loan from Carey Peck to the committee remains outstanding. (See Carey Peck for Congress, 1980 Year End Report, Schedule C, p. 1 of 1, line 10). Therefore, the Office of General Counsel recommends that the notification letter to counsel for Carey Peck, the Committee, and current committee officials contain instructions on the proper reporting of candidate loans. Furthermore, the letter should request the amendment of reports filed after the effective date of the most recent amendments to the statute and regulations to indicate the bank as the source of the loan. (See proposed letter to Jules Radcliff). 46/

46/ Congressman Dornan does not raise in any of his complaints the issue of a similar reporting violation with regard to Senator Stewart's loan of \$22,000 to Friends of Donald Stewart to enable the committee to repay Dennis. (See Ex's. 1-3). The July 10, 1979 report for Friends of Donald Stewart discloses a loan to the committee of \$22,000 from Senator Stewart on May 11, 1979, the date on which the return to Dennis was made. (See Ex. 29, Schedule C, p. 1 of 2, line 13). The obligation is characterized merely as: "Candidate's Personal Loan to Committee." (Id.). However, an article cited by Congressman Dornan reports that a banker in Anniston, Alabama, stated in an affidavit that Stewart had borrowed \$22,000 from the bank which was deposited in the account of the campaign committee. (Ex. 14, p. 1). The banker further stated that the loan has since been repaid in full. (Id.). The article also reports that Senator Stewart's campaign repaid him and he repaid the bank. (Id., p. 2).

According to the committee's 1979 October Quarterly Report, the loan was repaid in full in 1979, i.e., before the effective date of the amendments to the statute and regulations. Furthermore, the most recent report filed by Friends of Donald Stewart indicates no outstanding loans from the campaign committee to Stewart. (See Friends of Donald Stewart 1980 Year End Report, p. 2). In light of the above discussion, the Office of General Counsel recommends that the Commission take no action regarding the omission of any reference to the bank in the Stewart reports. Because the committee repaid the loan in 1979 and filed no reports regarding the loan after the effective date of the amendments, there is no reason to request the amendment of any committee reports.

Possible violations by James H. Dennis, Sr., in connection with contributions to the campaigns of Donald Stewart and Carey Peck

a. Possible violations related to the Peck campaign

In the MUR 1331 complaint Congressman Dornan alleges violations by James Dennis for his part in the alleged sham refund transaction with Carey Peck. (Ex. 2, p. 2). Additionally, the sham refund allegation made in MUR 1332 with regard to the Peck campaign would indicate possible correlative violations by Dennis. ^{47/} The alleged transaction would constitute violations by Dennis of 2 U.S.C. § 441g for making excessive cash contributions and of 2 U.S.C. § 441a(a)(1)(A) for making contributions in excess of \$1,000 per election. However, for all the reasons discussed at length with regard to the Peck campaign, there is no merit to this allegation.

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Congressman Dornan's allegations against the Peck campaign in MUR 1332 concerning a possible knowing acceptance of illegal contributions also indicates possible correlative violations by Dennis. However, such violations in connection with Peck's 1978 campaign by contributing in the names of others (§ 441f), making excess cash contributions (§ 441g), and making excessive contributions (§ 441a(a)(1)(A)), are the violations previously dealt with in MUR 970 and made the subject of the conciliation agreement between Dennis and the Commission. (See Ex. 12, p. 4). The other alleged violations with regard to the Peck campaign in MUR 1332 concern reporting violations, and there would be no related violations by Mr. Dennis.

b. Possible violations by Dennis related to the Stewart campaign

In the MUR 1331 complaint Congressman Dornan alleges violations of 2 U.S.C. §§ 441a(a)(1)(A), 441f and 441g by James Dennis for \$3,000 in excessive contributions to the Stewart campaign as indicated by the article by Peggy Roberson in the Alabama Journal. (Ex. 2, pp. 1-2; see also Ex. 14). Additionally, the related allegation with regard to the Stewart

^{47/} The response on behalf of Mr. Dennis with regard to all of these matters merely states: "Mr. Dennis has no statement to make concerning the allegations of Congressman Dornan except that they are untrue and are based on surmise and conjecture and not on fact." (Ex. 30).

Stewart campaign in MUR 1329, would indicate possible correlative violations by Dennis. However, as discussed with regard to the reciprocal alleged violations by the Stewart campaign, the allegations are unclear and the article which forms the basis for them does not appear particularly reliable. (See pp. 7 and 10, supra; Commission Memorandum No. 633). Moreover, as discussed previously, (see p. 10), the allegations fall within the ambit of the MUR 970 investigation.

Congressman Dornan's allegations concerning the acceptance of cash by the Stewart campaign and the sham refund with the Stewart campaign would indicate possible correlative violations by Dennis, except that such allegations are not substantiated for the reasons discussed previously. Finally, any correlative violations by Dennis with regard to allegations of the acceptance of corporate contributions and the knowing acceptance of illegal contributions by the Stewart campaign, would be barred by his conciliation agreement with the Commission.

RECOMMENDATIONS

1. Merge MURs 1329, 1331 and 1332.
2. In connection with the allegations of sham refunds by the Stewart and Peck campaigns, \$3,000 in additional contributions to the Stewart campaign, and other matters involving James H. Dennis, Sr., find no reason to believe that James H. Dennis, Sr., violated 2 U.S.C. §§ 441a(a)(1)(A), 441f, or 441g.
3. In connection with the allegation of acceptance of \$11,000 in cash contributions, find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 11 C.F.R. § 110.4(c)(2).
4. In connection with the allegation of knowing acceptance of \$1,150 in corporate contributions, find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 2 U.S.C. § 441b.
5. In connection with the allegation of knowing acceptance of \$3,000 in excessive contributions, find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 2 U.S.C. § 441f, 11 C.F.R. § 110.4(c)(2), or former 11 C.F.R. § 103.3(b).
6. In connection with the allegation of knowing acceptance of \$22,000 in illegal contributions and failure to promptly return apparently illegal contributions, find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 2 U.S.C. § 441f, 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), or former 11 C.F.R. § 103.3(b).

7. In connection with the allegation of engaging in a sham refund of \$22,000, find no reason to believe that Senator Donald Stewart, James H. Stewart, Jr., or Friends of Donald Stewart violated 2 U.S.C. § 441a(f) and 11 C.F.R. §110.9(a), 11 C.F.R. § 110.4(c)(2), or former 11 C.F.R. § 103.3(b).

8. Take no action with regard to the failure of Friends of Donald Stewart to report a bank loan to Donald Stewart as the underlying source of a loan by Donald Stewart to Friends of Donald Stewart.

9. In connection with the allegation of engaging in a sham refund of \$13,000, find no reason to believe that Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon or Stanley R. Caidin violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), 11 C.F.R. § 110.4(c)(2), or former 11 C.F.R. § 103.3(b).

10. In connection with the allegation of knowing acceptance of \$12,000 in illegal contributions and failure to promptly return apparently illegal contributions, find no reason to believe that Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon or Stanley R. Caidin violated 2 U.S.C. § 441f, 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a), or former 11 C.F.R. § 103.3(b).

11. In connection with the allegation of failure to report any endorser or guarantor of a loan, find no reason to believe that Carey Peck, Carey Peck for Congress, Terry Pullan, Michael Gordon, or Stanley R. Caidin violated former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5) or 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9(a).

12. Take no action with regard to the allegation of violation of former 2 U.S.C. § 434(b)(5) and former 11 C.F.R. § 104.2(b)(5) by failure to report a bank loan to Carey Peck as the underlying source of a loan by Carey Peck to Carey Peck for Congress.

13. Send attached letters.

14. Close the file on these matters.

Attachments

1. Appendix I - Summary of MUR 970
2. Appendix II- Table of Exhibits and Exhibits
3. Proposed letters - 5

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APPENDIX I

SUMMARY OF MUR 970

MUR 970 (Pre-MUR 32) arose out of a referral from the U.S. Attorney's Office for the Northern District of Alabama which was received by the Office of General Counsel on April 24, 1979. The referral contained an article by Andrew Kilpatrick entitled "Dennis linked to 'phantom' Stewart contributions", from The Birmingham News of April 11, 1979. 1/ It was alleged in the referral that James Dennis, a fundraiser for the 1978 senatorial campaign of Donald Stewart, had contributed \$15,000 to the Stewart campaign, \$11,000 of this possibly in cash, making the contributions using the names of 15 other individuals. It was further alleged that Dennis lent Stewart the use of two cars and an airplane and that two other individuals lent airplanes to the Stewart campaign which loans were not disclosed on the committee's reports. 2/

On May 10, 1979, the Commission voted to make Pre-MUR 32 into a MUR. On May 16, 1979, the Commission received a letter from Mr. Dennis' attorney, J. Stephen Salter. Enclosed were two newspaper articles dated May 9, 1979, and a copy of a letter from Mr. Salter to the U.S. Attorney for the Northern District of Alabama. The enclosed letter contained a list of \$22,000 worth of contributions made by Mr. Dennis to Senator Stewart's 1978 campaign in the names of others; the list included the amount of each contribution, the date made and the name of the individual in whose name it was made. The letter to the Commission requested that "the propriety of a conciliation agreement" be brought before the Commission. On May 21, 1979, the Commission received a second letter from Mr. Salter addressed to Chairman Aikens. This letter contained an article dated May 10, 1979, from The Birmingham News by Andrew Kilpatrick entitled "Dennis: Used phantom names in gifts to Peck." (Ex's. 24 and 24a). 3/ The article reported that Mr. Dennis told The News he made

1/ This article appears to be the first of many newspaper articles on this subject. In any case, it is the earliest article on the subject in the General Counsel's files.

2/ The allegations concerning the car and airplanes are not relevant to the current complaints and will not be discussed further in any detail.

3/ This article appears to be the first of many newspaper articles with regard to contributions by James Dennis to the 1978 congressional campaign of Carey Peck. It is the earliest article on the subject in the General Counsel's files; additionally, an article by Will Thorne submitted by Congressman Dornan in the current matters indicates that the Kilpatrick article is the first article about Dennis' contributions to Peck. (Ex. 6d, p. 2).

contributions totalling \$12,000 in the names of other individuals to Carey Peck's 1978 congressional campaign, and that he used some of the same "phantom contributor" names he used in making illegal contributions to Senator Stewart's campaign. It also reported: "Dennis said neither Stewart nor Peck knew of his largess." (Ex. 24a).

On May 21, 1979, the Commission also received its first communication in this matter from the Stewart campaign, a letter from J. H. Stewart, Treasurer of Friends of Donald Stewart. (Ex. 9). The letter indicated that the Committee had investigated contributions from Mr. Dennis, determined that he had contributed \$22,000 in the names of others, and that the Committee had, therefore, returned \$22,000 to Mr. Dennis by check on May 11, 1979. (Id.). The letter also stated that at the time the contributions were received neither J. H. Stewart, Senator Stewart nor the Committee knew that they came from Mr. Dennis or that they were improper. It further stated that they had "no reason to believe that any contributions other than those referred to ... were improper." (Id. p. 1).

The First General Counsel's Report dated May 31, 1979, stated that Mr. Dennis had apparently violated 2 U.S.C. § 441a by making contributions to the Stewart campaign totalling \$22,000 and contributions to the Peck campaign totalling \$12,000, and 2 U.S.C. § 441f by making these contributions in the names of other individuals. Additionally, the report indicated, Mr. Dennis had violated the \$25,000 yearly contribution limit of 2 U.S.C. § 441a(a)(3). ^{4/} The report also indicated that if \$11,000 of Dennis' contributions to Senator Stewart had been made in cash as alleged, this

^{4/} In discussing information submitted, the report noted that the May 15, 1979, letter from J. H. Stewart, indicated both that \$22,000 had been returned to James Dennis on May 11, 1979, and that neither Senator Stewart, the campaign committee nor J. H. Stewart had been aware when the contributions were received that they were improper. The report also noted that review of the 1978 reports of Friends of Donald Stewart and comparison of these reports with names and dates of contributions submitted by James Dennis indicated one discrepancy. Information provided by Dennis indicated that he had made two \$1,000 contributions in the name of Melissa Dennis on February 2, 1978; the committee reports reflect a \$1,000 pledge by Melissa Dennis on August 11, 1977, and payment of \$1,000 on February 2, 1978.

The report further noted that the reports of Carey Peck for Congress were being reviewed but that such review was inconclusive without a complete list of names used by Dennis in making contributions to the Peck campaign.

would constitute violations of 2 U.S.C. § 441g and 11 C.F.R. § 110.4(c)(1) by Dennis and of 11 C.F.R. § 110.4(c)(2) by Friends of Donald Stewart. Finally, the report indicated that the campaign committee's apparent failure to disclose in-kind contributions would constitute a violation of 2 U.S.C. § 434(b)(2).

On June 12, 1979, the Commission found reason to believe that James H. Dennis, Sr., violated 2 U.S.C. §§ 441a, 441f and 441g and 11 C.F.R. § 110.4(c)(1). The Commission also found reason to believe that Friends of Donald Stewart violated 2 U.S.C. § 434(b)(2) and 11 C.F.R. § 110.4(c)(2).

On June 1, 1979, the day the First General Counsel's Report was circulated to the Commission, members of the General Counsel's staff met with Mr. Dennis and Mr. Salter to discuss conciliation. Subsequent to this meeting, on June 7, 1979, the Office of General Counsel received a letter from Mr. Salter including, inter alia, 1) copies of 8 cashiers checks secured by Mr. Dennis for contributions to the campaign of Carey Peck, 2) a copy of a check in the amount of \$30,000 which according to Mr. Salter's letter was "offered to but refused by Hon. Donald Stewart", and 3) an affidavit from Mr. Dennis dated June 4, 1979, stating that he utilized corporate funds of Dennis Mining Supply and Equipment, Inc., "to acquire the cashier's checks used to make all contributions to the campaigns of both ... Stewart and ... Peck." (See Ex's. 11-11d).

On June 20, 1979, notification of the Commission's findings was sent to J. H. Stewart and to Mr. Dennis' attorney. In response to the notification letter addressed to J. H. Stewart, on July 2, 1979, John W. Vardaman, Jr., counsel for Friends of Donald Stewart, submitted a preliminary response on behalf of the committee. (Ex. 10). 5/ In the July 2 response he stated, inter alia:

In the course of a through investigation by our Committee, Mr. Dennis admitted that he contributed \$22,000 to the Committee in the names of other people. None of the contributions were in cash. At the time those contributions were recieved, the Committee did not know they were made by Mr. Dennis. Upon discovering that fact, the money was promptly returned to him. The Committee informed the F.E.C. of the investigation, the findings, and the return of the money by letter dated May 15, 1979. (Id., p. 2).

In response both to the Commission's notification letter and also to a request on July 10, 1979, for additional documentation,

5/ Mr. Vardaman submitted a further response on August 1, 1979, which dealt entirely with the alleged in-kind contributions involving the use of cars and airplanes.

on July 16, 1979, Mr. Salter submitted a further affidavit from Mr. Dennis dated July 16, 1979. In this affidavit Mr. Dennis stated that he was unable to find copies of money orders used to make contributions to the Stewart campaign but that they were all purchased from the First National Bank of Birmingham "at various branches." (See Ex. 18a, p. 1; see discussion pp. 13-14, supra). He further stated that as previously set out in his affidavit of June 4, 1979:

[A]ll of the funds used to acquire the various cashier's checks in both campaigns were obtained by making withdrawals on the corporate account of Dennis Mining Supply and Equipment Co., Inc., an Alabama corporation (Id.).

He also stated that other than two individuals to whom he had loaned money to make contributions "... none of the other individuals involved and no other person outside of the purported contributors [sic] had any knowledge of my actions." (Id.). With regard to the Peck campaign, Dennis recalled four contributions other than the ones for which copies of cashier's checks had previously been sent to the Commission. According to Dennis these contributions were:

<u>Name</u>	<u>Date</u>	<u>Amount</u>
Johnny Desmond, Pinson, Al.	11/8/78	\$1,000.00
Max Gurley, Arley, Al.	11/8/78	\$1,000.00
Wayne Moore, Birmingham, Al.	11/8/78	\$1,000.00
Andy Shadix, Birmingham, Al.	10/30/78	\$1,000.00

He also stated, apparently with regard to these specific contributions: "None of these individuals nor anyone else was aware that the contributions [sic] were being made in their names by me. (Id., p. 2).

On August 9, 1979, a further General Counsel's report was submitted to the Commission. This report noted that "[t]he 2 U.S.C. § 441g and 11 C.F.R. § 110.4(c)(1) violation allegedly committed by Mr. Dennis and the 11 C.F.R. § 110.4(c)(2) violation allegedly committed by Friends of Donald Stewart were unsubstantiated."

The report stated that information submitted by Dennis revealed, inter alia:

- 1) Mr. Dennis made contributions totalling \$22,000 in the names of twenty-two (22) others to the 1978 Stewart senatorial campaign committee, Friends of

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Donald Stewart, 6/ and \$12,000 in the names of twelve (12) others to the 1978 Peck congressional committee, Carey Peck for Congress Committee.

2) All contributions made by Mr. Dennis to federal candidates in 1978 totalling \$36,150 were from corporate funds of Dennis Mining Supply and Equipment Co. Inc.

. . . .

5) Mr. Dennis made the contributions in the names of others to the 1978 Stewart campaign committee and 1978 Peck campaign committee by money orders made out in the names of others.

The report also stated that:

Mr. Dennis stated that all the contributions which he made legally or illegally were given in the form of money orders, not cash, as had been alleged in the referral

The report stated further that information submitted by Friends of Donald Stewart indicated, inter alia 7/:

3) That \$22,000, the full amount of Mr. Dennis' \$ 441f contributions to the Stewart campaign, was returned to Mr. Dennis on May 11, 1979 by the Friends of Donald Stewart for the illegal contributions;

4) That none of the Dennis contributions at issue were made in cash.

In summarizing, the report stated:

Mr. Dennis has contributed \$22,000 in the names of others and \$1,150 in his own name to

6/ The report again noted one discrepancy between the Stewart campaign reports and the list of contributors names submitted by Dennis. However, it further noted: "... in this matter, the fact that the contributions total \$22,000 is more important than the name used." (See footnote 4, p. 45, supra).

7/ The report also discussed the alleged in-kind contributions to the Stewart campaign and indicated that if a car trip provided by Dennis was campaign related it was de minimus in relation to the overall matter. With regard to usage of airplanes, in one instance the committee had paid for and reported the use of the plane and in another instance the Committee contended that there was a billing error and stated it would pay for the flight and report it to the Commission.

31010:70973

the Stewart fund; and \$12,000 in the names of others, in addition to \$1,000 in his own name, to the Carey Peck for Congress Committee. This totals \$23,150 to the Friends of Donald Stewart and \$13,000 to Carey Peck for Congress Committee in 1978. 8/

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The report further stated that based on information submitted by Dennis he apparently had violated 1) § 441f for contributions in the amount of \$22,000 to the 1978 Stewart campaign and contributions in the amount of \$12,000 to the 1978 Peck campaign all made in the names of other individuals, 2) § 441b for using corporate monies to make contributions to the 1978 Stewart and Peck campaigns, and 3) § 441a(a)(3) for making contributions aggregating in excess of \$25,000 in 1978. It was recommended that the Commission find reasonable cause to believe that James H. Dennis, Sr., violated 2 U.S.C. §§ 441a and 441f, that the Commission find reason to believe and reasonable cause to believe that Dennis violated 2 U.S.C. § 441b, and, finally, that the Commission find no reasonable cause to believe that Dennis violated 2 U.S.C. § 441g and 11 C.F.R. § 110.4(c)(1). The report further recommended that the Commission find no reasonable cause to believe that the Friends of Donald Stewart violated 2 U.S.C. § 434(b) and 11 C.F.R. § 110.4(c)(2); it also recommended that attached letters and a conciliation agreement for Dennis be sent.

On August 14, 1979, the Commission adopted all of the recommendations in the General Counsel's Report of August 9, 1979.

On August 16, 1979, the General Counsel wrote to counsel for Mr. Dennis and the Stewart campaign committee notifying each of the Commission's findings with respect to his client.

8/ The report also noted that according to counsel for Mr. Dennis, repayment had not been received from Carey Peck's campaign and, therefore, the General Counsel recommended that the Peck committee be notified of the illegal contributions and requested to repay them. However, before this letter could be sent to the Peck committee, on August 13, 1979, the General Counsel's office received another letter from Mr. Salter stating that "Mr. Dennis [had] previously notified the Peck Campaign regarding these matters and approximately one and one-half months ago received a full return of those contributions." Because of receipt of Mr. Salter's letter, the Peck committee never received any notification from the Commission with regard to this matter. It should be noted, that the committee had previously reported the return of the \$13,000 to Dennis in its July 10, 1979, report (See Ex. 25, Schedule B, p. 1 of 1, line 20a).

The letter to Mr. Salter contained a proposed conciliation agreement. On September 6, 1979, after the proposed civil penalty had been reduced to \$18,000 from \$36,000, the Commission entered into a conciliation agreement with Mr. Dennis. (See Ex. 12). The agreement covered Mr. Dennis' violations of 2 U.S.C. §§ 441a, 441b and 441f. In more than one instance, the Commission extended the time for payment for the \$18,000 civil penalty. Eventually, when payment was not received the Commission went to court to enforce the conciliation agreement. The Commission won a judgment enforcing its right to collect the civil penalty, and the General Counsel's staff is currently trying to collect on that judgment.

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APPENDIX II

TABLE OF EXHIBITS*

<u>Exhibit #</u>	<u>Document/Source</u>
1	Complaint filed by Congressman Dornan, October 31, 1980
2	Complaint filed by Congressman Dornan, November 3, 1980
3	Complaint filed by Congressman Dornan, November 4, 1980
4	Letter from Congressman Dornan to the Commissioners, dated November 20, 1980, and containing:
4a	Letter from the Federal Bureau of Investigation (F.B.I.) to Congressman Dornan, dated September 10, 1980, enclosing:
4b	Report by F.B.I. Agent Willis M. Deffenbaugh of interview on April 30, 1980, between Congressman Dornan and James H. Dennis, Sr., at Talladega Federal Correctional Institute
5	Letter from Congressman Dornan to the Commissioners, dated November 25, 1980, and containing newspaper articles and a letter from James Dennis to Gregory Peck:
5a	"Dornan, Peck Launch Blitz by Mail" by Bob Baker, <u>Los Angeles Times</u> , October 24, 1980
5b	"The Dornan-Peck brawl: An FBI memo surfaces" by Mike Qualls, <u>Herald Examiner</u> , September 12, 1980
5c	"Convict Told Dornan He Covertly Gave \$13,000 to Peck, FBI Agent Reports" by Kenneth Reich and Robert L. Jackson, <u>Los Angeles Times</u> , September 12, 1980
5d(1) and (2)	"Dornan Acknowledges He Attempted to Aid Convict" by Kenneth Reich, <u>Los Angeles Times</u> , September 5, 1980 (Congressman Dornan submitted 2 versions of this article.

*/ In some instances news articles submitted in these matters were difficult to read as submitted. In those instances the original article has been copied and where a more legible article has been obtained it has been copied and placed in front of the original article. Also in some instances articles have been rearranged on a page for ease of reading as exhibits. Again, the original article has been placed behind. All underlinings on exhibits were on them when they were received by the Office of General Counsel.

31700079

Exhibit #

Document/Source

- 31040:90773
- 5d(1 and (2)
(cont'd.) The response on behalf of Carey Peck et al. also contained a copy of version 1. The General Counsel's staff has also included this copy because it is more legible.)
- 5e "Dornan, Peck wage bitter political battle" by Rich Connell, The Daily Breeze, September 8, 1980
- 5f Letter from James H. Dennis, Sr., to Gregory Peck, dated May 15, 1980
- 6 Memorandum from Michael L. Murray, Director, Office of Records and Registration, to Charles N. Steele, General Counsel, dated December 17, 1980, Re: Complaint from Honorable Robert K. Dornan, and enclosing:
- 6a Letter from Congressman Dornan to the Commissioners, dated December 12, 1980, and enclosing four news articles:
- 6b "Dornan, Peck dispute gift of campaign funds" by Will Thorne, Santa Monica Evening Outlook, January 10, 1980 (Two copies of the article have been placed in the exhibits. The first was provided by Congressman Dornan and contains his underlinings. The second was obtained by the General Counsel's staff; it is more legible.)
- 6c "Dornan opens early attack on Peck in 27th District" by Rich Connell, Hawthorne-El Segundo Beacon, January 30, 1980
- 6d "Peck fund of \$13,000 analyzed" by Will Thorne, Santa Monica Evening Outlook, February 5, 1980 (Two copies of the article have been placed in the exhibits. The first was provided by Congressman Dornan and contains his underlinings. The second was obtained by the General Counsel's staff; it is more legible.)
- 6e "Dornan-Peck" by Linda Breakstone, Herald Examiner, October 26, 1980
- 7 Letter from Congressman Dornan to Charles N. Steele, dated January 28, 1981, and containing 3 memoranda obtained from the Justice Department under the Freedom of Information Act:
- 7a Memorandum from Director F.B.I. to F.B.I. Birmingham, etc., dated September 16, 1980

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<u>Exhibit #</u>	<u>Document/Source</u>
7b	Memorandum from F.B.I. Los Angeles to Director, etc., dated June 21, 1980
7c	Memorandum from Director F.B.I. to F.B.I. Los Angeles, etc., dated June 18, 1980
8	Response to MURs 1329 and 1331, on behalf of Senator Donald Stewart, James H. Stewart, Jr., and Friends of Donald Stewart. Letter from John W. Vardaman, Jr., to Ann Cauman, dated November 20, 1980
9	Letter in MUR 970 file from J. H. Stewart, Jr., Treasurer Friends of Donald Stewart, to Federal Election Commission, dated May 15, 1979, received May 21, 1979, enclosing:
9a	Letter from J.H. Stewart to James Dennis, dated May 2, 1979
9b	Letter from James H. Dennis, Sr., to Senator Stewart, dated May 8, 1979
9c	"Stewart gets apology for illegal donations" by Frank Moring and Stewart Lytle, Jr., <u>Birmingham Post Herald</u> , May 9, 1979
10	Letter in MUR 970 file on behalf of Friends of Donald Stewart, from John W. Vardaman, Jr., to William Oldaker, dated July 2, 1979
11	Letter in MUR 970 file from J. Stephen Salter, counsel for James H. Dennis, Sr., to Hon. William Clyde Oldaker, dated June 4, 1979, received June 7, 1979, and enclosing:
11a	Affidavit from James H. Dennis, Sr., dated June 4, 1979, regarding non-monetary support to Hon. Donald Stewart
11b	Affidavit from James H. Dennis, Sr., dated June 4, 1979, regarding source of funds for contributions
11c	Copy of cashier's check dated November 20, 1978, which James Dennis attempted unsuccessfully to give to Donald Stewart
11d	Copies of eight cashier's checks which James Dennis gave to Carey Peck for Congress in 1978 in the names of others
12	Conciliation agreement in the MUR 970 file between the Commission and James H. Dennis, dated September 6, 1979

<u>Exhibit #</u>	<u>Document/Source</u>
13	Letter from Charles N. Steele, General Counsel, to Congressman Dornan, dated July 9, 1980
14	Transcript of news article: "Sen. Stewart 'Bothered' By Inquiry Reports" by Peggy Roberson, <u>Alabama Journal</u> , June 19, 1980 (This transcript was prepared by the General Counsel's staff as the copy of the article we managed to obtain from the Montgomery public library would be illegible if photo copied.)
15	Letter from Charles N. Steele to Congressman Dornan, dated Nov. 10, 1980
16	"FBI Probing Sen. Stewart's Dealings" by Jack Anderson, <u>The Washington Post</u> , June 20, 1980 (Obtained from FEC Press Office).
17	Letter from Yvonne Crumpler, Birmingham Public Library, to Leta Holley, dated March 23, 1981
18	Letter in MUR 970 file from J. Stephen Salter to Hon. William Clyde Oldaker, dated July 16, 1979, and enclosing
18a	Affidvit of James H. Dennis, Sr., dated July 16, 1979
19	Friends of Donald Stewart 1978 reports of receipts and expenditures (exerpts)
20	Letter from Jules G. Radcliff, Jr., to Anne Cauman, dated December 4, 1979, received December 9, 1979. This is the cover letter enclosing:
20a	The response in MUR 1332 on behalf of Carey Peck, Carey Peck for Congress, Terry Pullan and Michael Gordon, consisting of a letter to Charles N. Steele, General Counsel and attached exhibits including mainly affidavits and newspaper articles
20b	The response in MUR 1331 on behalf of Carey Peck and Carey Peck for Congress, consisting of a letter to Charles N. Steele, General Counsel, and attached exhibits including an affidavit from Carey Peck, more newspaper articles (generally duplicating those submitted in MUR 1332) and a letter

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Exhibit # Document/Source

21 Letter from Stanley R. Caidin to Anne Cauman, dated January 15, 1981, received January 19, 1981, and enclosing:

21a Mr. Caidin's response to MUR 1332

22 "Dornan opens early attack on Peck in 27th District" by Rich Connell, The Daily Breeze, January 29, 1980 (Obtained from FEC Press Office)

23 "Dennis, 6 others indicted in probe of business deals" by Andrew Kilpatrick, The Birmingham News, July 7, 1979 (Obtained from the Library of Congress)

24 Letter in the MUR 970 record from J. Stephen Salter to Hon. Joan D. Aikens, Chairman, dated May 15, 1979, received May 21, 1979, and enclosing:

24a "Dennis: Used phantom names in gifts to Peck", by Andrew Kilpatrick, The Birmingham News, May 10, 1979

25 July 10, 1979 report of receipts and expenditures for Carey Peck for Congress

26 "Walk-On Role in an F.B.I. Probe" by Jack Anderson, The Washington Post, June 21, 1980 (Obtained from FEC Press Office)

27 1978 post general election report of receipts and expenditures for Carey Peck for Congress (exerpts)

28 General Counsel's chart of contributions from Dennis received by Carey Peck for Congress

29 July 10, 1979 report of receipts and expenditures for Friends of Donald Stewart (exerpts)

30 Response to MURs 1329, 1331 and 1332 on behalf of James H. Dennis, Sr. Letter from David Cromwell Johnson to Anne Cauman, dated November 20, 1980, received November 24, 1980

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Robert K.
DORNAN



0000001 P4:57

October 31, 1980

Federal Election Commission
Washington, D.C.

Dear Commissioners:

I, Congressman Robert K. Dornan of 2222½ 20th Street, Santa Monica, CA and 9120 Tetterton Avenue, Vienna, VA do hereby file a complaint pursuant to 2 USC 437(a)(1) against the following persons:

- A. SENATOR DONALD STEWART, P.O. Box 2274, Anniston, Alabama 36202:
- B. JAMES H. STEWART, Jr., Treasurer, Friends of Donald Stewart, P.O. Box 2274, Anniston, Alabama 36202.

Donald Stewart and his principal campaign committee, Friends of Donald Stewart, may have violated 2 U.S.C. 441(b), "...knowingly to accept or receive any contribution prohibited by this section..."

The F.E.C. Conciliation Agreement in MUR-970 (1979) signed on September 6, 1979 by Mr. Dennis and your former General Counsel, William Clyde Qldaker, states in part:

- "III. That pertinent facts in this matter are as follows:
 - A. Respondent made contributions totaling \$23,150 to the 1978 Stewart Senatorial campaign committee, Friends of Donald Stewart, of which \$22,000 was made in the names of others...
 - B. Respondent was refunded \$22,000 from the Friends of Donald Stewart on May 11, 1979.

Paid for by Dornan in '80 Committee

DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

Ex. 1, p. 1

31040:90993

C. Respondent made contribution totaling \$13,000 to the Peck congressional campaign committee. Carey Peck for Congress Committee of which \$12,000 was made in the names of others...

D. Respondent utilized corporate funds from Dennis mining Supply and Equipment Co., Inc., to make all contributions to the 1978 federal campaigns of Senator Stewart and Carey Peck."

As the available public record indicates (FEC MUR-970) the F.E.C. only asked Mr. Stewart's campaign to return \$22,000 to Mr. Dennis. Yet, the F.E.C. Conciliation Agreement indicated that all of the Dennis money to Mr. Stewart was from corporate funding (see Sec. III (D) of Conciliation Agreement). Therefore, it appears that the F.E.C. has allowed Senator Stewart to keep a corporate campaign contribution of \$1,150.00 in direct violation of 2 U.S.C. Sec. 441 (b).

I personally talked to Senator Donald Stewart on June 6, 1980 and he acknowledged a willingness to return the illegal corporate contribution.

Senator Stewart and his principal campaign committee may have violated 2 USC 441(a)(1)(A), and 11 CFR 110.1(a)(1). "No person shall make contributions to any candidate or his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000."

According to an article which appeared in the Montgomery Advertiser by Peggy Roberson on June 20, 1980, Dennis apparently bought six \$500-a-plate

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tickets to Stewart's fundraiser. (This is the event at which James Dennis met Gregory Peck on October 25, 1978 at Hugo's Roof Top Restaurant, Hyatt House, Birmingham, Alabama).

One of the six tickets was for bank manager Wayne Moore, Dennis' father-in-law who had already become a maximum "phantom" donor to Senator Stewart, and about to become, within days, a maximum "phantom" donor to Carey Peck.

Senator Stewart and his principle campaign committee may have violated 2 USC 432.(h)(1) and 11 CFR 103.3(b)(1) which require that: "contributions which appear to be illegal shall be, within 10 days, either returned to the contributor or deposited into the campaign depository and reported."

At some point in the Stewart campaign, it should have become obvious that 10 maximum donors did not all share the same post office box, Drawer S, Sumiton, Alabama. In addition, the addresses and occupations of some of the contributors had been changed on two occasions on the F.E.C. disclosure forms.

The F.E.C. had also denied matching funds to Presidential candidate Lyndon La Rouche in a precedent setting case, LaRouch v. F.E.C., for the acceptance of eight cashiers checks in sequential runs of 2-4-2, and twelve money orders in runs of 3-3-2-4, all of these under \$50.00 Public documents contained in F.E.C. MUR 970, state:

- (1) Senator Stewart received all of his donations from James Dennis who apparently furnished 21 names to account for the contributions;
- (2) All the checks were drawn from the same bank;
- (3) The number and dates of the checks are:

Two on 2-2-78

One on 7-19-78

One on 7-25-78

Three on 8-17-78

Eleven on 9-11-78

Four on 12-15-78

Certainly these are suspicious circumstances. If they are not, then I am convinced that there is very little left of the F.E.C. Act to enforce.

On April 12, 1979, Senator Stewart asked his brother, James Stewart, to send a registered letter to each person on his list of contributors, which they thought had been a phantom donor (see Birmingham Post Herald, August 9, 1979.)

At this point, how did Stewart know to whom he should send the letters? Did he send registered letters to all of his thousand dollar donors, over a hundred? Didn't Stewart know where to begin because of the names on the cashiers checks or because of the names initially supplied by Dennis for Stewart's campaign in connection with the possible cash contributions. How many letters were sent out? Where were they sent? The article continues, "The registered letters, which included a copy of the canceled check or money order bearing the recipient's name, asked the recipient if he or she made the contribution. Both said they did not make the contributions. The Senator then asked his campaign committee to contact Dennis to confirm the list. Stewart said his campaign committee has now complied with all Federal election requirements and is preparing to return the money to Dennis."

Why all the haste to return the money when only 2 of 22 contributors had informed him the money did not come from them? Why didn't Stewart wait until he had received confirmation from more than 2 of the 22 before

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deciding to return the money? Could it be that the quick return was prompted by the newspaper exposure of money which the Stewart campaign knew or should have had reason to know was illegal because of the sequential nature of the cashiers checks or because cash was possibly given, as reported to the F.E.C. by Mr. Brooks, U.S. attorney for the northern district of Alabama/

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I repeat, on April 12, 1979, Stewart asked his borther ot send registered letters to those suspected of not being real donors. Again, I ask, how did Stewart and his brother know which people to contact? If the donations were that easy to identify as being illegal in April/May 1979, why were they not investigated by Stewart in 1978 when he first received the donations. Why were they not reported to the F.E.C. prior to May 1979 as F.E.C. law requires the reporting of suspicious donations within 10 days to the F.E.C. - see ii CFR 103.3(b)(1); 11 CFR 103.3(b)(2).

On May 15, Friends of Donald Stewart sent a letter to the F.E.C. stating that the Stewart campaign had returned the money to Dennis on May 11, 1980. Why should he give \$22,000 a man -- Dennis -- when he had not received verification that those 20 other people had not really contributed? Certainly this is a different standard from that which he used in first accepting the money. Did he hear from the rest of the people on May 10? Not likely.

Senator Stewart and his principal campaign committee may have violated 26 USC 9012(e)(1): "It shall be unlawful for any person knowingly and willfully to give or accept any kickbacks or any illegal payment in connexion with any qualified campaign expense of eligible candidates or their authorized committees..."

As far as I am aware, there is no front and back copy of the check in FEC MUR 970 which Donald Stewart claims he made out to pay back \$22,000 to James H. Dennis. On May 11, 1979, I was told by the same James Dennis who made the contributions to Donald Stewart, that he engaged in the same check

Ex. 1, p. 5

exchange charade as he did with Carey Peck. This is a serious charge which Mr. Dennis has made and in my judgement, ought to be investigated.

If the above statute I have cited in this matter of a cash contribution is not the proper one for such a violation, then Senator Stewart and his principal campaign committee may have violated 2 USC 441 (g), 11 CFR 110.4(c)(2) which pertains to receiving cash contributions over \$100.

As evidenced by a number of documents contained in FEC MUR 970, J.R. Brooks, US Attorney for the northern district of Alabama, made a confidential referral of campaign violations to the F.E.C.'s General Counsel, William Oldaker on April 20, 1979. Contained in that referral was an allegation that Senator Stewart may have accepted \$11,000 in a forbidden cash campaign contribution.

The F.E.C. letter to James Stewart, Jr., dated June 20, 1979, cited the \$11,000 cash contribution matter and further added that "under the act, you have an opportunity to demonstrate that no action should be taken against you." Now I want it understood that I emphatically support that good aspect of our Justice system in which the prosecution must prove guilt rather than the accused proving their innocence. However, a mere denial by Jack Vardaman, (July 2, 1980), counsel for Mr. Stewart, seems short of the mark. If Mr. Stewart could produce the cashiers checks allegedly given to him via James Dennis, it would greatly diminish the probability of this charge. However, it would certainly raise questions about whether or not he knew or should have known that the money was from one source because of the suspect nature of sequentially numbered cashiers checks all drawn from the same bank.

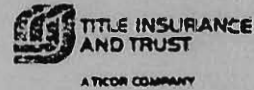
I submit the above for your prompt analysis and adjudication so that this matter may finally be put to rest.

Respectfully,

Robert K. Dornan
ROBERT K. DORNAN
MEMBER OF CONGRESS

TO 1944 CA (8-74)

(Individual)



STATE OF CALIFORNIA }
COUNTY OF Los Angeles } SS.

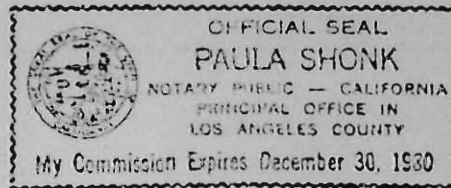
On OCTOBER 30, 1980 before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT K. DORNAN

_____, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

WITNESS my hand and official seal:

Signature

Paula Shonk



(This area for official notarial seal)

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United States
CONGRESSMAN

Robert K.
DORNAN



November 3, 1980

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RECEIVED
FEDERAL ELECTION COMMISSION

Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Dear Commissioners:

I, Congressman Robert K. Dornan of 2222½ 20th Street, Santa Monica, CA and 9120 Tetterton Avenue, Vienna, VA do hereby file a complaint pursuant to 2 USC 437(a)(1) against James H. Dennis whose address is listed by the F.E.C. at 2912 Lamb Avenue, Birmingham, Alabama 35208 for the following violations:

- VIOLATION OF 2 USC 441 (a)(1)(A) -- \$1000 contribution limit;
- VIOLATION OF 2 USC 441 (f) -- money given in the name of another;
- VIOLATION OF 2 USC 441 (g) -- exceeding the \$100 cash limit.

According to an article by Alabama reporter, Peggy Roberson, (June 20, 1980, Montgomery Advertiser) Dennis himself apparently bought six \$500-a-plate tickets to a fundraiser held on behalf of then U.S. Senate candidate, Donald Stewart. This fundraiser was held at Hugo's Rooftop Restaurant in Birmingham, Alabama, where Mr. Dennis met Gregory Peck. One of the six tickets was for a branch manager of the bank from which Mr. Dennis purchased his phantom donor cashier's checks. The name of the branch manager is Wayne Moore, who at that time was also Mr. Dennis' father-in-law.

I question whether the Stewart campaign has six copies of \$500.00 checks from at least six different persons. While I realize that James

Paid for by Dornan in '80 Committee

Campaign Manager: Arnold Starobing & Associates Campaign Treasurer: Mr. Alejandro Valdivia

DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

Printed and mailed at 1325 K Street, N.W., Washington, D.C. 20463

Ex.2, p.1

U C C C C ; U L C I I

and his former wife could have drawn checks on their personal checking account, if there is no evidence of these checks used to purchase the dinner tickets, then it is possible that cash was given to the Stewart campaign in excess of the \$100.00 limit.

By his own admission, James Dennis was a fundraiser for Donald Stewart. And with the dates listed for the other contributions from Wayne Moore on 9-11-78 and Melissa Dennis, there should be checks of some kind as evidence. I am told they supposedly were cashier's checks and they were given in the names of others; at least two of these persons were at the fundraiser hosted by Gregory Peck.

In addition, Mr. Dennis violated 26 USC 9042(c)(1)(A) regarding the giving of fake evidence to the Federal Election Commission. In the course of the F.E.C. MUR 970 investigation, Mr. James Dennis told his lawyer, Mr. Steve Salter in August of 1979, that Carey Peck had paid him (Dennis) back the \$13,000 which Dennis originally gave to Carey Peck in corporate money. \$12,000 of this amount was given in the names of others.

Mr. Dennis also told me at the Talladega Federal Correctional Institution, that in the course of a criminal investigation of Donald Stewart that he U-turned the \$13,000 right back to Carey Peck in a check exchange charade.

Peck's own campaign manager admitted to a West Coast reporter, Rick Cziment of the Independent Journal that the \$13,000 never left California. (This fact was told to my campaign manager by Rick Cziment.) Mr. Cziment also told my campaign manager that Carey Peck threatened to sue the Independent Journal if they ever printed the story. And since the Independent Journal does not have enough money to defend itself, the story never appeared. (Incidentally, Carey Peck was never asked to produce a copy of

the front and back of the check he used to allegedly refund the illegal campaign contribution back to Dennis. No copy of this refund check appears in MUR-970).

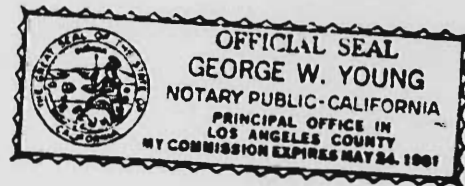
I am enclosing a copy of a transcript made by F.B.I. Agent Will Deffenbaugh which relates Mr. Dennis' assertion about the supposed return of the \$13,000, which statement is completely at odds with what Mr. Dennis told the F.E.C. in the course of the MUR-970 investigation.

Thank you for your attention to this matter.

Respectfully,

Robert K. Dornan
ROBERT K. DORNAN
MEMBER OF CONGRESS

*Subscribed and sworn
to before me on Oct 31, 1980
at Santa Monica Calif.*



George W. Young
GEORGE W. YOUNG
NOTARY PUBLIC
STATE OF CALIF
COUNTY OF LOS ANGELES

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United States
CONGRESSMAN

**Robert K.
DORNAN**



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HAND DELIVERED

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November 4, 1980

Federal Election Commission
Washington, D.C.

Dear Commissioners:

Pursuant to the U.S. Code at II:

I, Congressman Robert K. Dornan of 2222½ 20th Street, Santa Monica, CA and 9120 Tetterton Avenue, Vienna, VA do hereby file a complaint pursuant to 2 U.S.C. 437 g(a)(1) against the following persons:

- A. CAREY PECK of 960 10th Street, Santa Monica, CA 90403
- B. STANLEY CAIDEN of 1515 Lincoln Blvd., Santa Monica, CA 90401, former Treasurer of Carey Peck for Congress Committee
- C. MIKE GORDON of 1515 Lincoln Blvd., Santa Monica, CA 90401, current Treasurer of Carey Peck for Congress Committee
- D. TERRY PULLAN of 1515 Lincoln Blvd., Santa Monica, CA 90401, manager of Carey Peck for Congress Committee for violations of the Federal Election

Commission act as cited below, which took place during and after the 1978 general election for the 27th Congressional District seat of California.

My complaint is based upon an inspection of the public files of the F.E.C. MUR-970, newspaper accounts which recite Mr. Peck's claims in this matter, and conversations with principles in this case.

My examination of this evidence leads me to believe that the following violations of the F.E.C. Act as amended took place:

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General Counsel
FEDERAL ELECTION COMMISSION
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Paid for by Dornan in '80 Committee
Campaign Management: Arnold Sternberg & Associates Campaign Treasurer: Mr. Alejandro Valdivia
DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

A copy of our report is held with our records for purchase from the Federal Election Commission, Washington, D.C. T.E.C. I.D. #936754

Ex.3, p.1

1. VIOLATION OF 2 USC 441(f): "No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person. (Emphasis added),

2. VIOLATION OF 2 USC 432(i), 11 CFR 104.7(B): " When the Treasurer of a political committee shows that best efforts have been used to obtain, maintain, and submit the information required by this Act for the political committee, any report or any records of such committee shall be considered in compliance with this Act or chapter 95 or chapter 96 or title 26."

"...the treasurer will not be deemed to have exercised best efforts to obtain the required information unless he or she has made at least one effort per solicitation either by a written request or by an oral request documented in writing to obtain such information from the contributor...such effort shall consist of a clear request for the information (i.e. name, mailing address, occupation, the name of employer) which request informs the contributor that the reporting of such information is required by law."

3. VIOLATION OF 2 USC 432 (h)(1); 11 CFR 103.3(b)(1): "Contributions which appear to be illegal shall be within 10 days, either returned to the contributor or deposited into the campaign depository and reported. If deposited, the treasurer shall make and retain a written record noting the basis for the appearance of illegality. A statement noting that the legality of the contribution is in question should be included in the report. The treasurer shall make his or her best efforts to determine the legality of the contribution."

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4. VIOLATION OF TITLE 2, USC § 434(b)(3)(E): "Contents of reports. Each report under this section shall disclose - ... (E) person who makes a loan to the reporting committee during the reporting period, together with the identification of any endorser or guarantor of such loan, and date and amount of value of such loan..."

5. VIOLATION OF 26 USC 9012(e)(1): "It shall be unlawful for any person knowingly and willfully to give or accept any kickbacks or any illegal payment in connection with any qualified campaign expense of eligible candidates or their authorized committees..."

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THE SUSPICIOUS NATURE OF THE CONTRIBUTIONS:

During the closing days of the 1978 congressional election campaign for the 27th C.D. of California, Carey Peck received 13 \$1000 donations in the form of \$1,000 sequentially numbered cashiers checks (with some gaps), all drawn from the same bank (First National Bank of Birmingham, Alabama) from over two thousand miles away. Not one other donation was received from Alabama or any of the states in between.

Carey Peck never knew or met twelve of the persons who allegedly donated maximum \$1,000 contributions. He had solicited money from only one of them (James Dennis). I personally talked to a number of the "phantom" donors who did not even receive so much as a thank you note. Such thank-you's are standard fundraising policy, especially considering the maximum amounts and the fact that Carey planned to run for future office. Also recall that eleven of the contributions came AFTER the election, a usually less hectic time.

In front of the F.B.I. and Justice Department officials, James Dennis said to me (on April 30, 1980 at Talladega Federal Correction Institution) that he received a hurried phone call just prior to the election: "Peck or Pullen phoned and begged, 'Can you send \$9,000 or \$10,000 more?'" Dennis did send (and/or hand-carried) up to \$11,000 more, and also claims to have given \$10,000 to Gregory Peck in cash to invest (in Dennis' name) in Peck's Broadway play "Sweeney Todd" .

Now, obviously no "parties" were held at the branches of the First National Bank of Birmingham where donors would draw sequentially numbered \$1,000 cashiers checks and then forward them to the Carey Peck for Congress Committee! Persons wealthy enough to contribute \$1000 to an election campaign would obviously use a personal check to provide a better record

than a cashiers check for IRS and other accounting purposes.

In addition, in *LaRouche v. F.E.C.*, a precedent setting case involving sequentially numbered cashiers checks all drawn on teh same bank, raised statutory objection to a request for presidential matching funds. In this case, eight small (under \$50) sequentially numbered cashiers checks (runs of 2-4-2) and nine money orders were given to the LaRouche campaign "in patterns that raised substantial statutory questions." (See Petition for Writ or Certiorari to the U.S. to the U.S. Court of Appeals for the District of Columbia Curcuit Court Number 77-1184). Past General Counsel of the F.E.C., Clyde Oldaker, and present General Counsel of the F.E.C., Charles Steele, both were involved in this case.

Other evidence which raises questions about Mr. Peck's handling of this matter is an article which appeared in the LA Times on October 24, 1980 by Bob Baker. I quote from it:

"In addition, he (Peck) has knowingly misled reporters about his relations with James Dennis, an Alabama mining equipment executive who made the illegal contribution to Peck late in 1978.

"Peck originally said he had met Dennis 'at a short sit-down over coffee.' In fact, the two met for cocktails at Gregory Peck's Beverly Hills home in November, 1978, the day Dennis brought the last five checks. Dennis and both Pecks then went to dinner at Chasen's with two executives of ITEL Corp., a San Francisco firm, who had flown from Oakland to Los Angeles earlier in the day at Dennis' request.

"Unbeknown to the Pecks, Dennis was in the process of defrauding ITEL of nearly \$1 million, a charge to which he later pleaded guilty in in federal court. (He is appealing his four year prison sentence).

"Dennis had been able to impress the businessmen by boasting that he had a friendship with the Pecks, one of the executives later said."

In addition, on February 7, 1980, then F.E.C. Chairman Robert O. Tiernan told me via phone that "a reasonable man would certainly have been suspicious" when receiving 13 \$1,000 cashiers checks from the same bank, sequentially numbered, from over two thousand miles away, as young

Peck did.

Nowhere in Mr. Peck's forms can be found any evidence that an attempt was made to report the suspicious nature of the money. I attended the House Administration hearing on April 25, 1980 and for the record, I note the following exchange:

CONGRESSMAN FRENZEL: What kind of advice to you give to a campaign committee regarding its obligation to verify the source of the contribution when these money orders, or similar kinds of anonymous instruments are received, particularly when they are maximum contributions? What is the campaign committee's obligation?

MR. TIERNAN: The regulations set forth in 103.3(b)(1), "contributions which appear to be illegal shall be within 10 days either returned to the contributor or deposited in the campaign repository box and reported. If deposited, the treasurer shall make and retain a written record noting the appearance of illegality. A statement notifying that illegality should be included in the report..." and so forth. There are regulations that provide for that situation.

Also note the names on the eight cashiers checks are TYPED, not SIGNED.

(People have different handwriting; a typewriter is obviously uniform).

ARRIVAL OF THE CHECKS:

Carey Peck said he had no reason to suspect the contributions which arrived by mail. (Emphasis added - see Hawthorne/El Segundo Beacon, January 30, 1980, article by Rich Connell; also see Daily Breeze, January 29, 1980 article by Rich Connell).

According to Jack Anderson's column in the Washington Post on June 21, 1980: "Dennis gave Gregory Peck \$6,000 in checks to take back to his son, and later forwarded \$7,000 more." (It appears that Terry Pullen, Peck's campaign manager, was the source of this statement).

I met with James Dennis at Talladega Federal Correctional Institution on April 30, 1980. There Dennis claims (in the presence of F.B.I. and Justice Dept. officials) that he had initially given three checks, although

he did not indicate giving them personally to Gregory Peck until a subsequent phone call. Dennis said the checks were sent via "good ol' federal express."

The dates listed by Carey Peck on his F.E.C. form for the receipt of the illegal money suggests that it came in three batches as follows:

first: via Gregory Peck, hand-carried on October 26, 1978;

second: hand-carried by James Dennis on the 14th or 15th of November 1978 to Gregory Peck's home or to Chasen's restaurant dinner party on November 15, 1978;

third: According to the October 24, 1980 LA Times article: "On four days between October 31 and November 25, 1978, from two to five cashiers checks -- ostensibly from different Alabama residents -- arrived at Peck campaign headquarters. Although each envelope was mailed by Dennis, there was no reason to be wary, Peck said."


In view of the LA Times article cited above, it appears Dennis hand-carried the last five sequentially numbered cashiers checks to Gregory Peck's home where he met Carey. It also seems reasonable that James Dennis personally brought the last five cashiers checks to California with him, and that he personally gave them to Carey. The October 24, 1980 LA Times article by Bob Baker states this happened.

Jack Hentchell, former ITEL employee told me on May 22, 1980 that he thought Dennis spent the night prior to the Chasens dinner ('78) at Gregory Peck's home. If Dennis did arrive in LA Nov. 14th, he probably brought the last five checks with him as he claims. This \$5000 would have enabled Carey Peck to pay \$4,803 worth of campaign debts the next day. (See following chart of excerpts from Peck's FEC form). This also casts doubt on Peck's claim that he received the last 5 checks Nov. 25, 1978. Even if Peck's campaign didn't cash Dennis' checks until then, the presence of or anticipation of the \$5000 could explain the \$4,803 campaign expense payments which might have been mailed later than the date Peck claimed to make out the check.

Ex.3, p.7

EXERPTS FROM CAREY PECK'S F.E.C. FORM -- ITEMIZED EXPENDITURES

<u>Page</u>	<u>Check Made Out To</u>	<u>Date Disbursed</u>	<u>Amount</u>
1-6	Beverly Wilshire	11-15	\$1,884.00
2-6	Democratic Nat'l Committee	11-15	603.00
	Vice Presidential Plane		
	Val Dembrowski	11-15	41.00
	General Telephone	11-15	528.00
3-6	Jules Clazir Accountant	11-15	563.00
	MacArthur Beverage	11-15	160.00
4-6	Pine Tree Transpor- tation	11-15	90.00
	Prod. Plus (radio)	11-15	48.00
5-6	Stahler Trucks	11-15	170.00
6-6	Xerox	11-15	315.00
			<hr/>
			44,805.00



 Date Dennis
 arrived in Los Angeles
 with 5 \$1000.00
 Cashiers' checks.
 (stolen money.)

"BEST EFFORTS" TO VERIFY CAMPAIGN CONTRIBUTIONS:

According to the October 24 LA Times article:

"Peck also tried to minimize his campaign staff's apparently casual acceptance of the Alabama cashiers checks.

"Peck initially said his staff had made an effort to contact some of the individuals whose names Dennis used to mask his illegal donation.

"But, Peck admitted later, his campaign did not attempt to make those contacts. His staff simply called Dennis's secretary for details on the donors occupations, where were required to be reported to the F.E.C."

Why would a Peck aide call Mr. Dennis' secretary in Alabama while the Peck's were hosting Dennis in their living room?

According to an article in the January 29, 1980 Daily Breeze by Rich Connell, "Peck and his former campaign treasurer, Stan Caiden, said there was no reason for suspicion because Dennis came highly recommended by Cranston and Stewart (Senators)." I had personal, face-to face conversations with both Senators Cranston and Stewart. Each denied emphatically ever recommending Dennis to Carey Peck's campaign.

Peck also said his campaign workers checked with Dennis to verify the names and occupation of the donors. His campaign also checked with some of the donors businesses, Peck said. (See Daily Breeze article cited above).

Carey Peck's campaign manager Terry Pullen told my campaign manager, Arnold Steinberg, in a face-to-face conversation in June of 1980 that they "never bothered to check out the money." According to a February 5, 1980 Santa Monica Evening Outlook article, young Peck said the thirteen contributions were found to be good. "That was real money and those were real people," Peck said.

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On the past five checks given to Carey by Dennis: there is no street, City or State listed for the last contribution Peck cites on his F.E.C. form under the name of Mike Henley. Peck's other phantom donor, four-year old Robbie Chancey, does not have an occupation listed. Furthermore, there is no cashiers check from a Tobbie Chancey. Why didn't Peck ask Dennis for a phone number or address to verify the "donation"?

Another Dennis/Peck slip-up: "C. Mike Chancey" did not transmit the money as Peck's form alleges. James Dennis delivered the money and at a bare minimum, Peck should have suspected that he was receiving two \$1,000 contributions from Charles Mike Chancey -- clearly illegal.

Janice Chancey's address listed on Peck's F.E.C. form is also invalid. That leaves only two out of the last five \$1,000 donations with verifiable addresses. But did Mr. Peck verify even these last two phantom donors? The evidence indicates he did not.

Remember Carey Peck said his campaign also checked with some of the donors businesses. Why would Carey Peck's campaign check with the businesses of the phantom contributors rather than with the contributors themselves? Andy Shadix and James Dennis (whom Carey said he trusted) both worked at Dennis Mining Supply, Co., a dummy corporation. There would be no reason to check these two.

Since Carey's F.E.C. forms list no home address or business address or occupation for Mike Henley, this reference could never be checked. That entry is blank to this day.

James Chancey is listed as employed at Alfa Coal Company while Charles Mike Chancey is listed as working at Alfa Coal Sales, obvious "monkey business" with federal forms. A long distance phone inquiry would have shown Peck that Alfa Coal Sales or Alfa Sales Co. simply did not exist.

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One would only have to call the Alabama long distance operator (205.555-1212) for information to prove this fact.

Roy Ledbetter, listed as employed by the Alabama Tennessee Oil Co., of Birmingham, also worked for a company that did not exist in November-December 1978.

The phone book does not list a subcontractor, Johnny Desmond, Route 1, Prinston, Alabama.

In view of the above, it does not seem likely that young Peck first became suspicious after he received some newspaper clipping from a service his father maintains. What is the name of the slipping service, and how long after an article appears does the service refer it to Peck?

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F.E.C. REPORTS INCONSISTENT:

Peck's reporting forms and telegrams cite different dates for receipt of the phantom contributions. All of those different dates bear the mark of a fabrication.

Carey Peck's F.E.C. Report for the 20th day following the 1978 General Election for 10-24 through 11-27-78 by Stanley Caiden, Treasurer, lists receipt of the Alabama cashiers checks as follows: (see chart)

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CAREY PECK's FEC Report for the 20th day following 1978 General Election for 10-24 through 11-27-78 by Stanley Calden, Treasurer. Lists receipt of cashiers checks as follows:

Peck's affidavit: List receipt of Cashiers Checks on:

Date of Cashiers Checks drawn in Birmingham, Ala.:

(Dennis' affidavit on same, Dennis Gurley, Moore, date 6-6-79)

Name	Date of Cashiers Checks on	Date of Cashiers Checks drawn in Birmingham, Ala.	Dennis' affidavit on same, Dennis Gurley, Moore, date
James H. Dennis	October 31	October 31	N.A.
Andy Shadix	October 31	October 31	October 31 (Oct 2)
Johnny Desmond	November 8	November 8	November 8
Max Gurley	November 8	November 8	November 8
Wayne Moore (Mgr. / 1st National Bank; + Dennis' father-in-law)	November 8	November 8	November 8
Roy J. Ledbetter	November 9	November 9	November 9
Charles Mike Chancey	November 9	November 9	November 7 #1099762
Gary Dennis	November 9	November 9	November 7 #1099763
Robbie Chancey (4 yrs. old transmitted by C. Mike Chancey)	November 9	November 9	November 7 #1099764
Richard Morehart	November 25	-	November 14 In name of Mike Chancey #1083646
Janice Chancey	November 25	-	November 14 #1083646
Terry Henley	November 25	-	November 14 #1083647
Mike Henley	November 25	-	November 14 #1083648
			November 14 #1083649

In addition, on page 15 of 16 of Peck's Itemized Receipts, different typewriters were used to fill out the last six Alabama names and addresses.

Carey Peck and his principal campaign committee have also failed to include proper reference to the bank loan he claims to have procured to cover the alleged return of the \$13,000 to James Dennis. Mr. Peck has publicly stated to a number of reporters in January and September 1980 that he took out the bank loan for this purpose, but he cites himself as the source of the \$13,000, even though he has been virtually unemployed for the last three years.

According to the January 29, 1980 Daily Breeze article by Rich Connell, Peck said he took a personal bank loan and returned the money when he learned of Dennis' legal problems. According to a January 10 Evening Outlook article by Will Thorne, Peck said he immediately obtained a personal loan of \$9,000(?) in order to pay back the funds. According to a June 21, 1980 Jack Anderson column, Carey Peck borrowed \$13,000 from a local bank, on his father's advice, and returned the money Dennis had given him.

Apparently Carey Peck who was unemployed, found \$4,000 somewhere and claims to add this to a \$9,000 bank loan. Or, he borrowed \$13,000 if the Anderson column is correct.

Yet, on his F.E.C. schedule C form for the period April 1, 1979 through June 30, 1979, Peck lists himself as the sole source of a \$13,000 loan to the Carey Peck for Congress Committee for "advance for campaign expenditures from personal funds."

F.E.C. regulations then in force did allow a candidate to make a loan in accordance with applicable banking laws and regulations, and in the ordinary course of business (see 11 CFR 100.4(b)(13) provided that each endorser or guarantor is reported. (See 11 CFR 104).

However, F.E.C. regulation 11 CFR 104.2(b)(5)(i)(B)(ii)(A) requires

Ex.3, p.14

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that any loan over \$100 to a candidate of a committee during the reporting period must be fully reported as to its source. Carey Peck has misrepresented this loan to the F.E.C.

Furthermore, Carey Peck may have violated 11 CFR 110.0(a)(1) which prohibits any person from contributing or loaning a candidate more than \$1,000 per election (primary, general). Carey Peck made his loan at the City National Bank of Beverly Hills, according to Bram Goldsmith, a Peck contributor, who manages 25 branches of the City National Bank and who had a personal conversation with me on May 16, 1980:

DORNAN: You mean that you would loan an unemployed congressional candidate \$13,000 on his own signature without any collateral or cosigners?

GOLDSMITH: Well, Congressman, Gregory Peck didn't cosign the loans (plural).

DORNAN: So you gave a 28-year-old lad, unemployed for over a year and a half, loans without any collateral. Is that intelligent or proper banking practice?

GOLDSMITH: Congressman, I said GREGORY PECK didn't cosign the loans (Given in a tone which implied that somebody had).

DORNAN: I'm sorry. I'm a little slow today. I see, you mean the Givertz's (Carey Peck's in-laws) or someone else co-signed. Thanks, Bram.

GOLDSMITH: You're welcome, Bob.

F.E.C. law, Title 2, U.S.C. § 434(b)(3)(E) states that all loans must be reported with the identity of any endorser or guarantor of such loan, the date, and the amount value of such loan.

14.

RETURN OR "U-TURN" OF ILLEGAL MONEY:

In a February 7, 1980 phone conversation I had with Carey Peck's former campaign treasurer Caiden, I was told that the Peck campaign was "expecting the money," (i.e. \$10,000 after the initial contribution); that Caiden had no idea of what procedure Peck, Dennis, and his associates went through to allegedly return the \$13,000; and "I (Caiden) never did see those cashiers checks. I quit the campaign that week."

Carey Peck claims that the money had been returned after he and his father discovered Dennis had been indicted (see Santa Monica Evening Outlook January 10, 1980 article). Yet, according to Peck's F.E.C. forms for the period April 1, 1979 — June 30, 1979 signed by treasurer Mike Gordon (Stanley Caiden had left unhappy in November on June 6, 1979) it is claimed that \$13,000 was returned to James Dennis on June 13, 1979.

However, the first public mention of James Dennis' indictment outside of a courtroom came in the Birmingham papers on July 7, 1979. The indictments came down on July 6, 1979. Even at present, the Peck people do not have their stories straight.

There was no mention of Carey Peck or Gregory Peck in the articles until late May. Presumably, Gregory Peck's clipping service only concerns itself with the name Peck. How would articles regarding Dennis' indictment or information pertaining to it come to Carey Peck's attention at all? Would the clipping service automatically send anything regarding Dennis? Obviously not.

In any case, there is an obvious discrepancy in the two dates Carey Peck selects as the one on which he claims to have returned the money.

Dennis told me he spoke with the Peck people about this matter in March, 1979 after he (Dennis) was identified on the March 21 nationwide ABC 20/20 program as a "bagman" for the coal industry. Certainly someone in the Peck

campaign saw this program which would have prompted the call to Dennis. In front of the FBI and Justice officials, Dennis told me: "I told them that I would not involve Carey or his father. I said I would be a good soldier." He said he flew to Los Angeles on or about June 14, 1979. He went to Carey Peck's lawyer's office (Apparently Jules G. Radcliff, Jr., presently of Lewis, D'Amato, Brisbois, and Bisgaard, 261 S. Figueroa St., Suite 300, Los Angeles, CA 90012). Dennis said he waited in Radcliff's office while a \$13,000 loan was arranged for Carey "at his daddy's bank". Carey himself then presented Dennis with a check. They then drove Dennis to Carey's campaign bank on Wilshire where Dennis cashed the check. He then went back to Radcliff's office and presented Carey Peck with the \$13,000 in cash! Dennis returned to Alabama that very afternoon. Dennis stated the return of the money to Peck was a "real loan" because it was not for campaign expenses. (He directed that little incorrect rationalization to the FBI Agent with mock seriousness, then began smiling again and pouring on the charm.) All this was said in the presence of FBI Agent Will Deffenbaugh and Justice Dept. Assistant District Attorney, Bill Barnett, and discussed in Jack Anderson's column of June 21, 1980. Needless to say, Carey Peck did not list a felonious "loan" from Dennis on his F.E.C. form.

Did the U-turn of the \$13,000 take place? Rick Cziment, a reporter for the Venice-Santa Monica Independent Journal claims he has seen a copy of the check and he also told Congressman Dornan that "the money never left California." This latter information came from a discussion between Cziment and Carey Peck's campaign manager, Terry Pullan. (Young Peck was avoiding) the press that month. The check had been cashed in California and had no bank markings from Alabama. Cziment claims he has a xerox copy of the front and back of the check (which the F.E.C. does not include in their files).

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Peck told Rick Cziment that he would sue the Independent Journal if they ever printed this information. This was told to my campaign manager, Arnold Steinberg, who also learned that the Independent Journal, while on solid ground on the relevant funds, was without funds to deal with this type of harrassing lawsuit.

All other modes of exchanging the money, except for a personal transfer of the \$13,000) would leave traceable evidence on paper, i.e. federal express, postal money order, personal check made out to Peck from Dennis (Dennis had already been serving time in federal prison for "fraud by wire.")

According to an article which appeared in the Birmingham News on July 7, 1979, Dennis used wire communication for his dealings with the ITEL Corp. which involved hundreds of thousands of dollars. Why would Dennis fly out to California for the \$13,000 transaction except to avoid having any easily discernable or traceable evidence on the alleged return of the \$13,000 and/or to physically U-turn the money to an aspiring politician as he claims he did with his winning U.S. Senate candidate Donald Stewart. (Dennis told the FBI that Stewart pulled off the same U-turn trick. See June 20, 1979 Jack Anderson column.)

When Cziment asked young Peck why Dennis would fly across the country or walk around with \$13,000 cash in his pockets (that's 130 \$100 bills), Peck slowly responded, "Well...he is a con-man, isn't he?"

I have enclosed a copy of an F.B.I. memo which verifies Mr. Dennis interview while at the Talladega Federal Correctional Institute, where he indicated that he U-turned the money back to Carey Peck. If this is true, Carey Peck also violated 26 U.S.C. 9012(e):

"It shall be unlawful for any person knowingly and willfully to give or accept any kickback or any illegal payment in connection with any qualified campaign expense of eligible candidates or their authorized committees..."

Ex. 3, p.18

I trust the preceeding will be investigated in a timely fashion unlike the first F.E.C. superficial "investigation" of Carey Peck and the second, drawn-out handling of Mr. Peck's acceptance of an illegal contribution from the Teamsters Union. (FEC MUR-992)

Robert K. Dornan
Robert K. Dornan
United States Congress
27th District, California

TO 1944 CA (8-74)

(Individual)

STATE OF CALIFORNIA

COUNTY OF Los Angeles SS

On OCTOBER 30, 1980

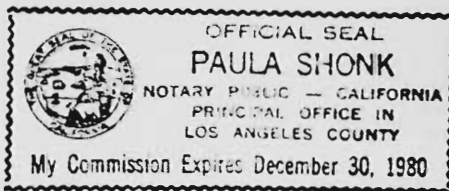
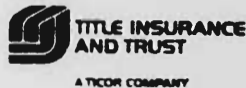
State, personally appeared ROBERT K. DORNAN before me, the undersigned, a Notary Public in and for said

known to me
to be the person whose name is subscribed
to the within instrument and acknowledged that he
executed the same.

WITNESS my hand and official seal

Signature

Paula Shonk



This area for official notarial seal

United States
CONGRESSMAN

Robert K.
DORNAN



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November 20, 1980

Federal Election Commission
Washington, D.C.

Dear Commissioners:

It appears that I may have neglected to include in my previously filed F.E.C. complaints, the enclosed Federal Bureau of Investigation transcript dated May 5, 1980 by SA Willis M. Deffenbaugh in Talladega, Alabama.

Please include this as a supporting document in my following complaints:

1. Against Donald Stewart and James H. Stewart, Jr. dated October 31, 1980;
2. Against James H. Dennis, filed November 3, 1980;
3. Against Carey Peck, Stanley Caiden, Mike Gordon, Terry Pullan, filed November 4, 1980.

I have enclosed three (3) copies of the document for this purpose.

Sincerely,

Robert K. Dornan
 ROBERT K. DORNAN
 Member of Congress

RKD:cm
Enclosures:

80 NOV 21 11:30

GENERAL COUNCIL

Paid for by Dornan in '80 Committee
 Campaign Management: Arnold Steinberg & Associates Campaign Treasurer: Mr. Alejandro Valdivia
DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

A copy of our reports filed with and available for purchase from the Federal Election Commission, Washington, D.C. F.E.C. I.D. #086754

Ex. 4

210101012



UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

WASHINGTON, D.C. 20535

RECEIVED

NOV 21 8:40

September 10, 1980

Honorable Robert K. Dornan
U. S. House of Representatives
Washington, D. C. 20515

Dear Congressman Dornan:

Enclosed is a copy of the document requested by you on September 4, 1980, under the provisions of the Freedom of Information Act. Where noted on the enclosed document, excisions have been made to protect information, the release of which would constitute an unwarranted invasion of privacy. These deletions have been made pursuant to Title 5, United States Code, Section 552 (b) (7) (C).

The release of this material is being made after consultation with various officials of the Criminal Division, U. S. Department of Justice.

If you desire you may appeal to the Associate Attorney General any denials contained herein. Appeals should be in writing and directed to the Associate Attorney General (Attention: Office of Privacy and Information Appeals), United States Department of Justice, Washington, D. C. 20530, within thirty days from receipt of this letter. The envelope and letter should be clearly marked "Freedom of Information Appeal" or "Information Appeal."

Sincerely yours,

Thomas H. Bresson

Thomas H. Bresson
Chief, Freedom of Information -
Privacy Acts Branch
Records Management Division

Enclosure

- 1 - Assistant Attorney General (Enclosure)
Criminal Division
Attention: Mr. Frederick D. Hess
Acting Director
Office of Legal Support Services



Ex. 4a

31010291013

5/5/80

Date of transcription

JAMES HAROLD DENNIS, SR., Inmate, Talladega Federal Correctional Institute (Talladega FCI), Talladega, Alabama, who has home address 4904 Coshatt Drive, Birmingham, Alabama.

[REDACTED] was contacted at the Talladega FCI by U. S. Congressman ROBERT K. DORNAN (Republican - California), the Congressman's wife, SALLIE, and DORNAN's congressional aid, BRYAN YOUNG. Also present during DORNAN's interview of DENNIS, but not participating in the interview while DORNAN was present, was Assistant U. S. Attorney BILL L. BARNETT of Birmingham and SA WILLIS M. DEFFENBADGH of the Birmingham FBI Office. This interview occurred in Talladega FCI Warden ROBERT VERDEYEN conference room. DORNAN stated his interview at 12:32 p.m. by describing himself to DENNIS as an ex-fighter pilot with conservative and patriotic views as opposed to his opponent, CAREY PECK, of California. DORNAN explained to DENNIS that if DENNIS would tell the truth about his dealings with CAREY PECK, then DENNIS could count on DORNAN to vouch for DENNIS' character as a person who is trying to be a better citizen. DENNIS explained that he will discuss his dealings with CAREY PECK if DORNAN would agree not to use DENNIS' name in the newspapers any more and just leave DENNIS alone after today. DORNAN agreed to this. DENNIS then showed some thank you letter from CAREY PECK dated November 3, 1978, which referred to contributions made to PECK's campaign fund in 1978. Five minutes into the interview at 12:37 p.m., DENNIS mentioned to SALLY DORNAN that he was hearing a slight noise coming from her pocket. The DORNAN's responded that they did not understanding what DENNIS was referring to but DENNIS was persistent in wanting to know what that noise was coming from. SALLY DORNAN then took a tape recorder from her pocket that was about the size of a cigarette pack which said had run out of tape and was not now recording. She quickly put it in her purse. Congressman DORNAN hurriedly explained that he had not intended to record DENNIS' statement but had recorded his, DORNAN's, conversation with Assistant U. S. Attorney BILL L. BARNETT in a pre-interview conference in the warden's office before DENNIS was brought out of his cellblock. SA DEFFENBADGH then mentioned to the DORNAN's that there are prison rules prohibiting tape

4/30/80

Talladega, Alabama

BH 183-128

BH 183-136

BH 56-169

Investigation on

at

File #

SA WILLIS M. DEFFENBADGH:mjl

5/2/80

by

Date dictated

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

EX-46, p. 1

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DH 183-128

recorders from being brought into the facility. SALLY DORNIAN said that she was not aware of that restriction. The interview by DORNIAN then started again by DORNIAN promising not to use DENNIS' name in the newspaper again. DENNIS explained that he has never traded his information to the government in return for anything. No deals of any kind have been made with the government but he is asking DORNIAN to just leave him alone after today.

DORNIAN first asked DENNIS what he did with the \$13,000.00 that was refunded to him by CAREY PECK in mid-June, 1979. DENNIS explained that he met CAREY PECK at the office of PECK's attorney, JULES PATCLIFF, in the Los Angeles, California area. DENNIS and PECK went to some unrecalled bank near RATCLIFF's office where PECK had taken out a \$13,000. personal loan a day or two earlier. PECK gave DENNIS a \$13,000 check payable to DENNIS which DENNIS immediately cashed at this bank and DENNIS merely handed the \$13,000.00 cash over to PECK all in the same transaction. DENNIS explained that it was understood that this \$13,000.00 was paid by PECK to DENNIS as a refund for the \$13,000.00 paid into PECK's campaign fund during 1978, which were illegal contributions because the \$13,000.00 was in the form of thirteen \$1,000.00 Cashiers Checks, all obtained by DENNIS at the Southside Branch of the First National Bank of Birmingham in Birmingham, Alabama, where DENNIS' second former father-in-law, WAYNE MOORE, is Branch Manager. DENNIS noted that the illegality of these contributions was that twelve of the persons whose names appear as payee on the Cashiers Checks did not know that DENNIS was making contributions in their names. Only in the case of the one Cashiers Check bearing DENNIS' name as payee did the payee know of the matter. The other twelve payees were friends, employees, and relatives of DENNIS. In fact, DENNIS noted that one of the payee-contributors was only six years old. One of the reasons that DENNIS later made public this fact of his use of other people's names was to prevent the need for the press, Federal Election Commission or anyone else to contact these unknowing payees as they are mostly just country folks who would be frightened over any contact on this matter.

DENNIS went on to explain that when he received the \$13,000.00 refund check from PECK in the bank in California cashed the check and turned the cash back over to PECK, he (DENNIS) gave the cash to PECK as a personal loan not to be put back into PECK's campaign fund. No records, papers, or documents were prepared to substantiate this loan.

DN 183-128

PECK has not repaid this loan made by DENNIS to PECK and DENNIS has not attempted to collect on the loan. DENNIS noted that PECK used the \$13,000.00 loan from DENNIS to pay off the bank's loan to PECK.

DENNIS stated that in 1978, he flew from Birmingham to San Francisco, California, where he joined ANDY STEINMEYER and JACK HENCHELL both of whom were at that time officials of the ITEL Corporation, San Francisco. DENNIS, STEINMEYER, and HENCHELL then flew to Seattle, Washington, to watch the University of Alabama play the University of Washington in a football game. After the game and upon their return to California, they all went to GREGORY PECK's home for a party where CAREY PECK and GREGORY PECK were hosts. At this party, CAREY PECK discussed his political race for Congress with DENNIS. GREGORY PECK and DENNIS seemed to "hit it off" because DENNIS looked a lot like a deceased son of GREGORY PECK. A few days after DENNIS arrived back in Birmingham, CAREY PECK called and asked DENNIS to contribute to his campaign. DENNIS agreed to send at least \$10,000.00. There was some discussion to the effect that the manner in which it was sent would probably not be important since it was coming all the way from Alabama and the conversation was in terms of the entire contribution coming from DENNIS and not from a group of contributors in Alabama. DENNIS then went to the First National Bank of Birmingham where he first obtained three \$1,000.00 Cashiers Checks which he sent to PECK by Federal Express and then a few days later, he obtained another ten \$1,000.00 Cashiers Checks from the same bank many of which were consecutively numbered, and he sent these to PECK by Federal Express.

In about May or June, 1979, DENNIS received a telephon call from CAREY PECK at which time PECK asked DENNIS to resolve the matter with the Federal Election Commission (FEC) without embarassment to PECK. DENNIS then told the FEC and more particularly CLYDE OLDAKER of the FEC in Washington, D. C., that PECK did not know that the contributions had all originated from DENNIS. When DENNIS went to the FEC, the FEC was extremely busy with some Gulf Oil Company matter so OLDAKER simply gave DENNIS the file on the PECK ~~REDACTED~~ cases (b)(7) and DENNIS was put in some room where he was asked to go over the file. DENNIS noticed several affidavits in the FEC file supposedly signed by persons whose names had appeared as payees on Cashiers Checks given to PECK ~~REDACTED~~. DENNIS claims that these were forged affidavits and that the payees on the checks had neither been contacted by the FEC or signed any affidavit about this matter. DENNIS' attorney

4

STEVE SALTER, Birmingham, was with DENNIS at the FEC. DENNIS said that this was the only time that he has taken a government agency's file and "investigated" the matter himself against himself. The FEC did not ask any questions about the illegal contributions to PECK except to ask DENNIS

DENNIS told the FEC that it was. DENNIS was told by the FEC to get a refund from PECK which he did as described above. DENNIS then later reappeared before the FEC at which time he was fined \$36,000.00 but this was soon cut to \$18,000.00 when DENNIS and his attorney, SALTER, suggested that at as a more reasonable figure. STEVE SALTER sent \$2,500.00 to the FEC for DENNIS to serve as partial payment on the fine but the FEC sent it back and indicated they were not interested in a partial payment. DENNIS said that he was told that he did not have to pay the fine but DENNIS refused to identify who told him that except to say that we are not discussing him today. DENNIS has not paid the \$18,000.00 fine and has not been pressed by the FEC for payment, but he now intends to pay it.

DENNIS ended by telling DORNAN that he would not care to testify before a congressional committee on this matter nor would he care to discuss this matter with the Los Angeles Times or any other newspaper as all DENNIS wants is to now be left alone with some peace and quiet.

Copy

CL 1/11

3410

United States
CONGRESSMAN

80 NOV 25 P 4: 03

Robert K.
DORNAN



HAND DELIVERED

November 25, 1980

Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

Dear Commissioners:

Per your recent request, I am sending you copies of the following articles:

- "Dornan, Peck Wage Bitter Political Battle" by Rich Connell, DAILY BREEZE, September 8, 1980;
- "Dornan Acknowledges He Attempted to Aid Convict" by Kenneth Reich, LOS ANGELES TIMES, September 5, 1980 (two versions);
- "Convict Told Dornan He Covertly Gave \$13,000 to Peck, FBI Agent Reports" by Kenneth Reich & Robert L. Jackson, LOS ANGELES TIMES, September 12, 1980;
- "The Dornan-Peck Brawl: An FBI Memo Surfaces" by Mike Qualls, HERALD EXAMINER;
- "Dornan, Peck Launch Blitz by Mail" by Bob Baker, LOS ANGELES TIMES, October 24, 1980;
- James Dennis letter to Gregory Peck, May 15, 1980 (please compare with FBI memo previously submitted).

30 NOV 25 P 4: 33

CHIEF OF BUREAU

Sincerely,

ROBERT K. DORNAN
Member of Congress

RKD/gcm
enclosures

Paid for by Dornan in '80 Committee

Campaign Management: Arnold Steinberg & Associates Campaign Treasurer: Mr. Alejandro Valdivia
DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

Ex. 5

A copy of our report is filed with and available for purchase from the Federal Election Commission, Washington, D.C. F.E.C. I.D. #086754.

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Dornan, Peck Launch Blitz by Mail

Flood District With Campaign Literature in Tight Race

By BOB BAKER, Times Staff Writer

Hundreds of thousands of pieces of campaign literature are beginning to flood mailboxes in the 27th Congressional District as the volatile race between Rep. Robert K. Dornan (R-Santa Monica) and Democrat Carey Peck heads into its stretch run.

Both camps agree the race is a virtual dead heat, and both have saved most of their financial resources to launch a blizzard of direct-mail and radio advertisements throughout the coastal district.

Peck campaign manager Terry Pullan said about \$150,000 will be spent during the last two weeks, including the mailing of about 500,000 pieces of literature. Dornan campaign consultant Arnold Steinberg declined comment on Dornan's plans, but the congressman is expected to match Peck's effort.

Between them, the two candidates have raised at least \$1 million.

Because both candidates tend to

walk conservative lines on most issues, with the exception of abortion and equal rights for women, most of their energy has gone into challenging the other's credentials to be a congressman.

Dornan's chances of reelection have been dimmed by news reports of his unsuccessful attempts to prove that Peck knowingly accepted an illegal campaign contribution.

But Peck—who has portrayed himself throughout the campaign as the victim of Dornan's hyperbolic tactics—has also raised questions by his conduct.

Peck has portrayed himself as an experienced housing developer, although his experience involves only a single yet-to-be-built project.

In addition, he has knowingly misled reporters about his relations with James H. Dennis, an Alabama mining equipment executive who made the illegal contribution to Peck late in 1978, when Peck came

within 3,500 votes of defeating Dornan.

Peck's indiscretions have received relatively little attention in the race because of the publicity focused on Dornan's behavior, including the congressman's visit to an Alabama prison to interview Dennis.

Peck, 31, who lists himself on the ballot as a "seniors housing consultant" and who has made affordable housing a prime campaign issue, has told voters in the district that he "built" a senior citizens housing complex.

However, the land is vacant.

Peck, a Santa Monica resident, was retained in 1979 by a Moorpark developer who wanted to do business in Santa Monica. Peck spent 11 months successfully seeking the approval by the City Council for a 61-unit complex that is scheduled to break ground next spring with fi-

See BLITZ, Page 2

2 - Part II / Friday, October 24, 1980

BLITZ: Dornan, Peck Mail Drive

Continued from First Page

ancing from the state Housing Finance Agency.

That accomplishment is important to Peck because it allows him to counter Dornan's claim that Peck has insufficient experience to be a congressman. With the exception of the housing job, Peck has spent the last three years running full-time for Dornan's seat.

Twice in four days recently, a Times reporter heard Peck tell audiences that he had "built" a housing complex, but in an interview Peck insisted that he has rarely used the word.

He called the suggestion that he is misleading voters "ludicrous" but said he would be careful from now on to use the "developed."

Peck's misstatements about his relationship with Dennis were made earlier in the year in response to full-page newspaper advertisements that Dornan purchased to accuse Peck of knowingly accepting \$13,000 from Dennis—money that proved to be illegal.

Wrong Answers Admitted

Peck now admits that his answers to reporters' questions were wrong or incomplete in order to play down both his relationship with Dennis and the involvement of his father, actor Gregory Peck.

"I admit I have always tried to keep my father out of it. . . . I've always tried to minimize his role," Peck said in a recent interview.

In Peck's initial responses:

—He said the Dennis contribution, consisting of 13 \$1,000 cashier's checks, had been mailed from Alabama. In fact, Gregory Peck hand-carried some of the checks from Alabama to California and Dennis carried others with him when he flew to California shortly afterward.

Dennis' involvement in Peck's campaign began in the fall of 1978, when Gregory Peck, a longtime supporter of Democratic Party causes, was asked by U.S. Sen. Alan Cranston (D-Calif.) to make a public appearance in Alabama on behalf of Donald Stewart, who was in the midst of a successful campaign for the seat vacated by U.S. Sen. James B. Allen.

Gesture of Thanks

In Alabama, Gregory Peck met Dennis, who was working as a Stewart fund-raiser. Peck was impressed by the young, aggressive businessman, who is the same age as Peck's son. As a gesture of thanks, Dennis gave Gregory Peck two \$1,000 cashier's checks—one from himself, one from another individual, he said. Shortly afterward, Dennis gave \$11,000 more.

It was not until 1979 that Dennis admitted to the FEC that he had paid for all the checks, purchasing them in the names of various friends and associates in order to evade the federal law limiting individual contributions to \$1,000.

The Dennis money enabled Peck's nearly broke 1978 campaign to print and mail a sharply worded campaign leaflet criticizing Dornan during the last days of the race.

This year, Dornan, still furious about the text of the mailer, set out to prove that Peck knew the money had been donated in violation of federal law. But Dornan failed, and six weeks ago the Justice Department formally cleared Peck of mishandling campaign finances.

Met for Cocktails

—Peck originally said he had met Dennis "at a short sit-down over coffee." In fact, the two met for cocktails at Gregory Peck's Beverly Hills home in November, 1978, the day Dennis brought the last five checks. Dennis and both Pecks then went to dinner at Chasen's with two executives of ITEL Corp., a San Francisco firm, who had flown from Oakland to Los Angeles earlier in the day at Dennis' request.

Unbeknown to the Pecks, Dennis was in the process of defrauding ITEL of nearly \$1 million, a charge to which he later pleaded guilty in federal court. (He is appealing his four-year prison sentence.)

Dennis had been able to impress the businessmen by boasting that he had a friendship with the Pecks, one of the executives later said.

—Peck also tried to minimize his campaign staff's apparently casual acceptance of the Alabama cashier's checks.

Peck initially said his staff had made an effort to contact some of the individuals whose names Dennis used to mask his illegal donation.

But, Peck admitted later, his campaign did not attempt to make those contacts. His staff simply called Dennis' secretary for details on the donors' occupations, which were required to be reported to the FEC.

Ex. 5a

The Dornan-Peck brawl: An FBI memo surfaces

Informant says Democrat got \$13,000 illegally

By Mike Qualls
Herald Examiner politics editor

Rep Robert Dornan, fighting for re-election to Congress against second-time challenger Carey Peck, has released an FBI memorandum containing allegations by an informant that his Democratic opponent solicited and received \$13,000 in illegal campaign funds in 1978.

Dornan, a Republican, released the four-page memo last night after obtaining it from the U.S. Justice Department through the Freedom of Information Act.

The memo details FBI agent Willis Deffenbaugh's report of an April 30 meeting in Alabama between Dornan and James H. Dennis, who allegedly gave the money to Peck.

The public airing of the memo preceded Dornan's release today of two thick volumes purporting to document his claim that Peck illegally accepted the \$13,000 and then tried to cover it up.

Dornan released the volumes — one containing 167 pages which chronologically detail his allegations, and the other a 228-page report containing 109 documents intended to back them up — at a Los Angeles news conference.

Meeting with reporters, Dornan charged that Peck "knowingly" took the illegal contributions, adding that "a fool would have been suspicious."

Dornan emotionally declared that Peck "continues to lie on an almost daily basis showing an Abscam mentality."

He also claimed that Deputy Attorney General Charles Renfrew has told him that two Justice Department agencies — the Public Integrity Unit and the FBI — are investigating the Dennis contributions.

Renfrew could not be reached for comment on Dornan's claim. When Dornan was pressed by reporters for positive proof that such a probe is underway, he bristled and declared that it was "unfair" for them to demand that he, as "a congressman — a federal officer," give information that would "compromise" a federal investigation.

He added, "A U.S. senator is being investigated. Carey Peck is

being investigated. I am not."

The Dornan blitz is the latest development in the simmering, yearlong feud over the \$13,000, which now has turned into a major issue in a campaign that is likely to go down to the wire.

Two years ago, the incumbent Dornan narrowly beat Peck, son of veteran actor Gregory Peck, for the 27th Congressional District seat (which covers the coastal area from Santa Monica to the Palos Verdes Peninsula).

Saying "I haven't seen the opus," in reference to Dornan's two-volume treatise, Peck maintained in an interview last night that he is innocent of any wrongdoing and added, "There are no new facts... and certainly no new proof."

Dornan's allegations about Peck are not new. Before the primary last June, local newspapers in the district turned down Dornan ads containing substantially similar allegations after threats of legal action were made by Peck, who referred to the charges as a "hysterical and an early attempt to throw mud."

But some of the ads — headlined "Congressman Robert K. Dornan has some tough questions for Carey Peck" — later were published after Dornan agreed to alter some of the accusatory wording.

To date, Peck has not filed any lawsuits, and he has admitted receiving \$13,000 in 13 separate \$1,000 cashier's checks in 1978. But he maintains that he never suspected any impropriety because he believed the money was flowing in as a result of contacts his father made when the elder Peck accompanied U.S. Sen. Alan Cranston, D-Calif., to Alabama in 1978 to campaign for Democrat Donald Stewart, who subsequently won the election to the U.S. Senate.

Peck also insists that he returned the money last year after learning that, instead of coming from 13 different donors, it all had been given by Dennis, a Birmingham, Ala., coal mining equipment broker. Dennis later was convicted in federal court and sentenced to a 4½-year prison term for defrauding FREL Capital Corp. of San Francisco out of \$907,000 in a deal involving non-existent mining equipment.

Dennis subsequently admitted to federal authorities that he used the names of 12 other persons to donate the entire \$13,000 to Peck.

Federal election law prohibits contributions of more than \$1,000 from any one person; it also requires political campaigns to make a good-faith effort to verify the source of contributions and to either return suspicious contributions or to deposit them and notify the Federal Election Commission in writing that the funds are believed to be suspicious.

Dennis also admitted using the same technique to donate \$22,000 to Stewart's campaign, and last Sept. 6 agreed to pay \$18,000 in civil penalties to the FEC.

While readily admitting the receipt of the \$13,000, Peck has steadfastly denied any wrongdoing. But Dornan is challenging his opponent's account of the episode and is suggesting that the FEC, the agency charged with investigating campaign irregularities, tried to cover up "criminal misconduct" by Peck and engaged in a "whitewash" of Gregory Peck's involvement in the affair.

Dennis' contributions to Peck and Stewart surfaced early last year during the FBI probe into Dennis' business dealings, which subsequently led to his conviction on fraud charges.

The position taken by the FEC, according to spokesman Fred Eiland, is that no action was taken on the contributions to Peck because "there was never a complaint in that matter."

But that response did not satisfy Dornan, who describes the FEC's handling of the matter as "sleazy." He said he deplored the fact that the agency did not conduct a routine audit of Peck's campaign finances after learning of the illegal contributions.

After the FEC officially closed its books on the contributions, Peck's federal campaign finance reports show that he borrowed \$13,000 — from City National Bank where he had a line of credit established. Peck later said — and returned the money to Dennis last June 14.

But Dornan now is alleging that Peck "merely went through the motions" of returning the \$13,000 to Dennis, and that the money "never left California."

Dornan bases that allegation solely on his conversation with Dennis, which FBI agent Deffenbaugh reported in the memo obtained and released last night by the congressman.

The conversation took place at an April 31 meeting at Talladega federal prison in Alabama, where Dennis was incarcerated until being released last summer.

The FBI memo reports that Dennis told Dornan that he met Carey Peck at the office of Peck's attorney, Jules Ratcliffe, in the Los Angeles area. Dennis and Peck went to some unrecalled bank near Ratcliffe's office where Peck had taken out a \$13,000 personal loan a day or two earlier.

Peck gave Dennis a \$13,000 check payable to Dennis which Dennis immediately cashed at this bank and Dennis merely handed the \$13,000 cash over to Peck all in the same transaction.

The FBI memo also quotes Dennis as saying that at a 1978 party he attended at the elder Peck's home, Carey Peck "discussed his political race for Congress with Dennis."

"A few days after Dennis arrived back in Birmingham, Carey Peck called and asked Dennis to contribute to his campaign. Dennis agreed to send at least \$10,000."

The memo also backs up Dornan's claim that Dennis made the statements in front of four other witnesses, including Deffenbaugh and an assistant U.S. attorney, who sat in on the meeting in the warden's conference room.

Dennis, who was not available yesterday, recently denied Dornan's account of the prison interview, and Dornan now says he does not feel the businessman "can be trusted."

This morning, Dornan declared, "I broke off with Dennis because I couldn't trust him on the West Coast as a loose cannon on the deck."

Last night, Peck acknowledged that "Dennis may have allowed some conflicting testimony to go through... but I think there is a very real possibility here that this may have been a prearranged deal which would have been prepared testimony for political favors."

Peck denied the allegations made by Dennis during Dennis' meeting with Dornan, flatly declaring that "he (Dornan) has depended on someone who's been convicted of fraud... and it's absolutely false."

Peck maintains the \$13,000 check was given to Dennis by Ratcliffe who handled the entire transaction, and that Dennis then left town.

"I think whatever Dennis says is under total suspicion," declared Peck. "He has proved himself unworthy from the very beginning, and that's why we threw the money back in the first place."

Dornan says his first personal contact with Dennis came last April 21 when he received a telephone call at his Washington office from Dennis, who was calling from prison. Several other telephone conversations took place, as well as the face-to-face meeting in prison, after Dennis allegedly implicated Peck, according to Dornan, who maintains that, at his request, representatives from the prison warden's office always monitored his telephone conversations with Dennis.

Peck has suggested that the congressman was trying to make a deal with the convicted felon.

Peck first aired that latter allegation last week in a Los Angeles Times article about Dornan's contact with Dennis.

In the interview last night, Peck declared, "I think it is amazing that a congressman would use his position to try to win some kind of deal out of Dennis, and would put so much credibility in that and make such serious charges about myself and my father on the basis of recanted testimony from a convicted felon who's been proven to be double-dealing all along the way."

Dornan has acknowledged that he was willing to help Dennis receive "fair treatment" since "obviously I had a tremendous selfish interest because I'm in a bit of a political struggle."

Today, Dornan characterized his meeting with Dennis as a "congressman interrogating a prisoner" in the presence of other federal officials, and declared, "No promises were made to this convict."

Dornan insisted that he had "absolutely an ethical relationship" with Dennis "to get him to undo the wrong he had done to victims, and I was a victim."

Dornan's two-volume treatise includes numerous copies of letters and documents, but relies on accounts of face-to-face and telephone conversations as the backup for some of the more serious charges.

But Dornan claims to be able to supply witnesses to the conversations, including telephone calls which were monitored by members of his congressional office staff as "standard operating procedure" during such contact with individuals involved in the controversy.

Among the other allegations made by Dornan are that:

■ Gregory Peck hand-carried six of the \$1,000 cashier's checks back from Alabama in 1978 after being given them by Dennis at the Birmingham airport, and that all 13 checks, some of them numbered in sequence and one donated in the name of a 1-year-old child, were drawn on the First National Bank of Birmingham. Dornan has consistently accused Peck of not making an effort to determine that the contributions were in fact from 13 individuals — not just one.

Peck acknowledged in a memo that his father had hand-carried checks, but said it was two, not six. As for the sequentially numbered checks, Peck said, "If you're looking for such things, I suppose it's important, but legally that doesn't mean a thing. I mean, do you look at the numbers on your checks very much?"

■ While the FEC position is that Peck has been cleared and his case closed, a federal grand jury in Birmingham still is investigating Dennis' political contributions. Dennis himself testified before the panel on June 12.

Peck commented that "nobody is supposed to know about a grand jury. I think his (Dornan) saying that in public is in violation of certain principles."

Peck and his father entertained Dennis and two UFEI Capital Corp. executives and their wives at the elder Peck's Los Angeles-area home on Nov. 15, 1978, prior to Dennis' trouble with federal authorities for

Ex. 5b
p. 2

defrauding ITEL. Dornan claims that his information came from one of the ITEL executives, who allegedly told the congressman that they flew to Los Angeles from San Francisco with Dennis and were picked up at the airport by a limousine sent by the elder Peck. Dornan further claims that Carey Peck, his wife and his campaign finance director, Irene Trachler, entertained Dennis and the two ITEL executives — who left that corporation after the fraud surfaced — later that same evening at Chasons, a posh Beverly Hills restaurant.

Peck last night confirmed that he and his father has hosted Dennis and the two ITEL executives, saying, "Dennis just arrived in town one day and called up my father and said, 'Hey, I'm in town with some friends and can I come on over and say hello.' And of course at this time, we didn't know about Dennis and he had been very good to us during the campaign."

• An Alabama attorney representing Dennis taped two telephone conversations — on April 27 and June 13 — with Dornan without the congressman's consent, and gave the tapes to Peck. In releasing transcripts of the tapes, Dornan claimed that he has copies of the recordings, which were given him by a reporter who had gotten them from Peck. On the tapes, Dornan and the attorney discuss the congressman's willingness to help Dennis resolve his legal problems.

On one tape, Dornan also vowed to "nail this down," meaning his allegations against Peck, and referred to his political struggle with Peck by saying, "He's a 28-year-old draft dodger coming after my seat, and I'm a 47-year-old mature guy with five grown kids and 23 years in the Air Force Reserve as a fighter pilot, and I'm not going to be knocked off by a spoiled rich kid with Gregory Peck for a daddy."

In remarks made by Dornan on the House floor three weeks ago, for example, he referred to the Nov. 15, 1976, gathering at the elder Peck's residence by saying that the actor's home had been "used as a lure in a sting where almost \$1 million was embezzled from California, laundered in Alabama and reflushed into the campaigns of an elected federal official and a congressional candidate."

Peck last night labeled Dornan's references to the elder Peck as "scurrilous," and declared that "Dornan's tactics have been brought in question. I think people are wondering about the personal attacks and the vague allegations without any proof."

Today, Dornan reacted to Peck's comment by denying that he was attacking Gregory Peck.

"I know he's innocent," Dornan said. "Peck senior was the first victim of his own son's double dealing and lying."

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Ex. 56p3

TO A PLACE OF MAGIC—Youngsters walk through a covered bridge to Summer Island, a spot where children can climb and play in a world of their own, in Heritage Park, Cerritos.

Times photo by Michael Meister

LA Times 9/12 Sec. 1 p. 3

Convict Told Dornan He Covertly Gave \$13,000 to Peck, FBI Agent Reports

BY KENNETH REICH
and ROBERT L. JACKSON
Times Staff Writers

The FBI released a report Thursday by one of its agents substantiating that a federal prison inmate in Alabama had indeed told Rep. Robert K. Dornan (R-Santa Monica) in a prison meeting that he had covertly given \$13,000 in cash to Dornan's election challenger, Carey Peck.

According to the four-page FBI agent's report—released to Dornan under the Freedom of Information Act—convicted felon James H. Dennis told Dornan in the agent's presence that after Peck had given him a \$13,000 check last year, thus returning an admittedly illegal 1978 campaign contribution, he (Dennis) simply cashed the check and gave the money back to Peck in cash.

Dennis has since contradicted his earlier story and now says he did not give the money back. The controversy has come to dominate the Dornan-Peck contest in the 27th District on the West Side of Los Angeles.

The FBI agent, Willis M. Deffenbaugh of the agency's Birmingham office, attended the Dennis-Dornan meeting last April 30 in the Talladega Federal Correctional Institution

as one of two federal observers. The release of his report is the first independent confirmation of Dornan's statements that Dennis had made such a charge.

Peck denies ever getting any money back from Dennis, a denial he repeated Thursday.

Dennis, who was released from prison this summer, recently contended in a Times interview that his April 30 claim was part of a deal with Dornan that he would back up accusations against Peck in exchange for Dornan trying to get him better treatment in prison. After he was released, he said, he told Dornan he would not go through with the deal.

Alludes to Stories

Dornan has acknowledged contacting prison authorities on Dennis' behalf, but he has denied there was any deal. The congressman says he had reason to believe at the time that what Dennis had told him about returning the money might be true.

But Dornan said 10 days ago that he had broken off contacts with Dennis, convicted of fraud, after he had decided Dennis could not be trusted.

And the congressman, turning his

copy of the FBI agent's report over to The Times on Thursday in Washington, D.C., said that in view of Dennis' conflicting stories, he is in no position to verify what Dennis told him at Talladega.

Peck said Thursday that it should come as no surprise that Dennis was at one time, in his dealings with Dornan, giving such an account.

"The point is he was in jail and he was waiving for any advantage he might get," the Democratic challenger said. "I have to reemphasize that for a congressman to make a deal with someone in jail because of fraud is highly questionable."

The original Dennis contribution to Peck's first campaign against Dornan in 1978 had been made in cashier's checks said to be funded by 13 different people. It is against federal law for any individual to give more than \$1,000 to a congressional campaign, and when it was established that Dennis himself had given all the money, Peck acknowledged that the contributions were illegal. He says that he then gave the money back.

According to the FBI agent's account of what Dornan was told in Talladega, Dennis said that he had

Please Turn to Page 18, Col. 4

lengthy its denial of the Scientists' tax-exempt status in portions of California and Florida during the tax years of 1970-72.

The friend-of-the-court brief was prepared last month by the New York-based National Council of Churches and the Baptist Joint Committee on Public Affairs of Washington, D.C., and submitted to

Initiative Drive for Tax-Indexing Measure Begins

By ROBERT WELKOS
Times Staff Writer

Charging that Gov. Edmund G. Brown Jr. "double-crossed" taxpayers by vetoing her income tax indexing bill, a Republican lawmaker Thursday announced a signature-gathering drive to place a similar measure before voters in 1982.

Assemblywoman Marian Bergeson of Newport Beach said that by permanently indexing income taxes, wage earners receiving cost-of-living raises would not be pushed into higher tax brackets.

"By taking my case directly to the people through an initiative campaign, I am convinced that we can permanently end a destructive, inflationary tax system for our state," Bergeson told a Los Angeles press conference.

Bergeson is attempting to circumvent Brown's veto of her bill last July. The legislation would have extended the indexing system beyond fiscal 1981-82, when the current indexing law is scheduled to expire.

Warning by Governor

In his veto, Brown warned of a deficit of \$1 billion to \$2 billion in the coming fiscal year and said it would be better to decide then whether to retain indexing.

Indexing is a term used for setting

FIRST TALKS SLATED IN WINE

Reinhardt OK'd

STRIKE AS WORKERS...

SEIZURE OF 20 TONS OF 'POT'

Continued from First Page
Drug Enforcement Administration here, the seizure was the result of an eight-month investigation beginning when a squad of 30 federal, state and local authorities boarded the ships shortly after 1

he officials disclosed few details of the investigation, indicating that they had to make several more arrests. They said that the 20 tons of marijuana had been found aboard the Potomac. The Potomac, they said, was registered as a "sister" vessel. Agents found \$11,000 in cash but no weapons, they said. There was no resistance.

The arrests were made as the marijuana was being unloaded onto a tractor-trailer truck, the officials said. They would not say where they thought the load was destined. Hunter did note that "there is a lot (of marijuana) going up to Humboldt County these days."

Sw to Illicit Trade

The two officials, speaking at a news conference for reporters, were obviously pleased with the size of the seizure. "This is going to hurt," Hunter said. "Forty thousand pounds is a lot of marijuana."

The seizure represented another chapter in the recent history of the once-glamorous presidential yacht. Built in 1935 as a Coast Guard cutter, it was used by Roosevelt to entertain family, friends, officials and royalty—including King George VI and Queen Elizabeth. In 1943 Roosevelt met Churchill on the ship to discuss war strategy. During the era, the vessel



POTOMAC'S OWNER—Aubrey W. Phillips, who was arrested. AP photo

came to be known as Shangri La. After Roosevelt's death, the Potomac was sold to the state of Maryland and later changed hands several times. Over the years it was stripped of its furnishings and fell into disrepair. Valued at \$1.3 million when it was built, it was finally bought by singer Elvis Presley for \$55,000.

Presley tried to give away the crumbling yacht to several charities—but all refused because of the cost of maintaining the vessel. In 1972, it was bought by Phillips, who said he hoped to turn it into a tourist attrac-

tion in Los Angeles Harbor operated by a nonprofit corporation and financed through contributions.

Recently, the yacht was being restored by an organization called Presidential Yacht Potomac Inc. at the port of Stockton, officials said. Restoration was being supported in part from the sale of medals at \$12 apiece. A spokesman for the organization expressed surprise at the news of the seizure but confirmed that Phillips is associated with the vessel.

A yachting publication in its July issue quoted Phillips as saying the ship would be established in Stockton as a "floating museum" open to the public.

Arrived Last Month

The Potomac arrived here last month from Stockton, according to officials. The Valkyrie arrived about 2 p.m. Wednesday.

Those arrested face charges of possession of marijuana with intent to distribute, conspiracy to distribute and importation of illegal goods. The maximum penalty on each charge is five years in prison and \$15,000 fine.

In addition to Phillips and Montgomery, Hunter listed those arrested as Sidney Earl Schwemmer, Long Beach; Michael Lee Jacobs, Glen Ellen; Jack D. Hodgkin, Washington state; Steven Morgan Sawalish, El Segundo; James Paul Leake, Newport Beach; Edward Martin Daley, Long Beach; Dennis Allen Sparkman, Albany, Ore.; Patricia Lloyd Moore, San Francisco; and Raul Garcia, Elmer Henao, Julio Gonzales, Fabio Gomez, Edgar Benitez and Jorge Calero, all identified as Colombian nationals.

DORNAN

Continued from Third Page

come to Los Angeles June 14, 1979, met with Peck and his attorney, Jules Ratcliff, gotten a Peck check for \$13,000 from them, gone to Peck's bank and cashed the check and then covertly turned the cash back to Peck. He said he understood that Peck used the money to pay back a \$13,000 loan he had taken in order to write the check to appear to reimburse the illegal \$13,000 contribution.

Dennis also said, according to the agent's account, that he considered the \$13,000 cash a loan to Peck, but that no papers had been drawn up on it and he had never asked repayment.

Peck said Thursday he had not met personally with Dennis when he came to Los Angeles and that his attorney had handed Dennis the check. Peck said he never got any money back, and that, in fact, he is still making regular monthly payments on the \$13,000 loan he took from City Bank of Beverly Hills.

A City Bank official confirmed that the loan is still being repaid and said no lump sum payments had been made to reduce its size dramatically.

An FBI spokesman said the agent's report had been released to Dornan under the Freedom of Information Act because his request had been very specific and the request "reflected information already in his knowledge."

Dornan had told The Times on Monday that he had met with FBI agents and given them two days to get the report released in an effort to answer charges that he was making campaign accusations with no basis.

CONVICTED MAN LOSES

EXHIBIT A

Court Rules No Excuse Needed in Case

By CHARLES
Times Legal A

When an accused person says he wants to give up his right to an attorney and represent himself, does the court have an obligation to warn him of the dangers of self-representation?

No, the state Court of Appeal said this week.

The question arose in the case of Terry Leon Bengtson, who was accused of driving under the influence of liquor.

On May 26, 1977, Bengtson appeared in Ventura County Municipal Court for arraignment. He waived his right to counsel and pleaded guilty.

Three Charged With Selling Bogus Art

Three persons were charged Thursday in federal fraud complaints with selling forged reproductions of paintings that they represented to be personally autographed works of comedian Red Skelton.

Named in the complaints were Gunnar Erman, 52, of Torrance; Laura Lee Kibbee, 28, and her brother, Roger Roy Kibbee, 26, both of Bermuda Dunes.

Postal inspectors armed with search warrant seized more than 8,000 reproductions of Skelton paintings, valued at more than \$1 million, from the home of Roger Kibbee and a nearby store facility.

SCHOOL CONFUSION PREDICTED

Have
The Times
delivered

EVERYTHING
WEDDING

Also

Dornan Acknowledges He Attempted to Aid Convict

Hoped Inmate Would Accuse Political Foe of Accepting Illegal Gift

By **KENNETH REICH**
Times Political Writer

Rep. Robert K. Dornan (R-Santa Monica) has acknowledged that he contacted federal prison authorities to get better treatment for an inmate he was hoping would publicly accuse Dornan's campaign opponent, Democrat Carey Peck, of accepting illegal cash contributions.

Dornan, in a Times interview, said he had been playing "a cat-and-mouse game" with James H. Dennis, convicted of fraud in Alabama and serving six months in federal prison at the time, after Dennis indicated to him that he had damaging information on Peck.

However, Dornan said that after three months of telephone exchanges with Dennis and one meeting with him in the Talledega, Ala., federal correctional institution April 30, he had informed him July 22, after his release from prison, that he no longer wished to deal with him.

"I said, 'James, I don't think I want you out in California,'" Dornan recalled. "I don't know whether you can be trusted."

Contacts With Penal Officials

The two-term congressman said that his contacts with the director of the federal prison system, Norman A. Carlson, and Talledega warden Robert Verdyne had been in the nature of questioning Dennis' classification when he was in prison and, through a staff assistant, urging that he get a furlough to attend his brother's funeral.

He said he had not been seeking special treatment for Dennis but rather only fair treatment that the prisoner deserved.

Both Verdyne and a spokesman for Carlson told The Times that Dornan had been in contact. Verdyne said that the furlough Dennis received and the prisoner's classification both were his (Verdyne's) decisions and that the congressman had not influenced him one way or another.



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Dornan's talks with Dennis and his statements about them are the latest developments in a controversy that has come to dominate the contest between Dornan and Peck, son of actor Gregory Peck, in the 27th Congressional District, on the West Side of Los Angeles.

Two years ago, when Dornan narrowly defeated Peck, Peck reported receiving \$13,000 in campaign contributions through Dennis, then a Birmingham, Ala., businessman whom Gregory Peck had met at an Alabama political fund-raising dinner.

Several months later, it was disclosed that the donations were illegal, that they had not come in \$1,000 amounts from 13 separate people as originally stated by Dennis but rather all from Dennis himself. Federal law prohibits a congressional candidate from receiving more than \$1,000 from an individual.

Carey Peck has stated that when he discovered this, he took out a \$13,000 loan and that his attorney handed a check for that amount to Dennis in Los Angeles on June 14, 1979, thus returning all the money involved.

Dornan, who has raised questions
Please Turn to Page 14, Col. 1

DORNAN TRIED TO AID INMATE

Continued from Third Page

about the \$13,000 in newspaper advertisements, campaign pronouncements and speeches on the floor of Congress, now is claiming that Dennis informed him when he met him in the Talledega prison that when he got the \$13,000 Peck check, he promptly cashed it at Peck's bank and returned the money in cash to Peck.

Peck vehemently denies this, and in recent comments Dennis, too, denies it. He says that Dornan tried to get him to make this accusation but that he refused.

Dornan's wife, Sally, and a staff member who accompanied Dornan to Talledega, Brian Young, corroborate the congressman's statement that Dennis told him at their prison meeting that he had returned the money to Peck in cash.

But the FBI and the U.S. attorney's office in Birmingham, which also had observers at the Dornan-Dennis meeting in the Talledega prison, refuse to confirm or deny that this was said and have declined all comment on anything that was said.

U.S. Attorney J. R. Brooks, in Birmingham, refused Dornan's request to be allowed to testify before the grand jury looking into allegations involving Dennis because he said he believed the congressman had a political motive.

Dornan has accused Brooks, the U.S. Justice Department and the Federal Election Commission of being involved in a cover-up of the matter.

Peck's Challenge to Congressman

Peck, meanwhile, told The Times that since Dornan had raised on the floor of the House the question of whether he got the \$13,000 back from Dennis, Dornan ought to substantiate the charge if he can.

"He's made very serious charges, and questions have been raised and not one of them has ever been substantiated," the Democratic challenger said in an interview. "We do have hard proof that the payment back was made (to Dennis). There is no proof, not even circumstantial, that it ever came back to me."

Peck said he was particularly concerned because two tape recordings of telephone conversations between Dornan and Dennis' attorney, Richard Groenendyke of Birmingham, indicate in his view that Dornan may have entered into an improper deal with Dennis. The conversations were taped by Groenendyke.

The tape recordings were played for Dornan in the course of The Times interview, and the congressman said he was "happy" with them "because I think it clears me in spades."

On one tape, Dornan is heard to tell Groenendyke, at the beginning of a conversation last June 13.

"I made a promise to Dennis that if he helped me I'd help him and I am trying to keep my end of the promise for selfish reasons as well as humanitarian reasons."

Later in the same conversation, telling of his contacts with Justice Department, FBI and prison officials, Dornan remarks.

"I am using my rights as an incumbent to defend my derriere and my seat, and, if in the course of it, I pick up some friendships and acquaintances that can get nothing special for Dennis but get him the cutting edge of everything that's fair then I am certainly going to do that to keep him disposed to back up the things he's already told me."

Ex. 5d(1), p. 1

A moment later in the conversation, he tells Groenendyke that he is sending along to Groenendyke's law partner, Steve Salter, a copy of a letter he sent June 10 to Carlson, the director of federal prisons.

In this letter, sent to Carlson's home in suburban Burke, Va., rather than to his Washington office, Dornan told the prison director:

"I very much appreciate the personal courtesies you extended to me and the time you spent in the matter of James H. Dennis Sr. My purpose in calling was to make sure that Mr. Dennis would be receiving all the statutory 'good time' to which he was entitled.

"It has come to my attention that Mr. Dennis has been reclassified to the status of 'community custody.' It appears that his previous classification was not the proper one in light of his offense.

"I was most impressed with your interest and diligence in this matter. If I may be of assistance to you in my congressional capacity, please don't hesitate to call on me."

The letter appears on Dornan's official congressional stationery, and in The Times interview he confirmed he had sent it.

Prisoner Classification Issue

However, he added that he now believes he had nothing to do with any changes in Dennis' classification. He said Carlson told him he had checked out his questions but that action on both the furlough and classification had already been taken.

In Washington, a Carlson spokesman acknowledged he had received Dornan's letter, but he could not comment extensively on Carlson's dealings with the congressman because, he said, the federal prison director was out of the country.

Dornan explained in the interview that he had undertaken both the conversations with Groenendyke and the approaches to prison officials in hopes of "drawing Dennis out." He said he had suspected at the time that Groenendyke was taping him.

Asked what specifically he meant by making the statement that if Dennis helped him, he would help Dennis, Dornan replied: "I have to play a cat-and-mouse game partially."

But, the congressman said, he finally wearied of dealing with Dennis because, he said, Dennis would never tell journalists what Dornan claimed he had told him at the Talledega prison meeting about returning the cash to Peck.

On July 22, Dornan said, he told Dennis on the telephone, "I think I'm going to dump out of the whole thing now. . . . In essence, don't call me, I'll call you."

But in a telephone interview, Dennis contended that it was he who had informed Dornan that day that he wanted to back out of a deal he claimed the two had made.

"The deal was this," Dennis said. "I would let him run wild if he wanted to, to make a few accusations (against Peck) . . . and then after the primary election, I would come out to California and hold a press conference. Very truthfully, at one time I considered doing that, but you do a lot of things when you're locked up to try to better your position."

As for Peck, Dennis said, "I never did give the money back to Carey. As far as I am concerned, Carey Peck is probably one of the most ethical and honest men I've ever met."

Dornan Acknowledges He Attempted to Aid Convict

Hoped Inmate Would Accuse Political Foe of Accepting Illegal Gift

By KENNETH KLEIN

Rep. Robert S. Dornan (R-Santa Monica) has acknowledged that he contacted federal prison authorities to get better treatment for an inmate he was hoping would publicly accuse Dornan's opponent, present Democrat, Gregory Peck, of accepting illegal cash contributions.

Dornan, a Los Angeles resident, said he had been playing "a cat-and-mouse game" with James H. Dennis, convicted of fraud in Alabama and serving six months in federal prison at the time, after Dennis indicated to him that he had damaging information on Peck.

However, Dornan said that after three months of telephone exchanges with Dennis and one meeting with him in the Tallahassee, Ala., federal correctional institution April 30, he had informed him July 22 after his release from prison that he no longer wanted to deal with him.

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The two-term congressman said that his contacts with the director of the federal prison system, Norman A. Carlson, and Tallahassee warden Robert Verzyne had been in the nature of counseling Dennis' information when he was in prison and, through a staff assistant, trying that he get a furlough to attend his brother's funeral.

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Both Verzyne and a spokesman for Carlson told The Times that Dornan had been in contact. Verzyne said that the furlough Dennis received and the prisoner's counsel both were his (Verzyne's) decisions and that the congressman had not interfered in any way.



Robert Dornan

Dornan's talks with Dennis and his statements about them are the latest developments in a controversy that has come to encompass the conflict between Dornan and Peck since after Gregory Peck, in the U.S. Congress and Tallahassee, Fla., was told a Los Angeles...

Two years ago, when Dornan narrowly defeated Peck, Peck received roughly \$10,000 in campaign contributions through Dornan, then a Republican, and business man who Gregory Peck had met at an Albany political fund-raising dinner.

Several months later, Dornan discovered that the donations were for the city had amounted to \$1,000 instead of the \$10,000 he had originally stated by Dennis but rather all from Dennis himself. Federal law prohibits a congressional member from receiving more than \$1,000 from an individual.

Gregory Peck explained that when he discovered that the total was \$1,000 he had had his attorney demand a check for that amount to Dennis in Los Angeles on June 14, 1978, thus returning all the money involved.

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DORNAN TRIED TO AID INMATE

Continued from Third Page
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Ex. 5d(1)



Olivera Street,
Flanagan Whitney



LIVELY TUNE—Carl Smith of Bonning High School marching band concentrates on the music. (These photo by Ken Mervin)

9-5-80

Dorman Acknowledges He Attempted to Aid Convict

Another Brown Aide Declines to Be Replaced

Hoped Inmate Would Access Political foe of Accepting Illegal Gift

By KENNETH REICH
Times Political Writer

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Dorman, who has raised questions, Please Turn to Page 14, Col. 1

By SUSAN J. DIAMOND
and BARBARA BRY
Times Staff Writers

Top officials in the Brown Administration said Thursday that Insurance Commissioner Wesley J. Kinder will be replaced, but Kinder told The Times he has no intention of resigning.

The governor has spoken with Kinder on at least two occasions in my presence and I have spoken with him in the last month," said Gray Davis, Gov. Edmund G. Brown Jr.'s chief of staff. "We do plan to make a change and Kinder is fully appraised of our plans in that regard."

Davis said the timing of Kinder's departure is under discussion but added, "Nobody is in a hurry."

He said Kinder has done "a fine job" as commissioner, but that it is time for a change. Kinder was appointed to the post in 1975 and was not officially re-appointed during Brown's second term as governor. Under state law, he can serve until replaced.

Kinder Kicking Around

The governor indicated to Wesley that it was time to make a change at the Department of Insurance, that he wants to afford other people an opportunity to serve before his second term expires," Davis said.

Brown has had three or four press secretaries, four business and transportation secretaries, and at least two secretaries of agriculture, Davis pointed out. "Change is the rule, not the exception," he said. "A steady influx of new people brings change and a new perspective."

Told that the Brown Administration had said he was leaving, Kinder said, "I haven't resigned and have no intention of doing so. That rumor has been kicking around for two to three months." He added that as far as he knew, the governor "isn't requesting my resignation."

Angele Khechadour, chief counsel for the Department of Insurance, also denied the governor has asked for Kinder's resignation. She said Please Turn to Page 21, Col. 4

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EDUCATION

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searchers claim. They believe the statistical sample used in the research—2,900 pupils in seven California school districts—is too small to draw valid conclusions for the state, much less for the nation.

These specialists also question that English-only instruction is best for many of these pupils.

"We don't think kids who might be marginally better off English-



Ex 50(2)
P.T.

TO AID INMATE

(Continued from Third Page)

about the \$13,000 in newspaper advertisements, campaign pronouncements and speeches on the floor of Congress, now is claiming that Dennis informed him when he met him in the Talledega prison that when he got the \$13,000 Peck check, he promptly cashed it at Peck's bank and returned the money in cash to Peck.

Peck vehemently denies this, and in recent comments he has too, denies it. He says that Dornan tried to get him to make this accusation but that he refused.

Dornan's wife, Sally, and a staff member who accompanied Dornan to Talledega, Urban Young, corroborate the congressman's statement that Dennis told him at their prison meeting that he had returned the money to Peck in cash.

But the FBI and the U.S. attorney's office in Birmingham, which also had observers at the Dornan-Dennis meeting in the Talledega prison, refuse to confirm or deny that this was said and have declined all comment on anything that was said.

U.S. Attorney J. R. Brooks, in Birmingham, refused Dornan's request to be allowed to testify before the grand jury looking into allegations involving Dennis because he said he believed the congressman had a political motive.

Dornan has accused Brooks, the U.S. Justice Department and the Federal Election Commission of being involved in a cover-up of the matter.

Peck's Challenge to Congressman

Peck, meanwhile, told The Times that since Dornan had raised on the floor of the House the question of whether he got the \$13,000 back from Dennis, Dornan ought to substantiate the charge if he can.

"He's made very serious charges, and questions have been raised and not one of them has ever been substantiated," the Democratic challenger said in an interview. "We do have hard proof that the payment back was made (to Dennis). There is no proof, not even circumstantial, that it ever came back to me."

Peck said he was particularly concerned because two tape recordings of telephone conversations between Dornan and Dennis' attorney, Richard Groenendyke of Birmingham, indicate in his view that Dornan may have entered into an improper deal with Dennis. The conversations were taped by Groenendyke.

The tape recordings were played for Dornan in the course of The Times interview, and the congressman said he was "happy" with them "because I think it clears me in spades."

On one tape, Dornan is heard to tell Groenendyke, at the beginning of a conversation last June 13:

"I made a promise to Dennis that if he helped me I'd help him and I am trying to keep my end of the promise for selfish reasons as well as humanitarian reasons."

Later in the same conversation, telling of his contacts with Justice Department FBI and prison officials, Dornan remarks:

"I am using my rights as an incumbent to defend my territory and my seat, and, if in the course of it, I pick up some friendships and acquaintances that can get nothing special for Dennis but get him the cutting edge of everything that's fair then I am certainly going to do that to keep him disposed to back up the things he's already told me."

Letter to Prison Director

A moment later in the conversation, he tells Groenendyke that he is sending along to Groenendyke's law partner, Steve Salter, a copy of a letter he sent June 10 to Carlson, the director of federal prisons.

In this letter, sent to Carlson's home in suburban Burke, Va., rather than to his Washington office, Dornan told the prison director:

"I very much appreciate the personal courtesies you extended to me and the time you spent in the matter of James H. Dennis Sr. My purpose in calling was to make sure that Mr. Dennis would be receiving all the statutory 'good time' to which he was entitled."

"It has come to my attention that Mr. Dennis has been reclassified to the status of 'community custody.' It appears that his previous classification was not the proper one in light of his offense."

"I was most impressed with your interest and diligence in this matter. If I may be of assistance to you in my congressional capacity, please don't hesitate to call on me."

The letter appears on Dornan's official congressional stationery, and in The Times interview he confirmed he had sent it.

Prisoner Classification Issue

However, he added that he now believes he had nothing to do with any changes in Dennis' classification. He said Carlson told him he had checked out his questions but that action on both the furlough and classification had already been taken.

In Washington, Carlson spokesman acknowledged

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In Washington, a Carlson spokesman acknowledged he had received Dornan's letter, but he could not comment extensively on Carlson's dealings with the congressman because, he said, the federal prison director was out of the country, attending a conference in Venezuela.

Dornan explained in the interview that he had undertaken both the conversations with Groenendyke and the approaches to prison officials in hopes of "drawing Dennis out." He said he had suspected at the time that Groenendyke was taping him.

Asked what specifically he meant by making the statement that if Dennis helped him, he would help Dennis, Dornan replied: "I have to play a cat-and-mouse game partially."

But, the congressman said, he finally wearied of dealing with Dennis because, he said, Dennis would never tell journalists what Dornan claimed he had told him at the Tallahassee prison meeting about returning the cash to Peck.

BICENTENNIAL EVENT

Continued from Third Page

safe in a 12-foot Lucite time capsule, a replica of the bicentennial angel logo, which will be on display at City Hall through the year. Bradley and each member of the City Council followed suit, presenting gifts to the city that ranged from a piece of the original Hollywood sign to film clips, to a crimson and gold charro hat, T-shirts, an ear of corn from the west San Fernando Valley, a miniature suburban street lamp.

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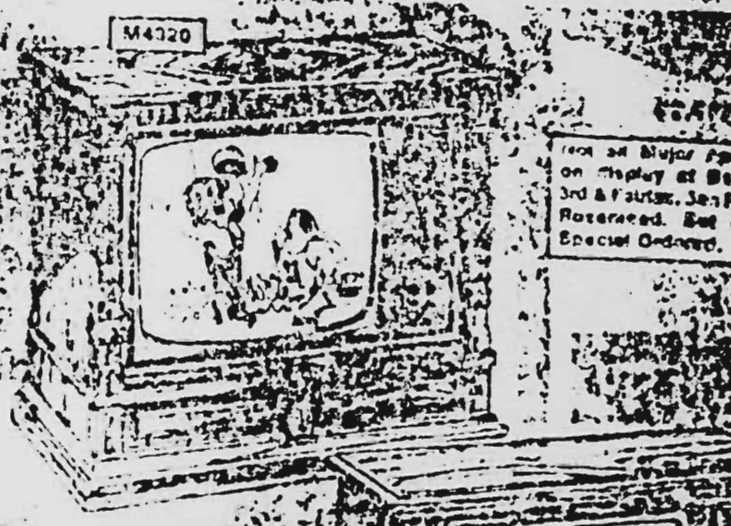
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By Rich Coase
Political writer

The Daily Breeze

Second Front Page

Mon., Sept. 8, 1980 B1

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And that applies to the 27th Congressional District where incumbent Republican Robert K. Dornan is locked in an intense, expensive rematch with Democrat Carey Peck.

Dornan has blasted Peck's integrity, his background and portrayed him as a naive tool of the "liberal big spenders" in Congress.

Peck has claimed Dornan is "pushing right wing, moral legislation" and smearing him and his father, actor Gregory Peck.

Both are raising hundreds of thousands of dollars in a campaign expected to be among the most costly House races in the nation.

For his part, Dornan is taking the threat posed by Peck much more seriously than he did in 1978, when Peck came within 3,800 votes of ousting him.

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But Dornan, 47, a fiery orator who has emerged as a conservative Republican spokesman, feels he has a greater advantage now because of

the public's concerns about inflation, government spending and defense.

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On the issues, polls have shown a majority of voters in the 27th District are conservative on fiscal matters, defense and crime yet liberal on such social issues as abortion.

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tionary increases in tax rates.

"Dornan's tax bill would be 'horrendously inflationary' by putting billions of dollars into the economy," Peck claims.

Dornan says he has introduced legislation to control the money supply over several years to contain inflation.

On defense spending, Dornan has been a leader in the effort to fund the B-1 bomber, so much so that he earned the title "B-1 Bob" in the media.

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In the long range, Dornan advocates development and deployment of an anti-ballistic missile system for defense purposes.

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(rearranged)

Ex. 5e, p. 1

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On matters of foreign policy, Dornan said the U.S. must return to a policy of containment of communism.

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"There was no Judeo-Christian participation in the Nazi government. The atheists went wild."

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Third man's name shadows campaign

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Peck claims he did not know the funds were illegally donated and returned the money in June, 1979, after becoming suspicious.

Dornan, who has been investigating the matter for nearly a year, claims Peck had reason to be suspicious of the money "but turned the other way."

He now claims Peck tried to cover up his mistake and has been aided by the Federal Elections Commission and the U.S. Justice Department.

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Dennis had agreed to raise funds for Carey Peck after meeting his father, actor Gregory Peck, at a

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Carey Peck said he had no reason to suspect the contributions at the time they were made because Dennis was then considered a respectable businessman.

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Now he says his campaign probably only contacted Dennis' secretary.

Dornan-Peck — B4, C6L

Dornan-Peck

From page B1.

... "I had no reason to suspect the guy," he said.

A big turn in the complicated affair came in April when Dornan visited Dennis in federal prison at Taladega, Ala.

Dennis, who is now free pending an appeal, was serving a six-month jail term at the time.

Dornan claims that in the presence of his wife, Gailie, an aide, an FBI agent and a U.S. Attorney, Dennis said he gave \$13,000 in cash back to Peck after cashing Peck's check in a Los Angeles bank.

Peck strongly denies the charge, though he acknowledges Dennis came to Los Angeles to get the \$13,000 back. Peck produced a canceled check, which shows Dennis cashed it in Los Angeles. But he did not meet with Dennis during the trip.

Peck said, and the return of the money was handled by his attorney.

Efforts by *The Daily Breeze* to contact Dennis have been unsuccessful, but Dennis reportedly denies giving the cash back to Peck.

Columnist Jack Anderson reported recently that the FBI had launched a "quiet investigation" of Dennis' claims.

The FBI would neither confirm nor deny the report.

Peck says he has had no contact with the FBI.

For Dornan, who had several phone conversations with Dennis in addition to the visit in prison, his contacts with the convict have backfired politically.

It was reported widely last week that Dornan allegedly struck a deal with Dennis to obtain damaging information on Peck.

The congressman denies making an deal.

Dornan admits a member of his congressional staff contacted Taladega prison officials to request a furlough for Dennis so he could attend his brother's funeral.

He denied seeking any special treatment for Dennis.

Peck claims Dornan's contacts with Dennis and prison officials "raise real questions. It's a wrong use of the office."

Overall, Peck claims the affair is hurting Dornan.

"He's making serious, totally unsubstantiated charges and he's got nothing to back it up. The whole thing is caving in on him."

Dornan maintains the contributions and Peck's handling of them has not been properly investigated or reported.

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"Dornan's original charges dealt with campaign mismanagement didn't want to involve my father," he said.

Peck also said initially that he made an effort to contact some of the businesses of the "donors" to verify their occupations.

Now he says his campaign probably only contacted Dennis' secretary.

Dornan-Peck — B6, C6L

Dornan-Peck

From page B1

any. "I had no reason to suspect the guy," he said.

A big turn in the complicated affair came in April when Dornan visited Dennis in federal prison at Talladega, Ala.

Dennis, who is now free pending an appeal, was serving a six-month jail term at the time.

Dornan claims that in the presence of his wife, Salito, an aide, an FBI agent and a U.S. Attorney, Dennis said he gave \$13,000 in cash back to Peck after cashing Peck's check in a Los Angeles bank.

Peck strongly denies the charge, though he acknowledges Dennis came to Los Angeles to get the \$13,000 back. Peck produced a canceled check, which shows Dennis cashed it in Los Angeles. But he did not meet with Dennis during the trip.

Peck said, and the return of the money was handled by his attorney.

Efforts by *The Daily Breeze* to contact Dennis have been unsuccessful, but Dennis reportedly denies giving the cash back to Peck.

Columnist Jack Anderson reported recently that the FBI had launched a "quiet investigation" of Dennis' claims.

The FBI would neither confirm nor deny the report.

Peck says he has had no contact with the FBI.

For Dornan, who had several phone conversations with Dennis in addition to the visit in prison, his contacts with the convict have backfired politically.

It was reported widely last week that Dornan allegedly struck a deal with Dennis to obtain damaging information on Peck.

The congressman denies making an deal.

Dornan admits a member of his congressional staff contacted Talladega prison officials to request a furlough for Dennis so he could attend his brother's funeral.

He denied seeking any special treatment for Dennis.

Peck claims Dornan's contacts with Dennis and prison officials "raise real questions. It's a wrong use of the office."

Overall, Peck claims the affair is hurting Dornan.

"He's making serious, totally unsubstantiated charges and he's got nothing to back it up. The whole thing is caving in on him."

Dornan maintains the contributions and Peck's handling of them has not been properly investigated or reported.

July 15, 1980

80 NOV 25 P 4: 05

Dear Gregory,

I was glad to receive your letter and glad that you are doing well. I appreciate you returning the letter under the circumstances.

About Congressman Downan:

He is a smart man, and does not want to accept the truth concerning the donations to Casey. He accused you of helping secure the money for Casey, but I was quick to inform them that neither you ^{nor} Casey were ever under the impression that the money was anything but legal donations.

He brought his wife with him to tell me that she was a forgiving and understanding person, I found no merit to his explanation of her general ~~character~~ character, since she had never committed any crime against either of the two.

Ex. 5f, p. 1

He immediately began to tell me that he was a Vietnam and had been shot down over Vietnam on two occasions. I asked him if that was a prerequisite of being a Congressman, and he said, "No, but it helps if you are trying to get votes." He then laughed casually, and said "Well, most people don't even count themselves with the issue if they think you are a veteran, they just simply vote for you if your opposing candidate isn't." (End of quote).

We then proceeded to try and access the FEC documents, but he showed no interest in them whatsoever. He tried on several occasions to get me to say that after I had paid me the money back, that if I then requested to loan him the money back, I said, "Congressmen Damon Luper will not accept the plain truth of the matter, but you appear to only want to make headlines through various statements."

Congressman Dornan then attacked Casey and said that his campaign was being run by a homosexual and a wife-hater. He said that apparently Casey was trying to go after the homosexual vote, and people of that general character. I asked the Congressman if he didn't think all people were entitled to representation, and he said, "I don't think homosexuals should even be allowed to vote, much less have any sort of representation."

He then was made aware of a source that was somewhat similar to a snitch-detector warning. After examination, we determined that it wasn't a snitch-detector, but was a recorder in his wife's presence. I had anticipated that he would say something of this nature, so I had given permission for a FBI agent to be present. Congressman Dornan had entered the office under the pretext of a Congressman, and had misled a Bureau of Prison Policy that allows no tape recorder or device of that nature to be brought into a Federal Prison without

approval of the Warden. Not only had
he violated Bureau of Prisons policy,
but also ~~the~~ individual rights
guaranteed by the Constitution that he
has sworn to uphold.

I then asked Congressman Brown to
leave and informed him that I ~~was~~
would be considering legal action
against him for this violation. He
informed me that it would be
his word against that of a convicted
felon, and I replied, ~~that~~ "Just
that the reason you came down here
to ask me questions, and then make
up your own answers, and hope that
nobody would believe you if I
disputed your claims."

Brown, if I have allowed this man
to be released through my own errors,
then God forgive me. I hate to think
that the People of California are being
deprived by this man, and that
my alleged contribution to California
done so without his knowledge.

might enable this man to take
the truth of a through investigation
to the FEC, and turn the truth
around to confuse the voters to
a point that they might think
that Camp had anything to do with
the contribution.

I am sorry if I have brought
any shame to your ^{or} Camp. But
most of all, if I have let a man
turn the truth around to name
the best candidate of the two.

Sincerely
James H. [unclear]

Office of the Clerk
U.S. House of Representatives
Washington, D.C. 20515

December 17, 1980

FROM: Michael L. Murray, Director *MLM*
Office of Records and Registration
TO: Charles N. Steele, General Counsel
RE: Complaint from Honorable Robert K. Dornan

Enclosed please find a letter and four newspaper articles from Honorable Robert K. Dornan, which was received by this office.

Since this document concerns a complaint by Congressman Dornan against his former opponent, Carey Peck, I am forwarding it to your office to handle in a manner consistent with Commission procedures.

Enclosure

31049231044

DEC 17 5:10

**Robert K.
DORNAN**



HAND DELIVERED

December 12, 1980

Federal Election Commission
Washington, D.C.

U.S. HOUSE OF REPRESENTATIVES
1980 DEC 16 11:37

Dear Commissioners:

Attached please find newspaper articles relating to the complaint I filed against Carey Peck on November 4, 1980:

- 1) Santa Monica Evening Outlook, "Dornan, Peck dispute gift of campaign funds," January 10, 1980;
- 2) Beach Cities Daily Breeze, "Dornan opens early attack on Peck in 27th District," January 30, 1980;
- 3) Santa Monica Evening Outlook, "Peck fund of \$13,000 analyzed," February 5, 1980;
- 4) Los Angeles Herald Examiner, "Dornan-Peck," October 26, 1980.

I hope this additional information is helpful.

Sincerely,

Robert K. Dornan
Member of Congress

RKD:bb

DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

Ex. 6a

31040001045

Jan. 10 ^{EO} →
steepest since '74

Dornan, Peck dispute gift of campaign funds

By WILL THORNE
Evening Outlook Staff Writer

Rep. Robert K. Dornan this week publicly asked whether his chief re-election opponent, Democrat Carey Peck, had accepted \$13,000 in illegal campaign contributions two years ago. Peck denied any wrongdoing.

The exchange was the first blow in a return match between Dornan and Peck over the 27th Congressional District seat.

It came as Peck, the son of actor Gregory Peck, formally announced his candidacy to nearly 500 supporters Wednesday night. Flanking him on the stage were Los Angeles Mayor Tom Bradley, Santa Monica Mayor John Bambrick, county Supervisor Yvonne Burke and actor Troy Donahue.

In an advertisement prepared for publication in both the Evening Outlook and Torrance's South Bay Daily Breeze, Dornan accused Peck of having accepted the money from James H. Dennis, a Birmingham, Ala., coal supply salesman who was sentenced to four years in prison for defrauding a San Francisco firm.

The advertisement, scheduled to appear Wednesday, only hours before Peck formally announced his candidacy for the Democratic congressional nomination, was rejected by both newspapers on grounds some portions of it may have been legally actionable.

"We conferred with our attorneys and decided to reject the ad," said Dennis Morefield, managing editor of the Evening Outlook.

Dornan charged that the money, listed as having been given by 13 different

Turn To Page A-5

Column 1

Ex-66
P-1

Dornan, Peck dispute

Continued From Page A-1

Alabama residents, all came from Dennis, in violation of federal law prohibiting any one individual from giving more than \$1,000 in any one election race.

"This money, 'laundered' in the form of cashier's checks, was given in the name of 13 individuals and deposited into your campaign account during the final days of your campaign against me (in 1978) and the three weeks following that election," Dornan said in the advertisement.

Peck, who came within two percentage points of unseating Dornan two years ago, counter-charged that the flamboyant Republican congressman was attempting to smear him and threatened libel action.

He said Dornan, a 46-year-old former TV talk show host known for his no-holds-barred campaigning, was making charges that were "hysterical and an early attempt to throw mud."

"This is the cheapest sort of attack," he said.

Peck, a 30-year-old former U.S. Senate aide, said the money had been returned after he and his father discovered that Dennis had been indicted — and eventually convicted and sentenced to four years in prison — on charges of having bilked a San Francisco financial firm, Itel Corp., of \$997,000.

He said his suspicions were also heightened when he saw Birmingham newspaper clippings in which it was reported that Dennis had contributed \$22,000 illegally to the campaign of U.S. Sen. Donald Stewart, for whom the elder Peck campaigned.

Dennis was fined \$18,000 by the Federal Elections Commission (FEC) for the Stewart contributions.

"On the basis of our suspicions that it (the \$13,000 given to the Peck campaign) might be illegal, we returned the money," he said.

Peck said there had been no attempt at that time to ascertain from Dennis whether the money was illegal.

The funds were returned through his own attorney to Dennis' attorney after the two lawyers had worked out a formula under which the \$13,000 would be reapportioned out among the original donors, he said.

Peck said he first had met Dennis during Stewart's campaign, when Dennis was attached to Stewart's campaign staff.

"My father campaigned for Sen. Stewart," he said. "He had a tough campaign. My father went down there and raised money for him.

"Stewart said he was very thankful, and Dennis was there, and he said he was very thankful."

Peck said Dennis had promised as a result of his father's success to raise "about \$10,000" in Alabama for the younger Peck's campaign.

"It was a direct return," said Peck.

He said the Pecks first discovered the accusations against Dennis in both the fraud case and the charge of illegal contributions through a clipping service the elder Peck maintains.

Peck said he had immediately obtained a personal bank loan of \$9,000 in order to pay back the funds.

"I'm not proud of the incident, but I'm proud of the way we handled it," he said.

In a letter written to Peck, originally designed to be included in the ad, Dornan asked, "If you can't control your campaign, how could you possibly run a congressional office?"

In comments to this reporter, Dornan particularly questioned why Peck had, in returning the Dennis donations, sent the entire sum to Dennis.

"Why didn't he send 13 individual checks back?" he said.

The congressman also said he believes the FEC, which oversees federal elections, is "exercising selective outrage."

"They are hassling the living hell out of conservative PACs (political action committees), where some of the unions are getting away with outrageous violations," he said.

"I can only state emphatically that if this money (\$13,000) had arrived in my campaign, there would have been a typhoon of activity attempting to return it," he said.

As an example, said Dornan, one potential giver had approached his campaign staff with only \$300 in cash — cash donations are illegal — and it had not been accepted in that form.

"We escorted him to the bank immediately to have the money put into a check," he said. "If a single cashier's check had come in, we could not have touched it."

In the announcement Wednesday night of his candidacy, Peck said although the U.S. faces important international problems, he believes the most important problems are domestic ones.

He cited "an economy that's turning sour," "a high rate of unemployment, especially among women and the minorities," and senior citizens.

He also criticized what he said was a new wave of "religious rhetoric" and "bedroom legislation" from the "right-wing."

Ex. 66
p. 2

Dornan, Peck dispute gift of campaign funds

By WILL THORNE
Evening Outlook Staff Writer

Rep. Robert K. Dornan this week publicly asked whether his chief re-election opponent, Democrat Carey Peck, had accepted \$13,000 in illegal campaign contributions two years ago. Peck denied any wrongdoing.

The exchange was the first blow in a return match between Dornan and Peck over the 27th Congressional District seat.

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original submitted
by Congressman Dornan

Turn To Page A-5

Column 1

Ex. 66

continued on page 1

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 than \$1,000 to any one election race.

This money, which had the form
 of 13 checks, was given in the
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 wing."

original
 submitted by
 Congressman
 Dorman

Ex. 6 b

Torrance, Calif.
Hawthorne-El Segundo
Beacon
(Cir.W.23,000)

JAN 30 1980

Allen's P. C. B. Est. 1888

Ex. 60

Dornan opens early attack on Peck in 27th District

By Rich Connell
Political writer

In an unusual, early attack in the 27th Congressional District race, U.S. Rep. Robert K. Dornan is challenging contributions made to Democrat Carey Peck's 1978 campaign.

Dornan, a Republican who was nearly unseated by Peck in the election two years ago, raised the issue in a full-page advertisement in Monday editions of *The Daily Breeze*.

Under the headline, "Congressman Robert K. Dornan has some tough questions for Carey Peck," the ad poses a series of questions about \$17,000 in contributions Peck re-

ceived from Alabama businessman James Dennis.

Dennis was fined \$18,000 by the Federal Elections Commission after he admitted making illegal donations to Peck's campaign and another political campaign in Alabama.

The FEC took no action against Peck, who returned the funds to Dennis in June 1979 when he became suspicious of the donor.

Peck is considered the front-runner for the Democratic nomination, and his victory in the June primary would set the stage for a rematch with Dornan.

The early assault, coming five months before the

primary and 10 months before the general election, indicates Dornan will carry out his promise to "take the gloves off" against Peck this year.

In his ad, Dornan suggests Peck should not have accepted the funds. "If you can't control your campaign, how could you possibly run a congressional office?" the ad asks.

Peck said he had no reason to believe the contributions, which arrived by mail in \$1,000 cashier's checks, were made improperly.

Dennis, 28, was considered a respected businessman at the time the contributions were made,

Peck said. "He had outstanding recommendations."

A flamboyant owner of a mining equipment company in Birmingham, Dennis admittedly violated federal law which puts a \$1,000 limit on individual contributions to candidates for federal office.

Twelve of the \$1,000 checks were donated illegally in the names of Dennis' friends and relatives in Alabama. One of the checks was donated legally in Dennis' name.

Dennis also admitted making more than \$20,000 in illegal contributions to the campaign of U.S. Sen. Donald Stewart.

In a settlement Dennis signed with the FEC, he said the campaign committees, the candidates and the individuals whose names he used did not know what he had done.

Peck said Dennis agreed to raise funds for his campaign after Peck's father, actor Gregory Peck, had met Dennis in Alabama.

The elder Peck had been on a fund-raising swing with U.S. Sen. Alan Cranston, a California Democrat.

Carey Peck said he met Dennis only once in the closing weeks of the campaign when he came to Los Angeles.

The funds began arriving

a short time later, he said.

It was not until the summer of 1979, when Peck received newspaper clippings about a probe of Dennis' affairs, that Peck became suspicious of the contributions, he said.

At the time, Dennis was the target of a federal grand jury probe of his involvement in a scheme to swindle a California firm out of nearly \$1 million.

Dennis later pleaded guilty to one count of an indictment and was sentenced to 4½ years in prison.

When he learned of Dennis' legal problems, Peck said he took a personal bank loan and returned the money.

Dornan says Peck should have checked the contributions more closely and been suspicious of the fact they arrived as cashier's checks.

Peck and his former campaign treasurer, Stan Caidin, said there was no reason for suspicion because Dennis came highly recommended by Cranston and Stewart.

Peck said his campaign workers checked with Dennis to verify the names and occupations of the donors. His campaign also checked with some of the donors' businesses, Peck said.

Fred Elland, a spokesman for the FEC in Washington, D.C., said

Peck's campaign apparently received the money not knowing it was donated illegally.

"They took the money in good faith and once they found out it was bad, they returned it," he said. "They are not required to send out investigators on each contributor."

But Dornan, whose aides found out about the contributions after checking Peck's post-election financial statement, says the FEC is "notorious for letting losers off the hook so they can come back the next time."

Peck said the early attack by Dornan shows the incumbent is concerned.

ter amendment prohibits the conversion of any rental units to condominiums

Turn To Page A-1

Peck fund of \$13,000 analyzed

Feb 5
S.E.O.

By WILL THORNE
Evening Outlook Staff Writer

A total of \$13,000 in contributions, made over the space of a month in the autumn of 1978 to the campaign of Santa Monica congressional candidate Carey Peck, has become one of the issues of the return election match between Peck and Rep. Robert K. Dorman this year.

The issue, which might normally be thought to be the most headline-catching one of the Peck-Dorman race so far, had not flared up fully for two reasons.

First, although it has been raised by Dorman at a series of speeches he has made in the Santa Monica-Westchester (27th) district since mid-December, those talks have been largely unattended by newspaper reporters and have gone unreported. And Peck has himself chosen to dismiss Dorman's charges as unworthy of answer.

Secondly, although Dorman has attempted to carry his charges to a larger public audience, full-page advertisements offered by his campaigners early this year to the Evening Outlook and the Torrance-based South Bay Daily Breeze were rejected on advice of attorneys as potentially libelous.

In an extensive investigation of circumstances surrounding the contributions, the Evening Outlook has been able to determine that:

- The contributions were made in violation of federal law which states that no single individual may contribute more than \$1,000 to any one campaign, or may contribute corporate funds.

- The \$13,000 came from a Birmingham, Ala., coal salesman who has since been sentenced to four years in prison for defrauding a San Francisco firm. The contributor, James H. Dennis Sr., also illegally contributed \$22,000 to the re-election campaign of U.S. Sen. Donald Stewart, D-Ala.

- Peck returned the \$13,000 to donor Dennis in June 1979 without having had any formal notification that the contributions had been illegal.

- Dennis quickly admitted having

Turn To Page A-1 Column 1

Ex. 6d, p. 1

Peck campaign funds

Continued From Page A-1

and the contributions to both Peck and Stewart while using the names of others, at least sometimes without their knowledge, and that Dennis absolved Stewart and Peck of any wrongdoing.

— There is no evidence that Peck, the 30-year-old son of actor Gregory Peck and the man who came within 2 percentage points of upsetting Dorman in 1973, had any knowledge of Dennis' contributions were illegal.

— The Federal Election Commission acted more as a referee in the case of the \$13,000 contributed to Peck and \$22,000 contributed to Stewart than a judicial body, accepting Dennis' quick confession and absolution of the two candidates and making this the basis of its official findings.

— The commission, although assessing Dennis a \$55,000 penalty, later decreased that sum to \$18,000 at Dennis' bidding, had allowed him several extensions of deadline to pay, and to date has not yet enforced payment.

As told to Evening Outlook reporters by those who played a part, the whole matter might have never occurred had not Stewart had a particularly tough re-election battle in 1978.

Called on his friends

Because he did have, Stewart called on all the friends and supporters he felt might be of help to him and one of these was Gregory Peck.

"My father went down there and raised money for him," is the way the younger Peck tells it today. "Stewart said he was very thankful and Dennis was there, and he said he was very thankful."

The upshot of this was, Peck went on, that Dennis promised to raise "about \$10,000" for the upcoming Peck campaign in California, an offer which was accepted for what it seemed to be.

"It was a direct return," said Peck.

Peck said the 13 cashiers' checks — each for \$1,000 — had been inspected as they came into his headquarters and found to have been good ("That was real money and those were real people," he said), although later admitting campaign workers had relied on Dennis' then-good name and word.

"That is the accepted procedure," he

said. "He (Dennis) was referred to us and he had very high recommendations and, of course, at this time he was under no suspicion."

That lasted six months.

By mid-April, Birmingham, newspapers were carrying the first stories questioning Dennis' contributions to Sen. Stewart; by May 8 Dennis had confessed to making illegal contributions of corporate funds, and by May 9 his attorney, J. Stephen Salter, was asking the FEC to meet and discuss penalties.

Suspicion of fraud

The stories were made spicier because Dennis was under investigation on suspicion of fraud at the time. He was eventually named in a 10-count federal grand jury indictment July 6 which accused him of defrauding San Francisco's Intel Corp. of \$97,000.

(The outcome of this later that year was that he was found guilty of only one of the 10 counts and sentenced to four years in prison, a sentence which he is now appealing.)

It was not, however, until May 10 that the name of Carey Peck came into the affair — and even then it came into it unofficially.

On that date, the Birmingham News carried a story quoting James Dennis as having admitted that he "gave \$12,000 in other people's names to the campaign of California's Carey Peck."

"I thought you could give \$1,000 in each individual's name — honest to God," the story quoted Dennis.

(The discrepancy between "\$12,000" and "\$13,000" which exists in news clippings and official communications regarding the contributions exists because only \$12,000 of the total of \$13,000 was actually illegal. Because Dennis could legally give \$1,000, the status of this amount was that of a legal contribution.)

The News' staff writer, Andrew Kilpatrick, portrayed Dennis as a man who had money and was generous with it with people whom he admires; who had given \$10,000 to the city of Birmingham and another \$10,000 to a charity project sponsored by the Birmingham Post-Herald.

"If I like somebody or some cause, I give to it," Dennis was quoted.

As for Peck, wrote Kilpatrick, Dennis recounted having made the donation because "he and Peck have been friends for the last two years."

"Dennis also said he knows Gregory Peck and that he (Dennis) and Gregory Peck have invested money in a Broadway play, 'Sweeney Todd,'" said the article.

The Kilpatrick article was widely read. Copies of it soon reached the FEC in Washington. And similarly, they reached Carey Peck.

"My father has a clipping service and they reached us through that," said Peck. "We still didn't know that the contributions were illegal, but we thought they might be. The suspicion was there."

"The decision was simply made to get rid of the money, to return it without waiting to see if these allegations were true or not."

Peck turned the job over to his attorney, Jules Radcliffe, who together with Dennis' attorney worked out a formula for returning the money. It would all go to Dennis, who would be responsible for returning it to whatever source from which it came.

Required by law

Unlike Sen. Stewart, whose campaign treasurer had outlined his problems over Dennis' contributions in a May 15 letter to the FEC, Peck entered the return on his regular expense report — all that was required of him by law.

There was little made of the contributions to Peck, either by the Alabama papers or the FEC.

"The story was Stewart," said one reporter who covered the incidents. "Peck was just a few paragraphs added."

Similarly, with a conciliation agreement being drawn up around the Stewart contributions already in the making, the FEC merely added the details of the Peck contributions. Dennis was to sign the agreement in August and his penalty was to be for both together.

Ex. 6d, p. 2

Since the commission had received no word from Peck, however, its members were worried about the return of the \$13,000 and on Aug. 9 the commission ordered a letter written to Peck's campaign office notifying him of the possibility the funds were illegal and asking their return.

The letter was never sent, because on Aug. 13 the commission received a letter from Dennis' attorney, Salter, which was dated Aug. 8 and which reported the illegal \$12,000 (\$1,000 of the \$13,000 was legal, because it had actually come from Dennis) had been already returned.

"Mr. Dennis has previously notified the Peck Campaign regarding these matters and approximately one and one half months ago received a full return of these contributions," it read.

DORNAN CHARGES PAIR RECEIVED ILLEGAL FUNDS

Evening Outlook News Services

WASHINGTON — Rep. Robert Dornan charged on the House floor Monday that his Democratic opponent in the 1978 election and a U.S. senator have received illegal contributions in corporate funds from an Alabama businessman.

After opening references to an FBI investigation of alleged congressional bribe-taking, Dornan, R-Santa Monica, Westchester, complained the Federal Election Commission (FEC) has not investigated the illegal contributions he alleges.

"So, while scandal is in the air, we should include in our investigations the lack of activity or interest on the part of the FEC to investigate not only PACs (political campaign committees) and incumbents but challengers also," Dornan told the House.

"My opponent, young Carey Peck, in the '78 general election race, it turns out, accepted 13 \$1,000 illegal corporate contributions, all in sequentially numbered cashier's checks.

"A member of the other body (Sen. Donald Stewart, D-Ala.), it appears, received 23 illegal corporate contributions in cashier's checks drawn from the same

Dornan said the checks he accused Stewart of receiving were sequentially numbered except for a gap for checks he accused Peck of receiving.

He said he will ask for FEC audits of Peck's campaign funds. (Peck is challenging Dornan again this year.)

"Rather, I will demand them," Dornan said.

Dornan said the contributions, made by Birmingham coal supply salesman James H. Dennis Sr., were part of \$37,000 that "was embezzled from San Francisco the year before."

"That's right," Dornan said. "Almost \$1 million stolen by a 23-year-old con man who then tried to replace me in Congress with an inexperienced 23-year-old son of a multi-millionaire movie star (Gregory Peck.)"

"Now if the majority leader (Rep. Jim Wright, D-Texas) is going to come to my district, as Peck has announced, to try to defeat me, then the minority leader had better prepare for a fight as tough as the Alamo, with my playing Davey Crockett, and a different outcome," Dornan said.

Dornan said he will make "a series of disclosures even more interesting."

31040231053



REP. ROBERT K. DORNAN
... raised the issue



JAMES H. DENNIS SR.
... contributed to Peck



CAREY PECK
... returned gift

Salter's letter appeared in part to contradict Peck's story of a voluntary return of the funds, but it may also have been a turn of the phrase and the fact is hard to pin down.

Salter, ever protective of Dennis, didn't recall exactly but he reported that "James hadn't meant to bother anybody," and believed the initiative probably had been Dennis'.

'Bet a nickel'

"Knowing James, I would bet a nickel to a doughnut that he'd written (to Peck)," he said.

Peck thought Salter might have been referring to a Dennis reply to the Peck initiative — and Peck attorney Radcliffe thought Salter just happened to say it that way without very much reason at all.

"I don't know," said Radcliffe. "Maybe he's using the word 'notify' as a term-of-art, I suppose."

This was not something which troubled the FEC.

"The contributions had been refunded. Dennis had admitted full responsibility," said Sharon Snyder, an FEC information officer. "The commission did not feel it was necessary to continue the matter."

Stewart was now out of it. Peck was out of it. The contributors in whose names Dennis had made the donations were out of it. It remained only for the commission to deal with Dennis.

Conciliation agreement

On Sept. 8, Dennis signed a conciliation agreement in which he admitted making the illegal contributions, took full responsibility, and agreed to pay a penalty of \$36,000, which was to cover the contributions to both Peck and Stewart.

Almost immediately Dennis, acting through attorney Salter, began negotiating. He asked for a reduction in the penalty to \$18,000 and won his request.

On Sept. 12, attorney Salter wrote William C. Oldaker, the FEC's general counsel, to ask that a 30-day deadline for payment be relaxed.

Salter pointed out that Dennis was in other trouble — he faced charges of defrauding a San Francisco financial firm, ITEL Corp., and of making a false statement on loan applications — and asked for consideration.

"The government's actions in these (other) matters consumes the bulk of both mine and my client's time and energies, let alone his resources...." pleaded Salter.

"We are now beginning our fourth week of trial... Obviously, this has impaired his financial circumstances and his ability to make progress in finalizing the settlement herein."

Asked for full payment

The FEC asked for full payment on time, but agreed to consider a further delay if that were "not possible."

On Oct. 16 Dennis sent the the commission a \$2,000 check with a hand-written note in which he promised the balance in 30 to 60 days.

"I will send additional monies as I can spare them," he promised.

The commission gave Dennis an additional 30 days to pay — and threatened "civil action" if he didn't.

In mid-December Charles N. Steele had succeeded Oldaker as the FEC's counsel, and on Dec. 14 he wrote demanding full payment from Dennis. He didn't get it.

"I do not believe his (Dennis') financial condition has improved substantially since my previous correspondence," wrote attorney Salter. "Under the circumstances, I have stopped payment on the \$2,000 check previously forwarded to you."

There the matter still stood last month. At the FEC, Ms. Snyder said no payment has yet been made and she knows of no new deadline. Salter has been discharged from Dennis' service. Dennis was making no comments.

"I do not have any statements to make about any donations," he told the Evening Outlook, in a telephone conversation from his Birmingham home. "The records are public, the FEC has them, whatever the records show will be statement enough for you to print."

On Jan. 30 Dennis entered federal prison in Atlanta, Ga., to start serving a six-month sentence on his conviction for making false statements on loan applications.

A four-year term for talking ITEL still

faces him if the appeal he now has before the federal courts fails.

Meantime, despite having been cleared as far as the FEC was concerned, the case of the \$13,000 in contributions continued to haunt Carey Peck.

By mid-December the man he hopes to unseat, Rep. Dornan, was beginning to refer to them in speeches he was making around the 27th Congressional District.

"He's been going around saying I should be in jail," said Peck.

But the meeting remained unreported in newspapers, and the Dornan comments did not receive wide circulation. What did Peck plan to do to counter them? Nothing apparently.

"They're just libelous statements," he shrugged.

The real Dornan punch was to have come on Dec. 9, the day Peck was due to formally announce his 1980 campaign for Dornan's seat.

Dornan scheduled advertisements in both the Evening Outlook and Torrance's South Bay Daily Breeze in which he publicly asked why Peck had accepted the \$13,000.

Charge by Dornan

Dornan charged the money all came from Dennis, making it illegal, and that it was corporate funds from Dennis' firm, making it doubly illegal.

"This money, 'laundered' in the form of cashier's checks, was given to the name of 13 individuals and deposited in your campaign account during the final days of your campaign against me (in 1978) and the three weeks following that election," said the ads.

Peck, learning of the ads only hours before they were to have been published, charged Dornan, a 48-year-old former TV talk show host known for his no-holds-barred campaigning, with attempting to smear him and threatened libel action.

"This is the cheapest sort of attack," he said.

Chronology of events

He then recounted his chronology of events — his father's campaigning in Alabama for Stewart, Dennis' offer to raise money in return, seeing the newspaper clippings from Birmingham for the first time.

Peck said had then immediately obtained a personal bank loan of \$9,000 — without a co-signer, a statement confirmed by City National Bank at Beverly Hills — in order to pay back the Dennis funds, and turned the matter over to attorney Radcliffe.

"I'm not proud of the incident, but I'm proud of the way we handled it," he said.

The Dornan thrust was blunted when both the Evening Outlook and the Daily Breeze rejected the advertisements on grounds some portions of them may have been legally actionable.

"We conferred with our attorneys and decided to reject the ads," said Dennis Morefield, managing editor of the Evening Outlook.

There the issue stands.

Peck funds of \$19,000 analyzed

1 2-4-0-2, 2, 1 0 5 to out...

65

Peck campaign funds

Peck's campaign funds of \$19,000 were analyzed by the state auditor...

Peck, although it has been noted by Dennis that a check of records he had made in the State Office...

Although the report Dennis has submitted is very complete...

In an extensive investigation of contributions...

The contributions were made in violation of federal law...

The \$13,000 came from a Birmingham, Ala., coal salesman...

Peck returned the \$13,000 to Dennis in June 1975...

Dennis quietly admitted having

Turn To Page 46 (Continued)

...the state auditor... and the state auditor...

The state auditor... and the state auditor...

The state auditor... and the state auditor...

As a result of Dennis'... and the state auditor...

Called on his friends

Because he did not, Stewart called on all the friends...

They talked with down there and called in on the line...

The subject of this was Peck went on that Dennis promised...

"It was a direct return" said Peck.

Peck said the 13,000 dollars each for \$1,000...

...the state auditor... and the state auditor...

The state auditor... and the state auditor...

Suspicion of fraud

The state auditor... and the state auditor...

The state auditor... and the state auditor...

The state auditor... and the state auditor...

The state auditor... and the state auditor...

The state auditor... and the state auditor...

The state auditor... and the state auditor...

The state auditor... and the state auditor...

original submitted by Congressman Dorman Ex. 6d

[Redacted text block containing several lines of obscured information]

Required by law

[Redacted text block, second paragraph]

[Redacted text block, third paragraph]

[Redacted text block, fourth paragraph]

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[Redacted text block, eighth paragraph]

Conciliation agreement

[Redacted text block, ninth paragraph]

[Redacted text block, tenth paragraph]

[Redacted text block, eleventh paragraph]

[Redacted text block, twelfth paragraph]

[Redacted text block, thirteenth paragraph]

[Redacted text block, fourteenth paragraph]

Agreement for payment

[Redacted text block, fifteenth paragraph]

[Redacted text block, sixteenth paragraph]

[Redacted text block, seventeenth paragraph]

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[Redacted text block, twenty-second paragraph]

[Redacted text block, twenty-third paragraph]

Ex. 6d

original submitted by Congressman Dornan

REP. ROBERT K. DORNAN

JAMES H. ...

CAROL ...

... of the appeal ... before the federal courts ...

... despite having been ... case of the ... in ...

By ... December the ... to ... Rep. Dornan was ... to refer to them in ... he was ... around the ...

... have ... saying ...

... the ... and ... did not receive ... What did ... plan to do to ... them? ...

"They're just ... statements," he ...

The ... Dornan ... on Jan. 9, the day ... to formally ... his ... for ...

Dornan ... advertisements in both the ... and ... South Bay Daily ... which he ... had accepted the ...

Charge by Dornan

Dornan charged the money all came from ... making it ... that it was ... funds from ... firm, making it ...

"This money, ... in the form of ... checks, was given in the name of 13 individuals and deposited in your campaign ... during the final days of your campaign against me (in 1978) and the three weeks following that election," said the ad.

... morning of the ... only been ... they were to have been published ... a 65-year-old ... last known for his ... with ...

"This is the ... of attack," he said.

Chronology of events

The ... of ... in ... to ... for the first time.

... said ... a ... of ... only ... the ...

"I'm ... of the way we ..."

The ... was ... the ... reported the ... may have been ...

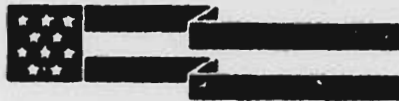
"We ... and decided to ... said ... managing editor of the ...

These are ...

original submitted by Congressman Dornan

Ex. 6d

CAMPAIGN 1980



Dornan-Peck

*This was one debate that would
have been hard to sleep through*

By Linda Breakstone
Herald Examiner staff writer

The race between incumbent GOP Rep. Robert Dornan and Democratic challenger Carey Peck escalated into a war yesterday in their first — and probably last — debate, with Dornan rehashing charges that Peck went "disco dancing" with and accepted an illegal \$13,000 contribution from a felon.

"Watch what happens when the FBI investigation is restarted (into the contribution)," Dornan warned. He later grilled Peck about another contribution, from the Teamsters, for which Peck was fined recently by the Federal Election Commission.

"Look at the guilty look on your face, look at your mouth tighten," Dornan shouted when Peck refused to

answer his query about the second contribution to be investigated from his 1978 campaign against Dornan. Peck then accused the Republican congressman of helping shoot down the B-1 bomber with his "antics" on the floor of the House.

"Part of his contribution to the (B-1) debate was bringing a four-foot model of the B-1 on the House floor and flying it around the chamber and one of his famous comments was that there were KGB agents in the gallery."

Peck said that kind of "hyperbole cost the B-1 more votes than it gained."

Dornan countered Peck "wouldn't know Stealth (a radar-proof bomber) from Shinola."

Then each candidate, scrambling to appear tight-fisted, accused his foe of being inclined toward unnecessary spending of public money.

The donnybrook occurred in a tiny studio at the studios of KABC radio from midnight to 2:30 a.m. yesterday, the only time Dornan would agree to debate.

But things didn't really get hot until a Peck commercial was played in the midst of the debate. It highlighted Dornan's visit to Peck's imprisoned contributor.

Peck went on to accuse that Dornan "met together with the convict in prison and talked and concocted this story."

Quoting an erroneous newspaper account, Peck expanded on the allegation, but was interrupted by talk show host Ray Briem, who reminded Peck that a later story in the same newspaper showed that Dornan was accompanied by a U.S. attorney and an FBI agent.

Dornan jumped in: "The jig is up, Carey. You went with him to Chasens, he slept at your father's house, you went disco dancing with him, you took his filthy money that was stolen, using your father's home, and you're back in contact with him now."

The felon, a convicted rapist, is James Dennis, an Alabama mining executive who in 1978 gave Peck 13 \$1,000 cashier's checks, all reportedly from different individuals, which subsequently proved to be stolen money contributed solely by Dennis. Peck later returned the money.

A 1978 contribution from organized labor to Peck surfaced this week when the FEC fined Peck because he didn't return it fast enough when it was learned the money was drawn from the wrong Teamsters account.

In the Dennis case, a Justice Department investigation concluded no wrongdoing on Peck's part, although Dornan maintains FBI agents told him the inquiry was "shut down" for political reasons and could be reopened should the Republicans win the White House.

Corman-Fiedler

Off the bus, onto the economy

The acrid contest between Rep. James Corman and the GOP's Los Angeles school board member Bobbi Fiedler finally has seen busing abandoned as the great issue in the fight for the San Fernando Valley seat. It's on to the economy, as Corman hases his attack on well-timed revelations that the school board let a financial mess go unchecked in the schools.

Fiedler accuses Corman of spawning the accusations and using his "political cronies" to berate the board. She steps up her economic punch in television spots — not mentioning busing — and slick pamphlets, which depict the IRS 1040 form and claim Corman "is ranked the ninth biggest all-time spender in Congress." Corman promises he'll get tougher with Fiedler.

Carpeteria

The Supermarket of the Carpet Industry



LOOK TO CARPETERIA FOR ALL
YOUR CARPET NEEDS

SEE OUR AD IN
TODAY'S
CALIFORNIA
LIVING

DISCOUNT CARPETS AND DRAPES

SERVING CALIFORNIA SINCE 1953

308-3855
ROBERT K. DORNAN
27TH DISTRICT, CALIFORNIA

SCIENCE AND TECHNOLOGY
MERCHANT MARINE AND
FISHERIES

SPECIAL COMMITTEE ON
HOUSE RECORDING

SELECT COMMITTEE ON
AGING

SELECT COMMITTEE ON
NARCOTICS ABUSE
AND CONTROL



1 JAN 28 1981
Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE:
419 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-6451

DISTRICT OFFICES:
2801 COLORADO AVENUE
SANTA MONICA, CALIFORNIA 90404
(213) 629-9041

6151 WEST CENTURY BOULEVARD
SUITE 1018
LOS ANGELES, CALIFORNIA 90045
(213) 642-9111

1815 VIA EL PRADO
SUITE 207
REDONDO BEACH, CALIFORNIA 90277
(213) 540-2951

January 28, 1981

31740271051
Mr. Charles Steele
General Counsel
Federal Election Commission

Dear Mr. Steele:

Pursuant to a request under the Freedom of Information Act, I recently received several memoranda from the Justice Department which I believe are most pertinent to matters I have previously forwarded to the FEC.

My office inquired as to the propriety of forwarding some of the material to you. Given assurance by your office that I could send this material to the Commission, I hereby forward these three documents.

It appears from two of the memos, a statement by Mr. Craig Donsanto and another concerning a possible referral back to the FEC, that money was apparently "u-turned." Other information, which I have highlighted, pertains to the proper reporting of loans pursuant to the FEC Act.

Sincerely,

Robert K. Dornan
ROBERT K. DORNAN
Member of Congress

RKD/bw
enclosures

Ex. 7

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SEPTEMBER 16, 1980

UNCLAS E F T O

ROUTINE

*F152ERR BH LA MO WFSDE HQ HO152 *HSYEER 162104Z SEP 80

FM-DIRECTOR FBI

TO FBI BIRMINGHAM (183-136) ROUTINE

FBI LOS ANGELES (183-1041) ROUTINE

FBI WASHINGTON FIELD ROUTINE

FBI MOBILE ROUTINE

BT

UNCLAS E F T O

JAMES HAROLD DENNIS, SR.; ET AL; RICO; OO: BH (183-136);
(LA 183-1041); (BUFILE 183-2872).

DONALD W. STEWART, U. S. SENATOR; ELECTION LAWS; OO: WFO
(56-551); (BH 56-192); (MO 56-192); (BUFILE 54-5471).

FOR INFORMATION OF RECEIVING DIVISIONS, ON SEPTEMBER 15,
1980, CRAIG DONSANTO, PUBLIC INTEGRITY SECTION, DEPARTMENT OF
JUSTICE (DOJ), ADVISED A REVIEW OF INVESTIGATION IN CAPTIONED
MATTERS CONCERNING SENATOR STEWART AND CONGRESSIONAL CANDIDATE
CARY PECK DISCLOSED NO BASIS FOR FURTHER INVESTIGATION AS THE
MATTERS HAD NO PROSECUTIVE MERIT. HE FURTHER ADVISED SEPARATE

DO NOT TYPE ME BELOW THIS LINE

APPROVED BY <i>OBR</i>	DATE 9/16/80	5131	TELE EXT 4272
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1 - MR. RUPPRATH

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS CENTER
SEP 16 1980

SEP 17 1980

SEP 22 1980

66SE

Ex. 7a, p.1

ORIGINAL COPY FILED IN

PAGE TWO DE HQ 0152 UNCLAS E F T O
LETTERS HAVE BEEN SENT BY THE DOJ TO SENATOR STEWART AND
CONGRESSMAN DORNAN IN THIS REGARD ON SEPTEMBER 12, 1980.

b3

[REDACTED]

AS WFO IS AWARE, THESE WERE REVIEWED AND ANALYZED
BY THE DOJ PRIOR TO THE INTERVIEW OF STEWART ON SEPTEMBER 10,
1980. FURTHER, THE DEPARTMENT IS AWARE THAT INTERVIEW OF
GARRY NEAL DRUMMOND WILL NOT BE CONDUCTED IN LIEU OF THE DOJ'S
DECISION TO TERMINATE THE INVESTIGATION AT THIS TIME.

LOS ANGELES IS ADVISED THAT THE MATTER CONCERNING CARY
PECK'S RECEIPT OF CONDUIT CONTRIBUTIONS MAY BE REFERRED BY THE
DOJ BACK TO THE FEDERAL ELECTION COMMISSION FOR FURTHER
RESOLUTION.

BH AND WFO ARE REQUESTED TO SUBMIT CLOSING LHMS FOR
DISSEMINATION TO THE DOJ.

MOBILE FOR INFORMATION.

BT

Ex. 7a, p.2

LA0725 1730230Z

PP HQ BH MO

DE LA 27

P 210230Z JUN 80

FM LOS ANGELES (L83-L04) (D)

TO DIRECTOR (L83-2872) PRIORITY

BIRMINGHAM (L83-L20) PRIORITY

MOBILE (56-L92) PRIORITY

BT

UNCLAS E F T O

JAMES HAROLD DENNIS, SR.; ET AL; RICO (D); OO: BIRMINGHAM.

RE BUREAU TELETYPE TO LOS ANGELES, JUNE 18, 1980.

REFERENCED TELETYPE, PER REQUEST OF THE DEPARTMENT,

REQUESTED LOS ANGELES OBTAIN BANK LOAN RECORDS REGARDING CAREY

PECK AND POSSIBLY GREGORY PECK TO ASCERTAIN WHETHER PECK MAY

HAVE VIOLATED TITLE 18, SECTION 1014, U. S. CODE, IN REGARDS

TO REPAYMENT MADE BY PECK TO JAMES HAROLD DENNIS FOR ILLEGAL

CAMPAIGN CONTRIBUTIONS IN THE AMOUNT OF \$13,000 DURING JUNE

1979, WHILE PECK WAS CAMPAIGNING AGAINST CONGRESSMAN ROBERT

K. DORNAN, CALIFORNIA IN 1978.

PURSUANT TO A SUBPOENA ISSUED JUNE 18, 1980, AT LOS

ANGELES AND SERVED ON JUNE 19, 1980 TO CITY NATIONAL BANK,

21 JUN 80

FEDERAL BUREAU OF INVESTIGATION

[Handwritten signature]

[Handwritten signature]
cc - Jones

Exec AD-1	
Exec AD-2	
Exec AD-3	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Plan. & Insp.	
Rec. Mgmt.	
Tech. Serv.	
Training	
Off. Liaison & Int. Affs.	

83-2872-38

16 JUN 23 1980

JUL 14 1980

2 BEVERLY HILLS, CALIFORNIA, LOAN RECORDS WERE RECEIVED ON
3 JUNE 20, 1980, REGARDING THIS MATTER AND REFLECTED THE
4 FOLLOWING:

June 1st

5 ON JUNE 1, 1979, CAREY PECK AND HIS WIFE, KATHY PECK,
6 APPLIED FOR AN UNSECURED PERSONAL LOAN FOR \$13,000.00. THIS
7 LOAN INCLUDED A PAYOFF NOTE FROM A PREVIOUS LOAN WITH OUT-
8 STANDING BALANCE OF \$5,288.50. THE TOTAL AMOUNT OF THE LOAN
9 INCLUSIVE OF THE PREVIOUS LOAN AMOUNTED TO \$18,448.50. THIS
10 LOAN WAS REPAYABLE IN 13 PAYMENTS, 12 PAYMENTS OF \$732.18,
11 EACH PAYABLE MONTHLY BEGINNING JUNE 16, 1979, UNTIL JUNE 16,
12 1980, WHEN A BALLOON PAYMENT OF \$11,833.46 WOULD BE DUE AND
13 PAYABLE. THE ANNUAL PERCENTAGE RATE WAS 13.94 WITH FINANCE
14 CHARGES OF \$2,173.12. TOTAL SALARY FOR PECK AND HIS WIFE
15 INDICATED AS \$38,000 PER YEAR, TOTAL ASSETS \$19,500.

16 PURPOSE OF THE LOAN WAS INDICATED AS FOLLOWS: "CERTAIN
17 CONTRIBUTIONS RECEIVED DURING PECK'S 1978 UNSUCCESSFUL CON-
18 GRESSIONAL CAMPAIGN WERE FOUND TO ORIGINATE WITH THE SAME
19 DONOR AND, THEREFORE, VIOLATED THE LAW. TO CORRECT THIS
20 SITUATION THOSE CONTRIBUTIONS ARE BEING RETURNED. PECK

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PAGE THREE (LA L83-L84) UNCLAS E F T O

ANTICIPATES RECEIVING UP TO \$2,500 DUE HIM FROM HIS CAMPAIGN
COMMITTEE WHICH HE WILL APPLY TO THIS LOAN. THIS IS AN
ACKNOWLEDGED LIBERAL EXTENTION OF CREDIT.

[REDACTED]

b7c
b7d

Ex. 76, p 3

[REDACTED]

b7c
b7d

ON JUNE 20, 1980, ASSISTANT UNITED STATES ATTORNEY LOURDES BAIRD, LOS ANGELES, REVIEWED LOAN APPLICATION, AND INFORMATION CONTAINED THEREON REFLECTED NO FALSE STATEMENT MADE OR SWORN TO BY CAREY PECK WHICH WOULD CONSTITUTE A VIOLATION OF TITLE 18, SECTION 1014, UNITED STATES CODE.

UNLESS ADVISED TO THE CONTRARY BY THE BUREAU OR DEPARTMENT,

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5 PAGE FIVE (LA L83-L04) UNCLAS E F T O

6 NO FURTHER INVESTIGATIVE ACTION IS BEING TAKEN BY LOS ANGELES
7 REGARDING THIS MATTER AND NO EFFORT WILL BE MADE TO SUBPOENA
8 THE PERSONAL CHECKING ACCOUNT RECORDS OF CAREY PECK. FURTHER-
9 MORE, CONTACT WITH PECK BY LOS ANGELES IS NOT BEING CONSIDERED
10 TO OBTAIN THE LETTER FROM "MR. DENNIS" IN POSSESSION OF GREGORY
11 PECK'S ATTORNEY AS MENTIONED ABOVE.

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Ex-76, p.5

6/18/80

UNCLAS E F T O

PRIORITY

0101 PPP BH LA MOEDE HQ MOOL1 #HEYESP 181628Z JUN 80

FM DIRECTOR FBI (183-2872)

TO FBI LOS ANGELES (183-1041) (22) PRIORITY

FBI BIRMINGHAM (183-128) PRIORITY

FBI MOBILE (56-192) PRIORITY

BT

UNCLAS E F T O

JAMES HAROLD DENNIS, SR.; ET AL; RICO (D); OO: BIRMINGHAM

RELATEL TO THE BUREAU AND RECEIVING DIVISIONS, MAY 6, 1980;

BUTEL TO RECEIVING DIVISIONS, MAY 12, 1980; AND BUTELCAL TO

LOS ANGELES, JUNE 17, 1980.

AS LOS ANGELES (LA) IS AWARE, CAPTIONED SUBJECT HAS MADE
CONFLICTING STATEMENTS CONCERNING \$32,000 IN ILLEGAL CAMPAIGN
CONTRIBUTIONS MADE TO CONGRESSMAN CARY PECK IN 1978. CONGRESS-
MAN ROBERT K. DORNAN, CALIFORNIA, PECK'S OPPONENT, HAS
REQUESTED FBI INVESTIGATION INTO POSSIBLE CRIMINAL VIOLATIONS
ON THE PART OF PECK CONCERNING THIS MATTER AND HAS PERSONALLY
SPOKEN WITH THE DIRECTOR AND DEPUTY ASSISTANT ATTORNEY GENERAL

DO NOT TYPE MESSAGE BELOW THIS LINE

APPROVED BY <i>DBL</i>	FORWARDED BY <i>JSA</i>	DATE 6/18/80	TELETYPE 5131/6	TELETYPE 4272
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- 1 - MR. HENNEHAN
- 1 - MR. RUPPRATH

22 JUN 20 1980

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS CENTER

JUN 18 1980

EX. 7C, P. 1

PAGE TWO DE HQ 0061 UNCLAS E F T O
JOHN KEENEY. INASMUCH AS DENNIS HAS MADE CONFLICTING STATE-
MENTS, ON JUNE 12, 1980, HE WAS BROUGHT BEFORE A FEDERAL GRAND
JURY, BIRMINGHAM (BH), TO OBTAIN HIS TESTIMONY UNDER OATH.

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DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

PAGE

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CONTINUATION SHEET

PAGE THREE DE HQ 0063 UNCLAS E F T O

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[REDACTED]

[REDACTED]

DONSANTO HAS RENDERED THE OPINION THAT THE RETURN OF THE CASH TO PECK DOES NOT CONSTITUTE A VIOLATION OF ELECTION LAWS OR ANY OTHER FEDERAL VIOLATION INASMUCH AS THE REFUND OF THE ILLEGAL CAMPAIGN CONTRIBUTIONS WAS MADE VOLUNTARILY BY PECK.

THE REQUEST FOR BANK LOAN RECORDS IS BEING MADE TO ASCERTAIN WHETHER PECK MAY HAVE VIOLATED TITLE 18, SECTION 1014, USC. FBIHQ IS NOT AWARE OF ANY SUBSTANTIAL INFORMATION WHICH WOULD INDICATE SUCH A VIOLATION WOULD BE READILY APPARENT.

AT THE REQUEST OF THE DEPARTMENT, LA SHOULD OBTAIN SUBPOENAS FROM AUSA, LA, EXPEDITIOUSLY IN AN ATTEMPT TO RESOLVE ANY VIOLATION BY JUNE 19, 1980. IT IS SUGGESTED AUSA, LA, TELEPHONICALLY CONTACT DONSANTO CONCERNING THE MATTER.

DONSANTO SPECIFICALLY REQUESTED THAT NO INTERVIEW OF PECK BE CONDUCTED AND THAT FACTS CONCERNING THE TITLE 18, SECTION 1014, VIOLATION BE PRESENTED TO AUSA, LA, FOR PROSECUTIVE OPINION.

[REDACTED]

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DO NOT TYPE MESSAGE BELOW THIS LINE

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EX. 7C, P3

LAW OFFICES

WILLIAMS & CONNOLLY

HILL BUILDING

839 SEVENTEENTH STREET, N. W.

WASHINGTON, D. C. 20006

AREA CODE 202
331-5000

November 20, 1980

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911303

EDWARD BENNETT WILLIAMS
 PAUL R. CONNOLLY (1922-1978)
 ROBERT A. SCHULMAN
 HAROLD UNGAR
 VINCENT J. FULLER
 RAYMOND W. BERGAN
 STUART E. SEIGEL
 JEREMIAH C. COLLINS
 DAVID N. WEBSTER
 ROBERT L. WEINBERG
 LYMAN G. FRIEDMAN
 DONALD E. SCHWARTZ
 DAVID POVICH
 STEVEN M. UMIN
 JOHN W. VARDAMAN, JR.
 PAUL MARTIN WOLFF
 J. ALAN GALBRAITH
 CHARLES H. WILSON
 JOHN G. KESTER
 WILLIAM E. McDANIELS
 BRENDAN V. SULLIVAN, JR.
 AUBREY M. DANIEL, III
 RICHARD M. COOPER
 ROBERT P. WATKINS
 JERRY L. SHULMAN
 JOHN B. RUMMS
 GREGORY B. CRAIG
 LAWRENCE LUCCHINO
 LEWIS H. FERGUSON, III
 ROBERT B. BARNETT

DAVID E. KENDALL
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 JOHN J. BUCKLEY, JR.
 BERNARD J. CARL
 DOUGLAS R. MARVIN
 JOHN M. MASON
 JOHN K. VILLA
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 KEVIN T. BAINE
 ELLEN SEGAL HUVELLE
 STEPHEN L. URBANCZYK
 PHILIP J. WARD
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 LON S. BARRY
 SCOTT BLAKE HARRIS
 FREDERICK WHITTEN PETERS
 MICHAEL S. SUNDERMEYER
 CYNTHIA C. CANNADY
 DAVID D. AUFHAUSER
 BRUCE R. GENDERSON
 WILLIAM ALDEN McDANIEL, JR.
 ROBERT C. POST
 CAROLYN H. WILLIAMS
 STEPHEN M. KRISTOVICH
 F. LANE HEARD

Ms. Ann Cauman
 Federal Election Commission
 1325 X Street, N.W.
 Washington, D.C. 20463

Re: MUR 1329(80)
 MUR 1331(80)

Dear Ms. Cauman:

I appreciate the opportunity to meet with you and Scott Thomas yesterday. On behalf of Senator Donald Stewart, the Friends of Donald Stewart, and James H. Stewart, Jr., we submit that the complaints referred to above should be dismissed without further response. My reasons for this position are as follows.

The allegations contained in the two complaints were raised, investigated and resolved by the Commission in 1979 in MUR 970. At that time, the Commission investigated the relationship between James Dennis and Senator Stewart, Dennis' contributions to Senator Stewart's campaign, and the return to Dennis of \$22,000 which Dennis contributed in the names of others. After that investigation it was determined, with one minor exception, that there was no cause to believe that Senator Stewart or his campaign committee had violated the federal election laws.

In an effort to reopen this matter, Congressman Dornan has recast the allegations to make it appear that he is raising new issues. For instance, although we informed the Commission on May 15, 1979 that the Friends of Donald Stewart refunded \$22,000 to Dennis on May 11, Congressman Dornan

80 NOV 20 P 2:13

alleges that Dennis told him that he engaged in a "check exchange" with Senator Stewart. As we point out below, Congressman Dornan does not make this allegation under oath, nor does he state that he believes it to be true, as required by statute and regulation. In any event, the allegation is categorically false. We are enclosing a front and back copy of the \$22,000 check which shows that it was endorsed by Mr. Dennis to Elliott Till, Jr., and deposited by him.

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Congressman Dornan also suggests, based on a newspaper article which appeared in the Montgomery Advertiser on June 20, 1980, that Dennis purchased six \$500 tickets to a fundraiser for Senator Stewart. As set forth in the letter to you of May 15, 1979, from Mr. J. H. Stewart, Jr., Treasurer of the Friends of Donald Stewart, and as further amplified during the course of the prior investigation, an intense effort was made to determine all improper contributions made by Dennis. Attached to the letter of May 15 was a letter from Mr. Stewart to Dennis dated May 2nd which enclosed all FEC reports filed as of that time by the Friends of Donald Stewart. Dennis was asked to review those reports and to identify any contributions that were made by him in the name of another and any contributions which he made to the campaign which were not disclosed in those reports. In response, Dennis sent the letter dated May 8, previously provided to you, in which he listed twenty-two contributions of \$1,000 each. Those contributions were then promptly refunded. Thus, we believe that the Committee took all steps reasonable and necessary to determine whether Dennis made any improper contributions and, if so, the extent of those contributions. Those contributions which appeared to be improper were returned. We have no knowledge of any other improper contributions made by Dennis.

As for the allegation that \$1,150.00 contributed by Mr. Dennis to Senator Stewart's campaign was from corporate funds, we believe that allegation was fully answered by Mr. Steele's letter to Congressman Dornan dated July 9, 1980.

Thus, we believe that the matters raised in the complaints filed by Congressman Dornan have been covered in the prior investigation. To the extent that there were any questions left open in that investigation, we believe that the information set forth above resolves those questions.

Ms. Ann Cauman
November 20, 1980

3.

There are further reasons why these complaints should be dismissed. Section 437g(a)(1) of 2 U.S.C. provides that a person "who believes" that a violation of the federal election campaign laws has occurred may file a complaint with the Commission. That section requires that the complaint "be in writing, signed and sworn to by the person filing" it. The applicable regulation in 2 C.F.R. § 111.2 requires that the complaint contain, among other things, all "documentation of allegations of the complaint available to the complainant"

These complaints fail to meet the requirements in several respects. First, the complaint in MUR 1329(80) is not sworn to by Congressman Dornan. Second, Congressman Dornan does not state in the complaint that he "believes" the allegations to be true and that there has been a violation of the Act. Third, the documentation referred to in complaints, namely the article appearing in the Montgomery Advertiser on June 20, 1980, and the transcript made by FBI Agent Will Deffenbaugh referred to in MUR 1331(80) are not submitted as required.

In addition, it is important to recognize that the principal basis for the complaints is the newspaper article from the Montgomery Advertiser. Commission Memorandum No. 663 considers the question of whether a complaint based upon a newspaper article is proper. That Memorandum addresses the concern that complaints not be frivolous, malicious and unfounded. It reaches the conclusion that a complaint may be based on an article when the article is "substantive in its statement of facts," so long as the complaint includes "a sworn statement that the complainant believes the facts to be true as alleged." If the complaint does not meet those criteria, it can be dismissed for insubstantiality. In this case, as we pointed out above, the complaint in MUR 1329(80) does not contain any sworn statement that Congressman Dornan believes the facts to be true and does not even contain the news article. Further since the article appears inconsistent with the results of the prior investigation, there is substantial reason to believe that it is not correct.

For these reasons, we respectfully request that the Commission not reopen this investigation and instead dismiss the complaints.

Very truly yours,

John W. Vardaman, Jr.
John W. Vardaman, Jr.

JWV/ska
Enclosure

p.3

3100221074

First National Bank
of Anniston
ANNISTON, ALABAMA 36801

1291

MAY 11, 1975

6123

TO THE ORDER OF James H. Dennis

\$ 22,000.00

Twenty Two Thousand and No/100

DOLLARS

FRIENDS OF DONALD STEWART

Donald Stewart

⑆5002290⑆

⑆022 009⑆

⑆00020000⑆

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PAY ANY BANK PEG.
D.D.S. BRANCH
ST-1 61-1
MAY 14 75
THE FIRST NATIONAL
Bank of Birmingham
61-1 Birmingham, AL 35211

James H. Dennis
William D. Kelly
Donald Stewart

Donald Stewart

U.S. Senate

RECEIVED
FEDERAL ELECTION
COMMISSION

600#
10167

'79 MAY 21 AM 10:24 May 15, 1979

Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

902426

Dear Sirs:

As a result of recent newspaper articles detailing certain activities of a Mr. James Dennis, the Friends of Donald Stewart Committee conducted a thorough and intensive inquiry into the legality and propriety of certain contributions. Among the steps undertaken was a letter, attached as Exhibit 1, to Mr. James Dennis requesting any information about, among other things, contributions made by him in the name of another. We received his letter, attached as Exhibit 2, in response. In that letter he lists 22 contributions for which he acknowledges that he supplied the funds. At the time those contributions were received, neither the Committee, Senator Stewart, nor I knew that Mr. Dennis provided the funds. Likewise we did not know that the contributions were in any way improper.

The Committee also received letters from all but three of the individuals listed in Mr. Dennis' letter stating that they did not make the contributions attributed to them from their own funds.

We have determined that pursuant to 11 CFR Section 103.3 the contributions must be returned and that they should be returned to Mr. Dennis. Accordingly, we have sent him a check in the amount of \$22,000 dated May 11, 1979. We have no reason to believe that any contributions other than those referred to above were improper.

We understand that Common Cause has called your attention to news stories containing the allegations of improper contributions to this Committee. This experience demonstrates that improper contributions may be received by a committee without any

P. O. Box 2274
Anniston, Alabama 36202

Telephone (205) 237-9436

U.S. GOVERNMENT PRINTING OFFICE: 1978 O-330

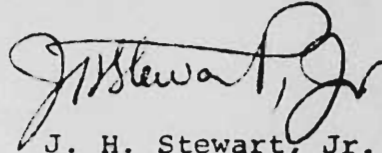
Ex. 9, p. 1

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Federal Election Commission
May 15, 1979
Page Two

knowledge of their improper nature. To the extent that the Federal Election Commission can tighten its requirements regarding contributor disclosure so as to prevent this from happening in the future, we wholeheartedly join with Common Cause in supporting those changes.

Sincerely,



J. H. Stewart, Jr.
Treasurer
Friends of Donald Stewart

JHSjr:kc

Enclosures

31040271077
79040160911

Ex. 9, p. 2

Donald
Stewart
U.S. Senate

EXHIBIT 1

May 2, 1979

Mr. James Dennis
2912 Lomb Avenue
Birmingham, Alabama 35208

Dear Mr. Dennis:

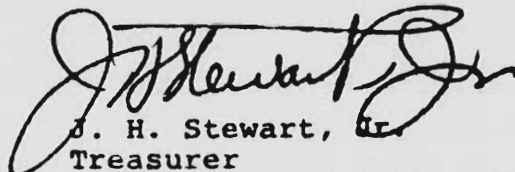
As you know, there has been recent newspaper articles alleging that you made contributions to the Friends of Donald Stewart Campaign Committee in other peoples' names. We are undertaking an investigation to determine whether there is any truth to those allegations.

We would appreciate it if you would review the enclosed list of contributors and identify for us (a) any contributions which were made by you in the name of another or (b) any contributions which were made by individuals from money loaned to them by you for that purpose.

We believe we have accurately reported all contributions either monetary or in-kind. Please advise us if there were any contributions, monetary or in-kind, which you made to the Campaign which have not been reported.

I would appreciate it if you could give this your immediate attention.

Sincerely,



J. H. Stewart, Jr.
Treasurer
Friends of Donald Stewart
Campaign Committee

JHSjr:kc
cc: Mr. Richard Groenendyke, Jr.
Enclosures

P. O. Box 2274
Anniston, Alabama 36202

Telephone (205) 237-9436

31040201073
79040160912

U S. Senator Donald W. Stewart
 110 Russell Senate Office Building
 Washington, D. C. 20510

Dear Senator Stewart:

In response to your recent letter, this is to advise that I supplied the funds for the contributions made to your campaign election committee in the names of the following individuals on the dates and for the amounts listed:

Richard Morehart	\$1,000.00	9/11/78
Herman Mulvehill	1,000.00	9/11/78
Gary Dennis	1,000.00	9/11/78
Venice Owens	1,000.00	9/11/78
Charles Phillips	1,000.00	9/11/78
Nancy Moore	1,000.00	9/11/78
Wayne Moore	1,000.00	9/11/78
Helen Root	1,000.00	9/11/78
Melissa Dennis	1,000.00	9/11/78
Joel Martin	1,000.00	9/18/78
Joan Martin	1,000.00	9/18/78
Johnny Desmond	1,000.00	12/15/78
Jeff Kennedy	1,000.00	12/15/78
Joel Martin	1,000.00	12/15/78
John Thornton	1,000.00	12/15/78
Melissa Dennis	1,000.00	2/2/78
Melissa Dennis	1,000.00	2/2/78
John Lee	1,000.00	7/19/78
W. D. Root	1,000.00	7/25/78
Robert Gurley	1,000.00	8/17/78
Rhonda Dennis	1,000.00	8/17/78
Terri Shadix	1,000.00	8/17/78

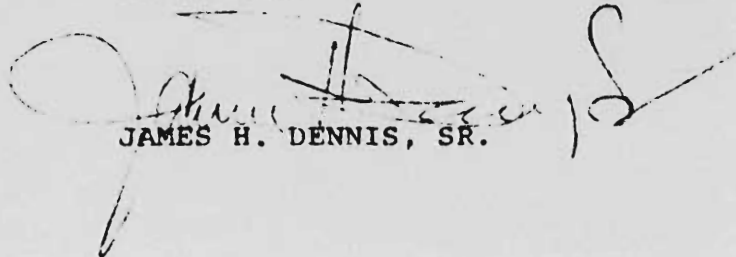
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Ex. 9b, p1

U. S. Senator Donald W. Stewart
May 8, 1979
Page Two

I would request these funds be returned to me since I now am aware same could be contrary to the regulations governing campaign contributions. I know neither you nor your committee were aware of my funding of these contributions and I am sorry for any problems this has caused.

Sincerely,



JAMES H. DENNIS, SR.

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JHD, Sr.

Ex. 9b, p. 2

Dennis asks refund

Stewart gets apology for illegal donations

By Frank Morring Jr.
and Stewart Lytle

Post-Herald Reporters

Birmingham heavy equipment dealer James H. Dennis yesterday informed U.S. Sen. Donald Stewart and U.S. Attorney J.R. Brooks that he illegally contributed \$22,000 to Stewart's 1978 election campaign.

Dennis, who could face a maximum penalty of \$25,000 or a year in prison or both for each of the 22 illegal \$1,000 contributions, apologized to Stewart "for any problems this has caused," and asked the senator to refund the money.

In a letter wired to Stewart in Washington late yesterday afternoon, Dennis listed 22 individual contributions and said he "supplied the funds for the contributions." Federal law limits political contributions to \$1,000 per election, and forbids giving contributions in the names of others.

A similar letter was sent to the U.S. Attorney's office in Birmingham, Dennis said.

"Hopefully by acknowledging to Sen. Stewart's campaign committee (the contributions) it will alleviate any further embarrassment to the senator as well as any further problems to the individuals that money was given without their knowledge," Dennis said in an interview yesterday.

Dennis said Stewart did not know the contributions from the 19 individuals on his list were illegal. Those individuals, two of whom had more than one \$1,000 contribution made in their names, were equally ignorant of the fact, Dennis said.

Stewart has been investigating reports he received illegal contributions from Dennis since newspaper reports to that effect appeared in mid-April. He said in Washington last night that he will ask the Federal Election Commission to study his case to see if regu-



Sen. Donald Stewart

lations covering illegal contributions can be tightened.

"I don't condone this sort of activity," Stewart said. "We started this investigation from the moment we learned of the allegations. It's unfortunate that it happened."

On April 12 Stewart asked his brother, James Stewart, to send a registered letter to each person on his list of contributors who had been identified as possibly not having made a contribution. James Stewart is chairman of

See APOLOGY, page A2

Apology

From page A1

"Friends of Donald Stewart," the senator's campaign organization.

The registered letters, which included a copy of the canceled check or money order bearing the recipient's name, asked the recipient if he or she made the contribution.

Stewart said he has heard from only two of those contacted. Both said they did not make the contribution.

The senator then asked his campaign committee to contact Dennis to confirm the list. The letter Dennis sent yesterday was written confirmation of verbal confirmation given last week, Stewart said.

Stewart said his campaign committee has now complied with all federal election commission requirements and is preparing to return the money to Dennis.

The senator said his campaign had between 1,200 and 1,500 individual contributors, and that it was impossible to check them all.

One of the individuals Dennis confirmed did not make a contribution was W.D. Root, a Pleasant Grove service station operator. Root would not comment on Dennis' action.

"I'd rather not be involved with it," Root said. "Just let him carry on with what he's doing."

Another individual on Dennis' list is Herman Mulvehill, whose Cups Coal Co. failed to supply coal to the Tennessee Valley Authority under a \$45 million contract obtained by coal broker Louis Bothune.

Dennis has also been linked with Mulvehill in a \$5.5 million lawsuit filed against Dennis and his Dennis Mining Equipment and Supply Co. by Itel Capital Corp. of San Francisco. The suit charges Dennis cost the California company more than \$700,000 by misrepresenting facts in his business dealings. One of the deals listed in the Itel suit involved Mulvehill.

Dennis said that the U.S. Attorney's office in Birmingham is investigating his dealings with Itel. He is also under federal investigation for arson in connection with a New Year's fire at his business this year, and for possible tax law violations, he said.

"I am aware that there are several investigations of me under way in the

U.S. Attorney's office," Dennis said. "In order to insure proper clarification of all cases being investigated, and to insure that innocent people will not be involved in other investigations, I am trying to clarify to the U.S. Attorney's office what charges I may possibly be guilty of, and to fully and responsibly defend the charges that I am innocent of."

"I have today instructed my attorneys to forward a letter to the U.S. Attorney's office outlining the alleged illegal campaign contributions."

Dennis said he knew contributions were limited by federal law to \$1,000 per election, but he said he did not know it was illegal to make contributions in the name of another. "My understanding of the law at that time was that up to \$1,000 could be contributed in an individual's name per segment of a senatorial campaign."

The individuals involved were not contacted, Dennis said, and he was not certain if they supported Stewart.

"None of these people were ever aware (of the contributions in their name)," Dennis said. "In fact, I was called and questioned by some of the individuals when the campaign contributions were listed in the newspapers. I instructed them not to worry about it and they didn't seem too concerned about it at the time."

"I can't say truthfully whether they supported him. I never asked them."

Among those on the list were Dennis' ex-wife, Melissa Dennis, his brother and sister in law, "acquaintances" and employees and their spouses.

All of the contributions Dennis listed were for \$1,000 and were made in 1978. The names in which they were made and the dates they were made are:

Richard Morehart, Sept. 11; Herman Mulvehill, Sept. 11; Gary Dennis, Sept. 11; Venice Owens, Sept. 11; Charles Phillips, Sept. 11; Nancy Moore, Sept. 11; Wayne Moore, Sept. 11; Helen Root, Sept. 11; Melissa Dennis, Sept. 11; Joel Martin, Sept. 18; Joan Martin, Sept. 18; Johnny DeLmond, Dec. 15; Jeff Kennedy, Dec. 15; Joel Martin, Dec. 15; John Thornton, Dec. 15; Melissa Dennis, two contributions, Feb. 2; John Lee, July 19; W.D. Root, July 25; Roberta Gurley, Aug. 17; Rhonda Dennis, Aug. 17, and Terr. Shadix, Aug. 17.

Ex. 9c, p. 2

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original submitted by J. H. Stewart, Jr.

EX. 9c

Dennis asks refund

Stewart gets apology for illegal donations

By Frank Moring Jr. and Stewart Lytle

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Sen. Donald Stewart

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See APOLOGY, page A2

Apology

From page A1 on page 10
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- Richard Nurehart, Sept. 11; Herman Mulvehill, Sept. 11; Gary Dennis, Sept. 11; Veruca Orms, Sept. 11; Charles Phillips, Sept. 11; Nancy Moore, Sept. 11; Wayne Moore, Sept. 11; Helen Root, Sept. 11; Melissa Dennis, Sept. 11; Joel Martin, Sept. 12; Joan Martin, Sept. 12; Johnny Desmond, Dec. 12; Jeff Kennedy, Dec. 15; Joel Martin, Dec. 15; John Thornton, Dec. 15; Melissa Dennis, two contributions, Feb. 2; John Lee, July 12; W.D. Root, July 24; Roberta Gurley, Aug. 17; Rhonda Dennis, Aug. 17, and Terry Shedd, Aug. 17.

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Ex. 9c

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10476

LAW OFFICES
WILLIAMS & CONNOLLY
HILL BUILDING

WASHINGTON, D. C. 20006

AREA CODE 202
331-5000

July 2, 1979

EDWARD BENNETT WILLIAMS
PAUL R. CONNOLLY (1922-1978)
ROBERT A. SCHULMAN
HAROLD UNGAR
VINCENT J. FULLER
RAYMOND W. BERGAN
JEREMIAH C. COLLINS
DAVID N. WEBSTER
ROBERT L. WEINBERG
LYMAN O. FRIEDMAN
DAVID POVICH
STEVEN M. UMIN
JOHN W. VARDAMAN, JR.
PAUL MARTIN WOLFF
J. ALAN GALBRAITH
CHARLES H. WILSON
JOHN O. KESTER
WILLIAM E. MCDANIELS
BRENDAN V. SULLIVAN, JR.
AUBREY M. DANIEL, III
ROBERT P. WATKINS
JERRY L. SHULMAN
JOHN B. KUHNS
GREGORY B. CRAIG
LAWRENCE LUCCHINO
LEWIS H. FEROUSSON, III
ROBERT B. BARNETT

ALFRED P. BERGNER
BARRY L. WEISMAN
DAVID E. KENDALL
KENDRA E. HEYMANN
TERRENCE O'DONNELL
JOHN J. BUCKLEY, JR.
BERNARD J. CARL
DOUGLAS R. MARVIN
JOHN M. MASON
JOHN K. VILLA
BARRY S. SIMON
KEVIN T. BAINE
ELLEN SECAL HUYELLE
STEPHEN L. URBANCZYK
PHILIP J. WARD
PETER J. KAHN
DANIEL J. MELTZER
JUDITH A. MILLER
LON S. BABBY
JANE E. GENSTER
SCOTT BLAKE HARRIS
FREDERICK WHITTEN PETERS
MICHAEL S. SUNDERMEYER
DAVID D. AUFHAUSER
BRUCE R. GENDERSON
CAROLYN H. WILLIAMS

310402910354
79010160354

HAND DELIVERED

Mr. William Oldaker
Federal Election Commission
1325 K Street, Northwest
Washington, D. C. 20463

Re: Friends of Donald Stewart
(MUR 970)

Dear Mr. Oldaker:

On June 22, we received your letter dated June 20, 1979, (MUR 970) in which you outlined certain allegations regarding the Friends of Donald Stewart Committee's activities. I have been away from Washington on vacation since June 15, and have, thus, been unable to prepare a final response. However, in accord with your request that a response be made within ten days, we are submitting this as a preliminary response.

(1)--(a) Mr. Dennis may have loaned a vehicle to the campaign for parts of two days during this period of time. We are reviewing this further.

(b) To our knowledge, there was never a time during which a red Lincoln Continental was used by Senator Stewart for campaign purposes.

Mr. William Oldaker
July 2, 1979
Page 2

(c) Mr. Dennis, to the Committee's knowledge, does not own an airplane. All airplanes that were used for campaign purposes were paid for by the Committee.

(2) Mr. Milton Turner's aircraft was never used for campaign purposes.

An aircraft was leased from Mr. George Rush on one occasion. The Committee paid Mr. Rush for the use of the aircraft, and that expense was duly reported.

(3) In the course of a thorough investigation by our Committee, Mr. Dennis admitted that he contributed \$22,000 to the Committee in the names of other people. None of the contributions were in cash. At the time those contributions were received, the Committee did not know they were made by Mr. Dennis. Upon discovering that fact, the money was promptly returned to him. The Committee informed the F.E.C. of the investigation, the findings, and the return of the money by letter dated May 15, 1979.

You may take this letter as notification that I will be representing the Friends of Donald Stewart Committee as counsel in this matter. Upon my return to Washington on July 9, I will contact your office to discuss whether an additional response is appropriate.

Very truly yours,

John W. Vardaman, Jr.
John W. Vardaman, Jr. *JW*

7 9 0 1 0 1 6 0 9 3 5

GCC # 10284

June 970
J. H. Dennis

GROENENDYKE AND SALTER
ATTORNEYS AT LAW
SUITE 800, TITLE BUILDING
2030 3RD AVENUE, NORTH
BIRMINGHAM, ALABAMA 35203

RICHARD A. GROENENDYKE, JR.
J. STEPHEN SALTER

AREA CODE 205
TELEPHONE 251-8666

June 4, 1979

Hon. William Clyde Oldaker
General Counsel
Federal Election Committee
1325 K Street, N.W., 7th Floor
Washington, D. C. 20463

19 JUN 7 11:11
RECEIVED
OFFICE OF THE
GENERAL COUNSEL

Re: James H. Dennis, Sr.

Dear Mr. Oldaker:

I want to thank you again for your courtesy in meeting with Mr. Dennis and myself on June 1, 1979. As you requested, I am enclosing herewith certain additional information to facilitate closure in the investigation and disposition of certain apparent violations by Mr. Dennis.

1. Copies of cashier's checks secured by Mr. Dennis for contributions to the campaign of Mr. Cary Peck of California.
2. An affidavit by James H. Dennis, Sr. regarding certain non-monetary support rendered to Hon. Donald Stewart during his campaign.
3. Copy of check in amount of \$30,000.00 offered to but refused by Hon. Donald Stewart.
4. An affidavit of James H. Dennis, Sr. regarding his source of funds utilized to acquire the cashier's checks in paragraph 1 above and those funds contributed to the campaign of Donald Stewart.

Please feel free to call me if you need any additional information to resolve these areas of mutual concern. We trust that we will have your continued cooperation in bringing this matter to a close through the vehicle of a Conciliation Agreement.

Respectfully,

GROENENDYKE AND SALTER

J. Stephen Salter

JSS/mc
cc: James H. Dennis, Sr.
Encl.

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79040160902

Ex. 11

STATE OF ALABAMA)
JEFFERSON COUNTY)

AFFIDAVIT

Before me, the undersigned authority in and for said County and State, personally appeared James H. Dennis, Sr., who being by me duly sworn doth depose and says as follows:

My name is James H. Dennis, Sr. and I am a resident of Jefferson County, Alabama.

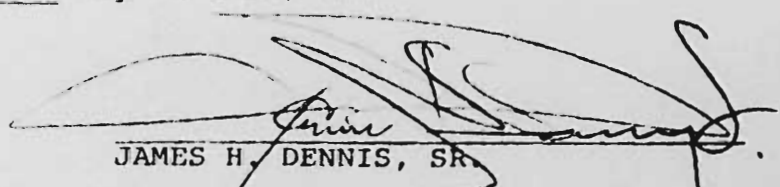
I make this affidavit for the purpose of making known the circumstances surrounding my providing or causing to be provided certain non-monetary support to Hon. Donald Stewart during his election campaign for the United States Senate.

I had come to know Senator Stewart and his family in a social setting and had committed to support his election to the United States Senate because of my respect for his abilities and dedication.

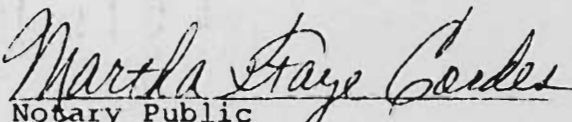
On one occasion, the exact date I cannot recall, I learned that Senator Stewart was having difficulties with his car. When we were unable to start the car with battery cables, etc., I loaned him a red Lincoln Continental Mark V. I understand he drove this vehicle from Birmingham to Anniston, Alabama and then returned from Anniston to Birmingham, Alabama the same day.

On another occasion, the exact date I cannot recall, I was in Montgomery, Alabama where Senator Stewart was having a fund raising dinner. I had leased an airplane for my travel. When I learned that Senator Stewart and his family were very tired and exhausted from the intense, ongoing campaign travels, I offered he and his family a return flight from Montgomery, Alabama, in the leased aircraft rather than his attempting to drive any automobile. I instructed the pilot to make a brief detour from my intended Montgomery to Birmingham, Alabama destination to take the Senator and his family to Anniston. This occurred on only this one occasion and was motivated by concern for his welfare and safety.

This the 4th day of June, 1979.


JAMES H. DENNIS, SR.

Sworn to and subscribed before me this the 4th day of June, 1979.


Notary Public

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7 9 0 1 0 1 5 0 9 0 4

STATE OF ALABAMA)
JEFFERSON COUNTY)

AFFIDAVIT

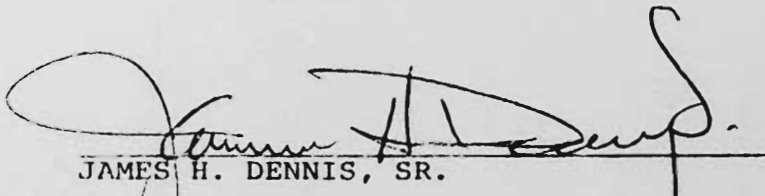
Before me, the undersigned authority in and for said County and State, personally appeared James H. Dennis, Sr., who being by me duly sworn doth depose and says as follows:

My name is James H. Dennis, Sr., and I am a resident of Jefferson County, Alabama.

I make this affidavit for the purpose of making known the source of funds utilized by me in making and causing to be made certain contributions to the campaigns of Honorable Donald Stewart and Mr. Cary Peck.

I utilized corporate funds of Dennis Mining Supply and Equipment, Inc., an Alabama corporation, to acquire the cashier's checks used to make all contributions to the campaigns of both Honorable Donald Stewart and Mr. Cary Peck.

This the 4th day of June, 1979.


JAMES H. DENNIS, SR.

Sworn to and subscribed before me this the 4th day of June, 1979.


Notary Public



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463



THE FIRST NATIONAL BANK OF BIRMINGHAM
AN ALABAMA BANCORPORATION AFFILIATE
BIRMINGHAM ALABAMA 35288

No. 1099927 ⁶¹⁻¹ 620

Purchaser

Dermis Mining - Loan

Date Nov. 23,

19 78

Pay To The Order Of

Donald Stewart

CASHIER'S CHECK

CUSTOMER'S COPY

NON-NEGOTIABLE

Authorized Signature

31740160905
79001



Ex. 11a



THE FIRST NATIONAL BANK OF BIRMINGHAM
AN ALABAMA BANK CORPORATION AFFILIATE
BIRMINGHAM, ALABAMA 35288

No. 1099762 ⁵¹⁻¹/₆₂₀

Charles Mike Chancey

Date Nov. 7, 1978

⑆1099762100000000⑆

To The Order Of

Carey Peck for Congress

CASHIER'S CHECK

CUSTOMER'S COPY
NON NEGOTIABLE
Authorized Signature

[Handwritten Signature]



THE FIRST NATIONAL BANK OF BIRMINGHAM
AN ALABAMA BANK CORPORATION AFFILIATE
BIRMINGHAM, ALABAMA 35288

No. 1099763 ⁵¹⁻¹/₆₂₀

Roy L. Ledbetter

Date Nov. 7, 1978

⑆109976310000000⑆

To The Order Of

Carey Peck for Congress

CASHIER'S CHECK

CUSTOMER'S COPY
NON NEGOTIABLE
Authorized Signature

[Handwritten Signature]



THE FIRST NATIONAL BANK OF BIRMINGHAM
AN ALABAMA BANK CORPORATION AFFILIATE
BIRMINGHAM, ALABAMA 35288

No. 1099764 ⁵¹⁻¹/₆₂₀

Jary H. Dennis

Date Nov. 7, 1978

⑆109976410000000⑆

To The Order Of

Carey Peck for Congress

CASHIER'S CHECK

CUSTOMER'S COPY
NON NEGOTIABLE
Authorized Signature

[Handwritten Signature]

Ex. 11d, p. 1

00 reg
purchaser



THE FIRST NATIONAL BANK OF BIRMINGHAM
AN ALABAMA BANK CORPORATION AFFILIATE
BIRMINGHAM, ALABAMA 35288

No. 1083645

Mike Chancey

Date November 14, 1970

Pay To The Order Of

1000.00

\$1,000.00

CASHIER'S CHECK

** Cary Peck for Congress **

CUSTOMER'S COPY
NON NEGOTIABLE

Authorized Signature

00 reg
purchaser



THE FIRST NATIONAL BANK OF BIRMINGHAM
AN ALABAMA BANK CORPORATION AFFILIATE
BIRMINGHAM, ALABAMA 35288

No. 1083647

Janice Chancey

Date November 14, 1970

Pay To The Order Of

1000.00

\$1,000.00

CASHIER'S CHECK

** Cary Peck for Congress **

CUSTOMER'S COPY
NON NEGOTIABLE

Authorized Signature

00 reg
purchaser



THE FIRST NATIONAL BANK OF BIRMINGHAM
AN ALABAMA BANK CORPORATION AFFILIATE
BIRMINGHAM, ALABAMA 35288

No. 1083646

Richard Marshall

Date November 14, 1970

Pay To The Order Of

1000.00

\$1,000.00

CASHIER'S CHECK

** Cary Peck for Congress **

CUSTOMER'S COPY
NON NEGOTIABLE

Authorized Signature

Ex. 11d, p. 2

00 BOG
chaser



THE FIRST NATIONAL BANK OF BIRMINGHAM
AN ALABAMA BANK CORPORATION AFFILIATE
BIRMINGHAM, ALABAMA 35288

No. 1083648 ⁶¹⁻¹₆₂₀

Terry Henley

Date November 14, 1972

To The Order Of

1,000.00

\$1,000.00*****

CASHIER'S CHECK

Cary Peck for Congress

CUSTOMER'S COPY
NON NEGOTIABLE

Authorized Signature

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7
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100 BOG
chaser



THE FIRST NATIONAL BANK OF BIRMINGHAM
AN ALABAMA BANK CORPORATION AFFILIATE
BIRMINGHAM, ALABAMA 35288

No. 1083649 ⁶¹⁻¹₆₂₀

Terry Henley

Date November 14, 1972

To The Order Of

1,000.00

\$1,000.00*****

CASHIER'S CHECK

Cary Peck for Congress

CUSTOMER'S COPY
NON NEGOTIABLE

Authorized Signature

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter)
) MUR 970 (79)
James H. Dennis, Sr.)

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission on the basis of information ascertained in the ordinary course of carrying out its supervisory responsibilities, and after investigation, the Commission found reasonable cause to believe that respondent James H. Dennis, Sr. (hereinafter respondent) violated 2 U.S.C. §§441a, 441b, and 441f.

NOW, THEREFORE, the Commission and respondent, having duly entered into conciliation as provided for in 2 U.S.C. §437g(a)(5), do hereby agree as follows:

- I. The Federal Election Commission has jurisdiction over the respondent and the subject matter of this case.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:
 - A. Respondent made contributions totalling \$23,150 to the 1978 Stewart senatorial campaign committee, Friends of Donald Stewart, of which \$22,000 was made in the names of others as follows:

310101507934

Richard Morehart	\$ 1,000.00	9/11/78
Herman Mulvehill	1,000.00	9/11/78
Gary Dennis	1,000.00	9/11/78
Venice Owens	1,000.00	9/11/78
Charles Phillips	1,000.00	9/11/78
Nancy Moore	1,000.00	9/11/78
Wayne Moore	1,000.00	9/11/78
Helen Root	1,000.00	9/11/78
Melissa Dennis	1,000.00	9/11/78
Joel Martin	1,000.00	9/18/78
Joan Martin	1,000.00	9/18/78
Johnny Desmond	1,000.00	12/15/78
Jeff Kennedy	1,000.00	12/15/78
Joel Martin	1,000.00	12/15/78
John Thornton	1,000.00	12/15/78
Melissa Dennis	1,000.00	2/2/78
Melissa Dennis	1,000.00	2/2/78
John Lee	1,000.00	7/19/78
W. D. Root	1,000.00	7/25/78
Roberta Gurley	1,000.00	8/17/78
Rhonda Dennis	1,000.00	8/17/78
Terri Shadix	1,000.00	8/17/78

B. Respondent was refunded \$22,000 from the Friends of Donald Stewart on May 11, 1979.

C. Respondent made contributions totalling \$13,000 to the 1978 Peck congressional campaign committee, Carey Peck for Congress Committee of which \$12,000 was made in the name of other as follows:

Roy J. Ledbetter	\$ 1,000.00	11/9/78
Charles Mike Chancey	1,000.00	11/9/78
Gary M. Dennis	1,000.00	11/9/78
Terry Henley	1,000.00	11/25/78
Janice Chancey	1,000.00	11/25/78
Richard Morehart	1,000.00	11/25/78
Mike Henley	1,000.00	11/25/78
Robbie Chancey	1,000.00	11/25/78
Andy Shadix	1,000.00	10/30/78
Johnny Desmond	1,000.00	11/8/78
Max Gurley	1,000.00	11/8/78
Wayne Moore	1,000.00	11/8/78

D. Respondent utilized corporate funds from Dennis Mining Supply and Equipment Co., Inc. to make all contributions to the 1978 federal campaigns of Senator Stewart and Carey Peck.

31749391075
79010150799

E. Respondent made contributions aggregating \$36,150 for the 1978 calendar year.

WHEREFORE, the Federal Election Commission and respondent James H. Dennis, Sr. agree:

- I. Respondent violated 2 U.S.C. §441f by making contributions in the name of twenty-two (22) others to the Friends of Donald Stewart, and in the names of twelve (12) others to the Carey Peck For Congress Committee.
- II. Respondent violated 2 U.S.C. §441a(a) (1) (A) by making contributions in excess of \$1,000 per election to the 1978 campaigns of Senator Stewart and Carey Peck.
- III. Respondent violated 2 U.S.C. §441a(a) (3) by making contributions to federal elections aggregating in excess of \$25,000 for the 1978 calendar year.
- IV. Respondent violated 2 U.S.C. §441b by utilizing corporate funds to make the contributions to the 1978 federal campaigns of Donald Stewart and Carey Peck.
- V. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act, 2 U.S.C. §431, et seq.
- VI. Respondent will pay a civil penalty in the amount of \$18,000 pursuant to 2 U.S.C. §437g(a) (6) (B).

330407334835

GENERAL CONDITIONS:

I. The Commission on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matter at issue herein, or on its own motion, may review compliance with this Agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

II. It is mutually agreed that this Agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire Agreement.

III. It is agreed that respondent shall have thirty (30) days from the date of this Agreement to implement and comply with the requirements contained herein, or to so notify the Commission.

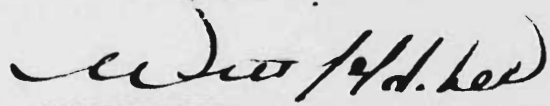
IV. This agreement is entered into in accordance with 2 U.S.C. §437g(a)(5)(A). Except as provided in paragraph I hereof, this agreement shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this Agreement.

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70010150790

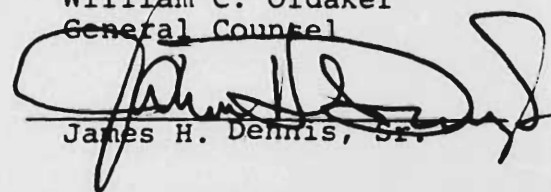
9/6/79
Date

Date

FEDERAL ELECTION COMMISSION



William C. Oldaker
General Counsel



James H. Dennis, Sr.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 9, 1980

The Honorable Robert K. Dornan
United States House of Representatives
419 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Dornan:

This is in response to your letter of May 16 in which you make several inquiries regarding MUR 970 (79) and the Commission's pending suit against James H. Dennis, Sr. [Civil Action No. 80-1886 (D.D.C.)].

You ask why, when respondent Dennis made contributions totalling \$23,150 to the 1978 Stewart senatorial campaign committee, \$22,000 of which was made in the names of others, did the Commission request return of only \$22,000 from the Stewart Committee to Mr. Dennis. More specifically you have indicated that you are troubled by the Commission's conciliation agreement stating that the respondent utilized corporate funds "to make all contributions to the 1978 Federal campaigns of Senator Stewart and Carey Peck" and what you believe to be Commission error in failing to find an additional \$1,150 corporate contribution made in violation of 2 U.S.C. § 441b.

Reading the conciliation agreement as a whole demonstrates that Paragraph D, upon which you have focused, refers specifically to the corporate contributions which are identified by the names in which they were made by Mr. Dennis and which are set out in preceding Paragraphs A and C. You will note that Mr. James H. Dennis, Sr. is not among those listed as contributors in the conciliation agreement Paragraphs A and C. The most serious aspect of the case was Mr. Dennis' use of corporate funds to make contributions in the name of other persons. Our investigation, therefore, was concentrated in this area. Thus the Stewart Committee was asked to refund the full \$22,000 of corporate contributions which were made by Mr. Dennis in the names of other persons.

Ex. 13, p. 1

The Honorable Robert K. Dornan
Page Two

We appreciate your noting the absence of background language regarding Mr. Dennis' violation of 2 U.S.C. § 441b in the Commission's complaint. The suit filed with the U.S. District Court for the District of Columbia seeks enforcement of the Commission's conciliation agreement, specifically the payment of the agreed upon civil penalty. This suit does not involve proof of the substantive violations, including that of § 441b which Mr. Dennis already admitted he violated. However, despite the fact the language regarding Mr. Dennis' substantive violations of the Act was informational in nature and in no way affects the merits of the Commission's claims, this typographical error is now being remedied by amendment to the pleadings.

You also inquire as to why the Commission did not cash the \$2,000 check received from Mr. Dennis in partial payment of the \$18,000 civil penalty agreed to in the conciliation agreement. As the public file indicates, shortly after the conciliation agreement was approved by the Commission in early September 1979, the Commission was given assurances by both Mr. Dennis and his attorney that full payment would be forthcoming. The \$2,000 check which was submitted to the Commission by Mr. Dennis was drawn upon his attorney's account and was submitted along with a request for an extension of time within which to submit full payment of the \$18,000 civil penalty. The Commission granted the respondent a 30 day extension of time on November 1, 1979. When full payment was not received, by letter dated December 14, 1979, the Commission notified the respondent's attorney that payment should be made by December 19, 1979, or the Commission would institute a civil suit. On December 20, 1979, Mr. Dennis' counsel informed the Commission that he was no longer representing Mr. Dennis and that he had stopped payment on the \$2,000 check drawn upon his firm's account.

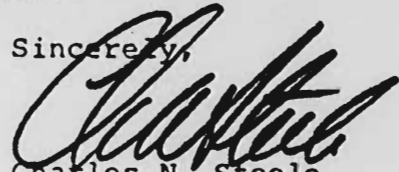
We do not believe the Commission was in error in handling this situation as it did. As you know, the Act strongly favors informal, out-of-court settlements of violations of the federal election laws. Moreover, until the time of this final communication from Mr. Dennis' attorney, the Commission had no reason to question the assertions of the respondent and his attorney who in the course of their dealings with the Commission had been both cooperative and forthcoming. The purpose of the suit now pending in the U. S. District Court for the District of Columbia against Mr. Dennis, of course, is to secure full payment of the civil penalty owed.

The Honorable Robert K. Dornan
Page Three

As I have indicated to you, if you have any information of violations of the Act, you should submit that to the Commission pursuant to 2 U.S.C. § 437g, which, inter alia, prohibits the Commission from proceeding on the basis of evidence not presented to it in a sworn and notarized complaint.

I hope this adequately answers whatever questions you might have had with respect to these matters.

Sincerely,



Charles N. Steele
General Counsel

31040201100

Sen. Stewart "Bothered" By Inquiry Reports

By Peggy Roberson
Journal Staff Reporter

WASHINGTON - For several months, Alabama Sen. Donald Stewart has been bothered by reports of a federal inquiry into his handling of campaign contributions and his personal finances.

And although he still has no official confirmation, one of his associates has been told unofficially that an inquiry by the Justice Department is under way.

In Justice Department jargon, an "inquiry may lead to an investigation." Charges are not filed from an "inquiry."

Leaks from the inquiry indicate it concerns:

- A \$22,000 refund of campaign contributions to James Dennis, a coal mining equipment salesman from Birmingham, who funneled that amount to Stewart's campaign in 1977 and 1978 in the names of other people. Federal election law places a limit of \$1,000 on each contributor for each election.

- The size of Stewart's campaign debt and his means of repaying it.

- An alleged cash contribution of \$1,000 from Dennis to Stewart which a former Birmingham radio newsman claims he witnessed in early 1978. Cash contributions are illegal in a federal election.

Dennis last year was convicted of bilking officials of the California-based ITEL Corp. He will be released from the federal prison at Talladega this week, but two of his three convictions are on appeal.

Stewart produced copies of checks, a bank deposit slip, and an affidavit from an Anniston banker to back up his denial of the allegations during an interview.

Federal agents reportedly are checking on how Stewart loaned his campaign \$22,000 the same day the Dennis contributions were returned. The probe will investigate the suggestion that the money "may have made a U-turn" back to Stewart from Dennis.

W.F. Warren, president of the First National Bank of Anniston, in an affidavit dated June 16, said Stewart borrowed \$22,000 from his bank and the money was deposited in Stewart's campaign account.

"Subsequently, Sen. Stewart repaid the \$22,000 in full with interest," the banker said.

Stewart also produced the canceled \$22,000 check, showing it was endorsed by Dennis to a third party who deposited it in a Birmingham bank three days after it was issued by the Stewart campaign.

The 40-year-old Senator said forms he filed with the Federal

* This is a reconstruction of the article. The copy obtained by the Office of General Counsel staff would have been illegible if photocopied.

Election Commission and his financial disclosure statement filed with the U.S. Senate show clearly that he borrowed money, mostly from hometown bankers in Anniston, at prevailing rates of interest, with adequate collateral, and loaned the funds to his campaign.

When campaign contributions began to flow in after he was elected, the campaign repaid him and he repaid the bank. The \$239,000 1978 campaign debt has been repaid and Stewart's money-raisers hope to be halfway to their goal of \$1.2 million they plan to spend on this year's campaign by the end of June.

Although the disclosure statement shows a small income during the campaign year of 1978, Stewart was a successful lawyer and a state senator before entering the race. He reportedly earned a high income for many years. He is owner or co-owner of nine pieces of real estate - most of it mortgaged. But the market value exceeds the mortgage payoffs, Stewart said, by an amount sufficient to guarantee his personal loans.

Federal election law permits a candidate to spend all he wishes of his personal funds - whether acquired or borrowed - in his own campaign.

Stewart said he never received a cash contribution from Dennis, but he does recall going with Dennis and former Birmingham reporter Les Coleman to a branch of the First National Bank of Birmingham to pick up a contribution from Dennis. The reporter had an appointment for an interview, he said.

The senator produced a copy of a cashier's check from the bank for \$1,000, dated Jan. 27, to his campaign, with "James H. Dennis" typed in as the purchaser. On its face is the handwritten notation, "for Melissa Dennis." (Melissa Dennis has since been divorced from Dennis.) Stewart said it is this check Coleman saw change hands that day - not cash.

California Rep. Robert K. Dornan, in a recent interview, said he thinks the federal inquiry may have started on the West Coast, because Dennis contributed \$13,000 illegally to Carey Peck, son of actor Gregory Peck, who was defeated by Dornan in 1978 and will this fall again be his general election opponent.

The talkative, red-haired congressman, once a reporter and television commentator, has spent hundreds of hours and a considerable amount of money investigating the Dennis-Peck-Stewart connection.

Dennis - who met Stewart early in the 1978 campaign through his attorney in Birmingham - bought six \$500-a-plate tickets to a Stewart fundraiser in October 1978 at which Gregory Peck was the star attraction, according to one of the hostesses.

"None of us knew him," she remembers, "but we were delighted that he bought so many tickets. They were difficult to sell at that price and we didn't want the dining room to look empty."

The actor's son, Carey, has been quoted as saying he took money from Dennis in exchange for fund-raising help his father

gave to Stewart.

"My father saw him and he liked him," young Peck told the Los Angeles Times (Jan. 24, 1980), speaking of Dennis.

Both Peck and Stewart deny that they knew Dennis had poured the money into their campaigns through names of his friends and acquaintances. Like Stewart, Peck wrote a check to Dennis as a refund and arranged a personal loan to cover the check.

Dornan has visited Dennis in the Federal Correctional Institute at Talladega and later interceded with prison authorities to get him a furlough.

"He's grateful," said Dornan, "and he's going to continue to help me."

The federal inquiry by the Public Integrity Section of the Department of Justice may have been set in motion by Dornan's full-page advertisements in eight California newspapers in April, headlined in red ink, calling attention to the Peck-Dennis relationship and the illegal campaign contributions.

31040291103



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 10, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Robert K. Dornan
Dornan in '80
P.O. Box 2022
Santa Monica, California 90406

Dear Congressman Dornan:

On November 3, 1980, the Federal Election Commission ("Commission") received a complaint filed by you against James H. Dennis (copy enclosed). The third page of the complaint refers to an enclosed transcript made by F.P.I. Agent Will Deffenbaugh. However, the complaint received did not contain a copy of the transcript to which you referred. We request that you send a copy of the transcript to the Office of General Counsel.

In addition, in the complaint referred to, and in two other related complaints filed by you on October 31 and November 4, 1980, you refer to several newspaper articles concerning the allegations you have made. It would be helpful if you could send copies of these articles, as well.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles N. Steele".

Charles N. Steele
General Counsel

Enclosure

Ex. 15

31740291774

JACK ANDERSON

FBI Probing Sen. Stewart's Dealings

Sen. Donald W. Stewart (D-Ala.) was the only member of the Senate with spunk enough to investigate the Hunt brothers' outrageous silver market manipulations. But now the senator's own financial dealings are being investigated by the FBI.

What puzzles the G-men is how a man with \$200,000 in personal debts, plus escalating mortgages, could lend his campaign fund \$275,000 in 1978. This is a whopping loan to squeeze out of an income that he admits was only \$24,000 in 1978.

Yet on top of the \$275,000 he also managed to make a down payment of almost \$30,000 on a \$150,000 Washington home and then loan his campaign manager \$22,000 in 1979.

At the center of the FBI's investigation is a smooth-talking darkly handsome southern charmer and convicted con man named James Dennis. He's currently doing time in the slammer at Talladega, Ala., on fraud charges unrelated to Stewart.

But there was a connection in 1978, when Stewart accepted \$22,000 in illegal campaign contributions from Dennis. The donations, many in sequentially numbered checks, earned Dennis a \$36,000 fine—the largest penalty of its kind ever levied by the Federal Election Commission. (Though the fine was later cut in half, Dennis still hasn't paid a cent of it.)

Stewart claims he returned the \$22,000 to Dennis when he learned the money had been donated illegally. But my associates Tony Capaccio and Jack Mitchell have discovered a curious coincidence. FEC records show that Stewart made a personal loan of \$22,000 to his senatorial campaign on May 11, 1979—the very day

the illegally donated \$22,000 was supposedly returned to Dennis.

The FBI is looking into the possibility that Dennis simply cashed the refund check and handed the \$22,000 back to the senator in greenbacks. Stewart vehemently denies such a possibility. But a copy of the refund check, which would show when and where it was cashed, isn't in the FEC files, though there is a letter from Stewart's campaign claiming it refunded the illegal largess.

In addition to the disputed \$22,000, the senator hasn't yet returned \$1,150 which Dennis contributed in his own name. But the FEC found that the money came from corporate funds; therefore it is illegal and should be refunded.

Another cash transaction was witnessed by a former Birmingham, Ala. newsman, according to his sworn statement. He was present when Dennis requested that cash be withdrawn from his personal and corporate accounts in a Birmingham bank in 1978. The newsman then saw Dennis hand Stewart an envelope stuffed with \$1,000. The FBI has interviewed the bank manager, Wayne Moore, twice about the alleged exchange.

Moore told my associates he couldn't deny such a transaction occurred, but said he didn't remember the details. As Stewart recalled the incident, he waited with Moore in the banker's office while Dennis purchased a cashier's check with the money he had just withdrawn.

How close the freshman senator and the con man were is a matter of dispute. Stewart said Dennis wasn't "a big player in my campaign," adding that "I didn't have much contact with him."

Dennis, however, asserts that "nobody was closer to Stewart than me."

He claims he declined Stewart's repeated requests that he work full-time in the campaign. "I didn't have to hold on the line when I called him," said Dennis.

When my associates questioned Stewart about his finances, he answered by bending down and pulling up his trouser leg. "Look at these shoes," he said. "These and a pair of wingtips are the only shoes I own. I drive a Bonneville with 85,000 miles on it."

Footnote: So far, the FBI has been unimpressed by Stewart's claims of frugality. In future columns, I'll report on the spread of the probe to a congressional district crammed with Hollywood stars and tell how a senator and a congressman almost came to blows over the investigation.

Jerry the Joker—Former presidents lead a pretty comfortable life at public expense. But it's not the same high style they enjoyed in the White House. Consider poor Jerry Ford, who used to have a full-time gag writer, Bob Orben, to supply him with quips for any occasion. Now, according to a recent audit of Ford's expenses, he's been reduced to buying Orben's "Comedy Fillers" for \$25, just like any Rotary Club toastmaster.

Painless Post—John Anderson didn't have to pull teeth to enlist the running mate required by Wisconsin law to get on the presidential ballot. His vice presidential choice was Dr. Gerald Larson, a Madison dentist. Like many of his predecessors over the years, Larson has found that his vice-presidential role is "a great privilege, but unfortunately has not really involved any extra duties."



23 March 1981

Leta Holley
1325 K Street, N.W.
Washington, D.C.

Dear Ms. Holley,

I checked the Birmingham News and the Birmingham Post Herald index for an article on Donald Stewart dated 9 August 1979. There was no entry for Donald Stewart in the index.

I then went and pulled the microfilm and read the papers for the dates 8-10 August 1979 for an article and there was no article for that date in the Birmingham Post-Herald or the Birmingham News.

There was an article on 3 August 1979 and 17 August 1979 there was one. The subject was Health Care. Do you want either of these articles? I will be happy to copy either or both if you want them.

Sincerely,

Yvonne Crumpler

Yvonne Crumpler
Tutwiler Collection
of Southern History and Literature

2020 PARK PLACE, BIRMINGHAM, ALABAMA 35203

CENTRAL LIBRARY (205) 254-2551

GEORGE R. STEWART,
Director

C. DANIEL WILSON, JR.,
Associate Director Central Library

JACK F. BULOW,
Associate Director Extension Services

J. NORFLEETE DAY,
Associate Director Technical Services

Ex. 17

MUR 970

GROENENDYKE AND SALTER
ATTORNEYS AT LAW
SUITE 800, TITLE BUILDING
2030 3RD AVENUE, NORTH
BIRMINGHAM, ALABAMA 35203

RICHARD A. GROENENDYKE, JR.
J. STEPHEN SALTER

AREA CODE 205
TELEPHONE 251-6666

July 16, 1979

Hon. William Clyde Oldaker
General Counsel
Federal Election Committee
1325 K Street, N.W., 7th Floor
Washington, D. C. 20463

Attention: Ms. Judy Thedford

Re: James H. Dennis, Sr.

Dear Mr. Oldaker:

After receiving your letter of June 20, 1979, and discussing same with Ms. Thedford I am enclosing an additional Affidavit from James H. Dennis, Sr. for your information and review.

If you need any additional information, I trust that you will contact me at your earliest convenience. We are hopeful that we can soon put this matter behind and reach a mutually satisfactory conciliation agreement. We will be happy to meet with you at your earliest convenience to facilitate this result.

Yours very truly,

GROENENDYKE AND SALTER



J. Stephen Salter

JSS/mc
Encl.
cc: James H. Dennis, Sr.

31040271107
79040160847

Ex. 18

1 0 4 0 2 2 1 1 3
7 9 0 1 0 1 5 0 3 4 8

10625

RECEIVED
FEDERAL ELECTION
COMMISSION

STATE OF ALABAMA)
JEFFERSON COUNTY)

903112

79 JUL 13 PM 1:44
AFFIDAVIT

Before me the undersigned authority in and for said County and State personally appeared James H. Dennis, Sr. who, being by me duly sworn, doth depose and say as follows:

My name is James H. Dennis, Sr. and I am a resident of Jefferson County, Alabama. I am making this Affidavit in further support of my previous information provided to the Federal Election Commission including that letter of June 4, 1979, and its enclosures.

After receiving the Commission's letter of June 20, 1979, I understand that there are several additional factual matters on which clarification is desired.

I have looked through my files and records and am unable to obtain copies of the money orders used to make the previously described contributions to the Friends of Donald Stewart Committee. My business was burned and destroyed by fire in early January of 1979 and I can only believe that those records were destroyed at that time. For your information, all of those money orders were purchased from the First National Bank of Birmingham at various branches. I know that it might be difficult, but they should have records of cashier's checks purchased in the respective amounts on or about the dates indicated.

Out of the contributions made as previously described to both the Stewart and Peck campaigns, only two \$1,000.00 contributions might be considered actual loans to the individuals in whose names the contributions were placed: Max Gurley and Andy Shadix. I did not loan any of the funds used for the contributions in either campaign to any other persons than the above two.

As previously set forth in my Affidavit of June 4, 1979, enclosed under a cover letter from my counsel also dated that date, all of the funds used to acquire the various cashier's checks in both campaigns were obtained by making withdrawals on the corporate account of Dennis Mining Supply & Equipment Co., Inc., an Alabama corporation.

Other than Mr. Gurley and Mr. Shadix with regard to their two respective contributions, none of the other individuals involved and no other person outside of the purported contributors had any knowledge of my actions. On occasions, I asked one or more of my employees to take an envelope to a bank which envelope contained a check to be used for purchasing these cashier's checks. If I had not made previous arrangements by telephone with one of the cashier's, the envelope would contain a note listing the names and amounts for the various cashier's checks. These cashier's checks would then be

Ex. 18a, p. 1

3 1 0 4 0 2 9 1 1 8 9
7 7 0 1 0 1 0 8 4 9

placed in another envelope, sealed and returned to me by such employee. In addition to the contributions made to the Peck campaign referenced in my counsel's cover letter of June 4, 1979, to the Commission (that is the enclosure of copies of various cashier's checks), I recall four additional contributions:

<u>Name</u>	<u>Date</u>	<u>Amount</u>
Johnny Desmond, Pinson, Al.	11/8/78	\$1,000.00
Max Gurley, Arley, Al.	11/8/78	\$1,000.00
Wayne Moore, Birmingham, Al.	11/8/78	\$1,000.00
Andy Shadix, Birmingham, Al.	10/30/78	\$1,000.00.


None of these individuals nor anyone else was aware that the contributions were being made in their names by me.

This the 16th day of July, 1979.



JAMES H. DENNIS, Sr.

Sworn to and subscribed before me this the 16th day of July, 1979.



Notary Public

FEC FORM 3
 REVISED
 January, 1978
 Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

**REPORT OF RECEIPTS AND EXPENDITURES
 FOR A CANDIDATE OR COMMITTEE
 SUPPORTING CANDIDATE(S) FOR
 NOMINATION OR ELECTION TO FEDERAL OFFICE**

(Except for Candidates or Committees Receiving Federal Matching Funds)

RECEIVED
 SECRETARY OF THE SENATE

1979 FEB -

Note: Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.

1 FRIENDS OF DONALD STEWART 2 I.D. No. C 00079228
 Name of Candidate or Committee (in full) Candidate/Committee
1131 Leighton Avenue (P.O. Box 2274) 3 United States Senator - Place 2
 Address (number and street) Office Sought, State/District (if applicable)
Anniston, Alabama 36202
 City, State and ZIP Code Check if address is different than previously reported. Year of Election 1978

4 Type of Report (check appropriate boxes)
 April 10 Quarterly Report Tenth day report preceding _____ election (primary, general or convention) Termination Report
 July 10 Quarterly Report on _____ in the State of _____ Amendment for _____
 (date) (which report)
 October 10 Quarterly Report Thirtieth day report following _____ election (primary, general or convention)
 January 31 Annual Report Monthly Report _____ on _____ in the State of _____
 (month) (date)
 This is a report for Primary Election General Election Primary and General Other (special runoff, etc.)

SUMMARY OF RECEIPTS AND EXPENDITURES
 (Figures may be rounded to nearest dollar.)

5 Covering Period	Column A This Period	Column B Calendar Year To-Date
<u>11/28/78</u> Through <u>12/31/78</u>		
6 Cash on hand January 1, 19		\$ 781.43
7 Cash on hand at beginning of reporting period	\$ 20,671.42	
8 Total receipts (from line 19) (Add Subtotal Add lines 7 and 8 for Column A and lines 6 and 8 for Column B)	\$ 23,248.29	\$ 668,322.52
9 Total expenditures (from line 25)	\$ 36,758.05	\$ 661,942.29
10 Cash on hand at close of reporting period (Subtract line 9 from line 8)	\$ 7,161.66	\$ 7,261.66
11 Value of contributed items on hand to be liquidated (Attach itemized list)	\$ _____	
12 Debts and obligations owed to the Committee (Candidate itemize all on Schedule C)	\$ 5,425.00	
13 Debts and obligations owed by the Committee (Candidate itemize all on Schedule C)	\$ 199,199.92	

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

1/30/79
 Date

J. H. STEWART, JR.

(Typed Name of Treasurer) ~~XXXXXXXXXX~~

[Signature]
 Signature of Treasurer or Candidate

Note: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. Section 437g or Section 447 (see reverse side of form).

For further information, contact:



Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

or call 800 424 9530

Approved by GAO
 B 187620 (R0506)
 Expires 3-31-81

All previous versions of FEC FORM 3 are obsolete and should no longer be used.

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

4 S2401
 AL DEM C875

Ex. 19

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

Page 1 of 4 for
 Line Number 14a

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full

Friends of Donald Stewart

15

Full Name, Mailing Address and ZIP Code
Clifford H. Armstrong
P.O. Box 5266
Muscogee, Ala. 35401

Principal Place of Business
Armstrong Oil Co., Inc.
133 Highland Blvd.
Muscogee, Ala. 35401

Date (month, day, year)
12-6-78

Amount of each Receipt this Period
250.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date \$ *750.00*

15

Full Name, Mailing Address and ZIP Code
Estan Bloom
4 High Forest Rd.
Muscogee, Ala. 35401

Principal Place of Business
W. E. Lamar Co.
Muscogee, Ala.

Date (month, day, year)
12-6-78

Amount of each Receipt this Period
1,500.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date \$ *750.00*

15

Full Name, Mailing Address and ZIP Code
E. W. Blossman
P.O. Drawer 409
Blount Springs, Miss. 39324

Principal Place of Business

Date (month, day, year)
12-15-78

Amount of each Receipt this Period
500.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date \$

15

Full Name, Mailing Address and ZIP Code
Tom Luck Jr.
2004 Woodland Dr
Montgomery, Ala. 36101

Principal Place of Business
Luck's Jimmies
1011 1/2 1st St
Montgomery, Ala. 36101

Date (month, day, year)
11-30-78

Amount of each Receipt this Period
10.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date \$ *170.00*

15

Full Name, Mailing Address and ZIP Code
Jenny Deanna
2004 Woodland Dr
Montgomery, Ala. 36101

Principal Place of Business

Date (month, day, year)
12-15-78

Amount of each Receipt this Period
1,000.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date \$ *1,500.00*

15

Full Name, Mailing Address and ZIP Code
Robert G. Dow
Box 311
Prichard, Ala. 35124

Principal Place of Business
Prichard State
Prichard, Ala.

Date (month, day, year)
12-15-78

Amount of each Receipt this Period
200.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date \$ *200.00*

15

Full Name, Mailing Address and ZIP Code
George E. Manning
P.O. Box 1727
Mobile, Ala. 36601

Principal Place of Business
W. C. Lee Selling Co.
Mobile, Ala.

Date (month, day, year)
12-28-78

Amount of each Receipt this Period
400.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date \$ *400.00*

SUBTOTAL of receipts this page (optional) \$ *3,360.00*

TOTAL this period (last page this line number only) \$

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution in-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

Page 3 of 4

Line Number 17a

Use Separate Schedules for
 each numbered line!

Name of Candidate or Committee in Full

Friends of Donald Stewart

Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
15 3328 Bell Rd. Birmingham, Ala. 35223 Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Occupation <i>Housewife</i> <input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>1160.00</i>	12-21-78	500.00
15 2020 20006 Birmingham, Ala. 35201 Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Principal Place of Business <i>W.C. Lee's Baiting Co. United</i> Birmingham, Ala. Occupation <i>Executive</i> <input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>400.00</i>	12-28-78	400.00
15 off Kennedy Birmingham, Ala. Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Principal Place of Business Occupation <i>Insurance Broker</i> <input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>1,100.00</i>	12-15-78	1,100.00
15 Paul Martin Birmingham, Ala. Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Principal Place of Business Occupation <input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>1,100.00</i>	12-15-78	1,100.00
15 1000 1700 Birmingham, Ala. 35401 Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Principal Place of Business Occupation <i>Attorney</i> <input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>500.00</i>	12-6-78	500.00
15 1033 West Nelson Hwy Birmingham, Ala. 35202 Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Principal Place of Business Occupation <i>Attorney</i> <input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>200.00</i>	12-6-78	200.00
15 416 1/2 Birch Blvd. Birmingham, Ala. 35207 Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Principal Place of Business Occupation <i>Developer</i> <input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>350.00</i>	12-15-78	350.00
SUBTOTAL of receipts this page (optional)			\$ 3,950.00
TOTAL this period (last page this line number only)			\$

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
of FEC FORM 3

Name of Candidate or Committee in Full

Friends of Levard Stewart

15
1
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14

Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<u>John Whenton</u> <u>2 Birmingham Ala</u>	Occupation	<u>12-15-78</u>	<u>1,500.00</u>
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed	Aggregate Year To Date	<u>\$ 1,500.00</u>
<u>Neal Tidwell</u> <u>104 1st ave. S.E.</u> <u>Callahan Ala. 35055</u>	<u>Fullman Iron Works</u> Occupation	<u>12-7-78</u>	<u>100.00</u>
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed	Aggregate Year To Date	<u>\$ 150.00</u>
<u>G. M. Supa</u> <u>2034 1530</u>	<u>Business setting Co.</u> <u>Montgomery</u> Occupation	<u>12-28-78</u>	<u>400.00</u>
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed	Aggregate Year To Date	<u>\$ 400.00</u>
<u>Hugh S. Slaw</u> <u>29th St.</u> <u>Monteville Ala.</u>	<u>Chamber setting Co.</u> Occupation	<u>12-28-78</u>	<u>300.00</u>
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed	Aggregate Year To Date	<u>\$ 300.00</u>
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed	Aggregate Year To Date	<u>\$</u>
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed	Aggregate Year To Date	<u>\$</u>
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed	Aggregate Year To Date	<u>\$</u>
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed	Aggregate Year To Date	<u>\$</u>
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed	Aggregate Year To Date	<u>\$</u>

SUBTOTAL of receipts this page (optional) \$ 1,500.00
TOTAL this period (last page this line number only) \$ 2,650.00

FEC FORM 3
REVISED
 January, 1978
 Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

**REPORT OF RECEIPTS AND EXPENDITURES
 FOR A CANDIDATE OR COMMITTEE
 SUPPORTING CANDIDATE(S) FOR
 NOMINATION OR ELECTION TO FEDERAL OFFICE**

(Except for Candidates or Committees Receiving Federal Matching Funds)

RECEIVED
 SECRETARY OF THE SENATE
 1978 DEC 12 AM 10:11

Note: Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.

1 FRIENDS OF DONALD STEWART 2 I.D. No. C00079228
 Name of Candidate or Committee (in full) Candidate/Committee
1131 Leighton Avenue (P.O. Box 2274) , United States Senator - Place 2
 Address (number and street) Office Sought, State/District (if applicable)
Anniston, Alabama 36202
 City, State and ZIP Code Check if address is different than previously reported. Year of Election 1978

4 Type of Report (check appropriate boxes)

April 10 Quarterly Report Tenth day report preceding _____ election
 (primary, general or convention) Termination Report

July 10 Quarterly Report on _____ in the State of _____ Amendment for _____
 (date)

October 10 Quarterly Report Thirtieth day report following General election _____
 (primary, general or convention) (which report)

January 31 Annual Report Monthly Report _____ on 11/7/78 in the State of ALABAMA
 (month) (date)


This is a report for Primary Election General Election Primary and General Other (special, runoff, etc.)

SUMMARY OF RECEIPTS AND EXPENDITURES
 (Figures may be rounded to nearest dollar.)

5 Covering Period	Column A This Period	Column B Calendar Year-To Date
<u>10/24/78</u> Through <u>11/27/78</u>		
6 Cash on hand January 1, 19		\$ 781.43
7 Cash on hand at beginning of reporting period	\$ 48,363.12	
8 Total receipts (from line 19)	\$ 142,875.75	\$ 645,074.23
(a) Subtotal (Add lines 7 and 8 for Column A and lines 6 and 8 for Column B)	\$ 191,238.87	\$ 645,855.66
9 Total expenditures (from line 25)	\$ 170,567.45	\$ 625,184.24
10 Cash on hand at close of reporting period (Subtract line 9 from line 8a)	\$ 20,671.42	\$ 20,671.42
11 Value of contributed items on hand to be liquidated (Attach itemized list)	\$ _____	
12 Debts and obligations owed to the Committee/Candidate (itemize all on Schedule C)	\$ 5,425.00	
13 Debts and obligations owed by the Committee/Candidate (itemize all on Schedule C)	\$ 239,800.00	

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.
12/7/78 J. H. STEWART, JR.
 (Date) (Typed Name of Treasurer) *J. Stewart*
 (Signature of Treasurer or Candidate)

Note: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. Section 437e or Sect. on 441 (see reverse side of form).

For further information, Contact: 

Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

or call 800-424-9530

Approved by GAO
 B-187620 (R0506)
 Expires 3-31-81

All previous versions of FEC FORM 3 are obsolete and should no longer be used.

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

79020182786

N S2401
 ALDEM C875

**Debits and Obligations for
Line Numbers 26 and/or 27 of FEC Form 3**

Page 9 of 10

LINE NUMBER 12

(This space is substituted for each numbered line)

Line C

U.S. GAO
Washington, DC 20540
U.S. GAO 20000

(See instructions on back)

✓ 60 of Candidates or Committees or both

FRIENDS OF DONALD STEWART

Full Name, mailing address and ZIP code, and nature of obligation	Date (month, day, year)	Amount of Original Debt, Contract, Agree ment, or Promise	Cumulative Payments To Date	Outstanding Debt - Close of This Period
Winton Groom, Sr. 407 Van Antwerp Bldg. Mobile, Ala. 36602 (Pledge)	8/16/77	200.00	100.00	100.00
Pete Freeman 1320 South Quintard Anniston, Ala. 36201 (Pledge)		50.00	50.00	-0-
Tony Poggi P. O. Drawer B Fair Hope, Ala. 36532 (Pledge)		100.00	100.00	-0-
George Simpson P. O. Box 217 Lineville, Alabama 36266 (Pledge)		100.00	100.00	-0-
Howard Hall, Jr. 3233 15th Street Birmingham, Ala. 35207 (Pledge)		250.00	250.00	-0-
Melissa Dennis Drawer S Sumiton, Ala. 35148 (Pledge)	8/11/77	1,000.00	1,000.00	-0-
Lucas Smith Jacksonville Highway Jacksonville, Ala. 36265 (Pledge)	9/20/77	200.00	100.00	100.00
		1,900.00	1,700.00	200.00

**ITEMIZED RECEIPTS SALES AND COLLECTIONS
 FOR LINE NUMBER 14c ONLY OF FEC FORM 3**

(See Instructions on Book)

Name of Candidate or Committee in Full

FRIENDS OF DONALD STEWART

Total Proceeds during the Reporting Period:

1. Subtotal Receipts from the Sale of Tickets (list by event below and enter from subtotal Column A)* \$
2. Subtotal Receipts from Mass Collections (list by event below and enter from subtotal Column B)** \$
3. Subtotal Receipts from the Sale of Items (not listed below) \$
4. TOTAL (carry forward to Line 14c of Detailed Summary, Page 2, FEC Form 3) \$

LIST OF SALES AND COLLECTIONS BY EVENT

Location (Site, City and State) and Type of Event	Date of Event (month, day, year)	COLUMN A Amount from Sale of Tickets this Period*	COLUMN B Amount from Mass Collections this Period**
Hyatt House Birmingham		\$	\$
Birmingham, Alabama			
Gregory Peck Dinner	10-25-78	0.00	11,065.00
Residence of Bert Bloomston			
Birmingham, Alabama			
Reception Honoring Peck/Stewart	10-25-78	0.00	2,075.00
The Governor's House Hotel			
Montgomery, Alabama			
Fundraiser Dinner	10-31-78	9,615.00	500.00
Huntsville Hilton, Huntsville, Alabama			
Fundraiser Dinner	11-02-78	0.00	4,105.00
Southland Restaurant, Sheffield, Alabama			
Breakfast/Luncheon	11-03-78	0.00	1,360.00
SUBTOTAL this period		\$ 9,615.00	\$** 19,105.00

5984231632

REPORT OF RECEIPTS AND EXPENDITURES
FOR A CANDIDATE OR COMMITTEE
SUPPORTING CANDIDATE(S) FOR
NOMINATION OR ELECTION TO FEDERAL OFFICE

(Except for Candidates or Committees Receiving Federal Matching Funds)

Note: Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.

1. FRIENDS OF DONALD STEWART
Name of Candidate or Committee (in full)
1131 Leighton Avenue (P. O. Box 2274)
Address (number and street)
Anniston, Alabama 36202
City, State and ZIP Code

2. I.D. No. 52401
Candidate/Committee

3. United States Senator-Place 2
Office Sought, State/District (if applicable)

Year of Election 1978

4. Type of Report (check appropriate boxes)

April 10 Quarterly Report

July 10 Quarterly Report

October 10 Quarterly Report

January 31 Annual Report

Monthly Report _____ on _____ in the State of _____

Tenth day report preceding _____ election (primary, general or convention)

Thirtieth day report following _____ election (primary, general or convention)

Termination Report

Amendment for: _____ (which report)

This is a report for Primary Election General Election Primary and General Other (special, runoff, etc.)

AL DEM C875

SUMMARY OF RECEIPTS AND EXPENDITURES
(Figures may be rounded to nearest dollar.)

5. Covering Period	Column A This Period	Column B Calendar Year To-Date
<u>9/12/78</u> Through <u>9/25/78</u>		
6. Cash on hand January 1, 1978		\$ 781.43
7. Cash on hand at beginning of reporting period	\$ 20,782.74	
8. Total receipts (from line 19):	\$ 117,187.75	\$ 380,298.46
(a) Subtotal (Add lines 7 and 8 for Column A and lines 6 and 8 for Column B)	\$ 137,970.49	\$ 381,079.91
9. Total expenditures (from line 25)	\$ 129,933.60	\$ 373,043.02
10. Cash on hand at close of reporting period (Subtract line 9 from line 8a)	\$ 8,036.89	\$ 8,036.89
11. Value of contributed items on hand to be liquidated (Attach itemized list)	\$ _____	
12. Debts and obligations owed to the Committee (and date itemize all on Schedule C)	\$ 14,275.00	
13. Debts and obligations owed by the Committee (and date itemize all on Schedule C)	\$ 239,800.00	


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

10/5/78 Date

J. H. Stewart, Jr. (Typed Name of Treasurer)

[Signature] (Signature of Treasurer or Candidate)

Note: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. Section 437g, or Section 447i (see reverse side of form).

For further information, contact  Federal Election Commission, 1325 K Street, N.W., Washington, D.C. 20463. or call 800 424 9530

Approved by GAO B 187620 (R0506) Expires 3-31-81

All previous versions of FEC FORM 3 are obsolete and should no longer be used.

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

Page 7 of 11 for
 Line Number 14a

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full

Friends of Donald Stewart

14a
 15a
 15b
 15c
 16a
 17a
 18a

Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
14a Don Linnier 810 Socogatory Court Auburn, Al	Auburn, Alabama 610 Summerhill Rd. Auburn, Al. Occupation: Owner	6-13-78	350.00
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other Aggregate Year To Date \$ 350.00	<input type="checkbox"/> Check if Contributor is self-employed		
15a 15b 15c 16a 17a 18a Eddie S. Lowrey P.O. Box 456 Macon, Ga. 31201	Occupation: <i>Teacher</i>	9-13-78	100.00
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other Aggregate Year To Date \$ 350.00	<input type="checkbox"/> Check if Contributor is self-employed		
14a 15a 15b 15c 16a 17a 18a Robert A. [unclear] [unclear] [unclear]	Occupation: <i>Teacher</i>	9-13-78	200.00
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other Aggregate Year To Date \$ 350.00	<input type="checkbox"/> Check if Contributor is self-employed		
14a 15a 15b 15c 16a 17a 18a John E. [unclear] 12345 [unclear] Cir. [unclear] Ga. 31201	Occupation: <i>Businessman</i>	9-13-78	250.00
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other Aggregate Year To Date \$ 350.00	<input type="checkbox"/> Check if Contributor is self-employed		
14a 15a 15b 15c 16a 17a 18a [unclear] Rt. 1, Sumiton, Al.	Occupation: Housewife	9-13-78	1,000.00
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other Aggregate Year To Date \$ 1,000.00	<input type="checkbox"/> Check if Contributor is self-employed		
14a 15a 15b 15c 16a 17a 18a [unclear] Rt. 1, Sumiton, Al.	Occupation: Truckee	9-13-78	1,000.00
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other Aggregate Year To Date \$ 1,000.00	<input type="checkbox"/> Check if Contributor is self-employed		
14a 15a 15b 15c 16a 17a 18a [unclear] [unclear] Rd. [unclear]	Occupation: <i>Businessman</i>	9-13-78	500.00
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other Aggregate Year To Date \$ 500.00	<input type="checkbox"/> Check if Contributor is self-employed		
SUBTOTAL of receipts this page (optional)			\$ 3,075.00
TOTAL this period (last page this line number only)			\$

**REPORT OF RECEIPTS AND EXPENDITURES
 FOR A CANDIDATE OR COMMITTEE
 SUPPORTING CANDIDATE(S) FOR
 NOMINATION OR ELECTION TO FEDERAL OFFICE**

(Except for Candidates or Committees Receiving Federal Matching Funds)

1978 SEP 13 10 53 0

Note: Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.

FRIENDS OF DONALD STEWART

ID No S2401 Candidate/Committee

Name of Candidate or Committee (in full)

1131 Leighton Avenue (P.O. Box 2274)

United States Senate

Address (number and street)

Office Sought, State/District (if applicable)

Anniston, Alabama 36201

AL DEM C875

City, State and ZIP Code

Check if address is different than previously reported.

Year of Election 1978

4 Type of Report (check appropriate boxes)

- April 10 Quarterly Report
 - July 10 Quarterly Report
 - October 10 Quarterly Report
 - January 31 Annual Report
 - Monthly Report _____ (month) on _____ (date) in the State of _____
 - Tenth day report preceding Run-Off election (primary, general or convention)
 - Thirtieth day report following _____ election (primary, general or convention)
 - Termination Report
 - Amendment for _____ (which report)
- This is a report for Primary Election General Election Primary and General Other (special, runoff, etc.)

SUMMARY OF RECEIPTS AND EXPENDITURES

(Figures may be rounded to nearest dollar.)

5 Covering Period <u>8-22-78</u> Through <u>9-11-78</u>	Column A This Period	Column B Calendar Year To-Date
6 Cash on hand January 1, 19		\$ 781.43
7 Cash on hand at beginning of reporting period	\$ 2,283.23	
8 Total receipts (from line 19)	\$ 49,755.00	\$ 263,110.73
(a) Subtotal: (Add lines 7 and 8 for Column A and lines 6 and 8 for Column B)	\$ 52,038.23	\$ 263,892.16
9 Total expenditures (from line 25)	\$ 31,255.49	\$ 243,109.42
10 Cash on hand at close of reporting period (Subtract line 9 from line 8a)	\$ 20,782.74	\$ 20,782.74
11 Value of contributed items on hand to be liquidated (Attach itemized list)	\$ _____	
12 Debts and obligations owed to the Committee/Candidate (itemize all on Schedule C)	\$ 7,185.00	
13 Debts and obligations owed by the Committee/Candidate (itemize all on Schedule C)	\$ 190,800.00	

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

9/14/78

(Date)

J. H. Stewart, Jr.

(Typed Name of Treasurer or Candidate)

(Signature of Treasurer or Candidate)

Note: Submission of false, erroneous or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. Section 637g or Section 441 (see reverse side of form)

For further information contact:

Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

or call 800-424-9530

Approved by GAO
 9-187620 (R0506)
 Expires 3-31-81

All previous versions of FEC FORM 3 are obsolete and should no longer be used.

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

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ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

(Use Separate Schedules for
 each numbered line)

379114146493038
 375
 375
 375

Name of Candidate or Committee in Full			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Thom G. ...</i>	<i>...</i>	<i>9-7-78</i>	<i>15.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other <input type="checkbox"/> Check if Contributor is self-employed		Aggregate Year To Date	
Full Name, Mailing Address and ZIP Code Principal Place of Business Date (month, day, year) Amount of each Receipt this Period Occupation <input type="checkbox"/> Check if Contributor is self-employed			
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other <input type="checkbox"/> Check if Contributor is self-employed		Aggregate Year To Date	
Full Name, Mailing Address and ZIP Code Principal Place of Business Date (month, day, year) Amount of each Receipt this Period Occupation <input type="checkbox"/> Check if Contributor is self-employed			
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other <input type="checkbox"/> Check if Contributor is self-employed		Aggregate Year To Date	
Full Name, Mailing Address and ZIP Code Principal Place of Business Date (month, day, year) Amount of each Receipt this Period Occupation <input type="checkbox"/> Check if Contributor is self-employed			
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other <input type="checkbox"/> Check if Contributor is self-employed		Aggregate Year To Date	
Full Name, Mailing Address and ZIP Code Principal Place of Business Date (month, day, year) Amount of each Receipt this Period Occupation <input type="checkbox"/> Check if Contributor is self-employed			
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other <input type="checkbox"/> Check if Contributor is self-employed		Aggregate Year To Date	
Full Name, Mailing Address and ZIP Code Principal Place of Business Date (month, day, year) Amount of each Receipt this Period Occupation <input type="checkbox"/> Check if Contributor is self-employed			
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other <input type="checkbox"/> Check if Contributor is self-employed		Aggregate Year To Date	
Full Name, Mailing Address and ZIP Code Principal Place of Business Date (month, day, year) Amount of each Receipt this Period Occupation <input type="checkbox"/> Check if Contributor is self-employed			

\$ 1960.00

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full <i>Friends of Donald Stewart</i>			
Full Name, Mailing Address and ZIP Code <i>Richard A. Lindberg P.O. Box 500 Washington, DC 20001</i>	Principal Place of Business <i>Director of Finance Board of Directors Occupation</i>	Date (month, day, year) <i>7-29-78</i>	Amount of each Receipt this Period <i>100.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other		<input checked="" type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>100.00</i>	
Full Name, Mailing Address and ZIP Code <i>John J.</i>	Principal Place of Business <i>... ... Occupation</i>	Date (month, day, year) <i>7-27-78</i>	Amount of each Receipt this Period <i>1,000.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other		<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>1,000.00</i>	
Full Name, Mailing Address and ZIP Code <i>... </i>	Principal Place of Business <i>... ... Occupation</i>	Date (month, day, year) <i>7-27-78</i>	Amount of each Receipt this Period <i>1,000.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other		<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>1,000.00</i>	
Full Name, Mailing Address and ZIP Code <i>... </i>	Principal Place of Business <i>... ... Occupation</i>	Date (month, day, year) <i>7-27-78</i>	Amount of each Receipt this Period <i>1,000.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other		<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>1,000.00</i>	
Full Name, Mailing Address and ZIP Code <i>... </i>	Principal Place of Business <i>... ... Occupation</i>	Date (month, day, year) <i>7-26-78</i>	Amount of each Receipt this Period <i>250.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other		<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>250.00</i>	
Full Name, Mailing Address and ZIP Code <i>... </i>	Principal Place of Business <i>... ... Occupation</i>	Date (month, day, year) <i>7-27-78</i>	Amount of each Receipt this Period <i>100.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other		<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>100.00</i>	
Full Name, Mailing Address and ZIP Code <i>... </i>	Principal Place of Business <i>... ... Occupation</i>	Date (month, day, year) <i>7-27-78</i>	Amount of each Receipt this Period <i>250.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other		<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year To Date \$ <i>250.00</i>	
SUBTOTAL of receipts this page (optional)			\$ 3,700.00
TOTAL this period last page (this line number only)			\$

6 P 3 4 2 3 4 5 6 7 8 9 10 11 12 13 14 15

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
of FEC FORM 3

(Use Separate Schedules for
each numbered line)

Name of Candidate or Committee in Full <i>Robert F. Wood Stewart</i>			
TS Full Name, Mailing Address and ZIP Code <i>3525...</i>	Principal Place of Business	Date (month, day, year) <i>9-1-78</i>	Amount of each Receipt this Period <i>500.00</i>
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year To Date	\$ <i>1000.00</i>		
Full Name, Mailing Address and ZIP Code <i>...</i>	Principal Place of Business	Date (month, day, year) <i>9-1-78</i>	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year To Date	\$ <i>1000.00</i>		
Full Name, Mailing Address and ZIP Code <i>...</i>	Principal Place of Business	Date (month, day, year) <i>9-1-78</i>	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year To Date	\$ <i>1000.00</i>		
Full Name, Mailing Address and ZIP Code <i>...</i>	Principal Place of Business	Date (month, day, year) <i>9-1-78</i>	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year To Date	\$ <i>1000.00</i>		
Full Name, Mailing Address and ZIP Code <i>...</i>	Principal Place of Business	Date (month, day, year) <i>9-1-78</i>	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year To Date	\$ <i>1000.00</i>		
Full Name, Mailing Address and ZIP Code <i>...</i>	Principal Place of Business	Date (month, day, year) <i>9-1-78</i>	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year To Date	\$ <i>1000.00</i>		
SUBTOTAL of receipts this page (optional)			\$ <i>500.00</i>
TOTAL this period (last page this line number only)			\$

SCHEDULE A

REVISED

January, 1978

Federal Election Commission
325 K Street, N.W.
Washington, D.C. 20483

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
of FEC FORM 3

Page 4 of 10 for

Line Number _____

(Use Separate Schedules for
each numbered line)

Name of Candidate or Committee in Full

Ronald Reagan - Rick Warren

Full Name, Mailing Address and ZIP Code

*James L. Endicott
4250 Conover Dr
Boulder CO 80503*

Principal Place of Business

Occupation

Check if Contributor is self-employed

Aggregate Year To Date \$ *2500*

Date (month, day, year)

9-11-78

Amount of each Receipt
this Period

250.00

Receipt for

Primary General Other

Full Name, Mailing Address and ZIP Code

*Robert J. ...
...
...*

Principal Place of Business

Occupation

Check if Contributor is self-employed

Aggregate Year To Date \$ *...*

Date (month, day, year)

...

Amount of each Receipt
this Period

...

Receipt for

Primary General Other

Full Name, Mailing Address and ZIP Code

...

Principal Place of Business

Occupation

Check if Contributor is self-employed

Aggregate Year To Date \$ *...*

Date (month, day, year)

...

Amount of each Receipt
this Period

...

Receipt for

Primary General Other

Full Name, Mailing Address and ZIP Code

...

Principal Place of Business

Occupation

Check if Contributor is self-employed

Aggregate Year To Date \$ *...*

Date (month, day, year)

...

Amount of each Receipt
this Period

...

Receipt for

Primary General Other

Full Name, Mailing Address and ZIP Code

...

Principal Place of Business

Occupation

Check if Contributor is self-employed

Aggregate Year To Date \$ *...*

Date (month, day, year)

...

Amount of each Receipt
this Period

...

Receipt for

Primary General Other

Full Name, Mailing Address and ZIP Code

...

Principal Place of Business

Occupation

Check if Contributor is self-employed

Aggregate Year To Date \$ *...*

Date (month, day, year)

...

Amount of each Receipt
this Period

...

Receipt for

Primary General Other

Full Name, Mailing Address and ZIP Code

...

Principal Place of Business

Occupation

Check if Contributor is self-employed

Aggregate Year To Date \$ *...*

Date (month, day, year)

...

Amount of each Receipt
this Period

...

Receipt for

Primary General Other

Full Name, Mailing Address and ZIP Code

...

Principal Place of Business

Occupation

Check if Contributor is self-employed

Aggregate Year To Date \$ *...*

Date (month, day, year)

...

Amount of each Receipt
this Period

...

SUBTOTAL of receipts this page (optional)

\$ *2775.66*

TOTAL this period (list page this line number only)

\$

*13
15
17
19
21
23
25*

**SCHEDULE A
REVISED**

January, 1978
Federal Election Commission
1225 K Street, N.W.
Washington, D.C. 20463

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
of FEC FORM 3

Page 6 of 10 for

Line Number _____

(Use Separate Schedules for
each numbered line)

Name of Candidate or Committee in Full

Francis J. LaSalle

13
12
11
10
9
8
7
6
5
4
3
2
1

Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Mr. Moody 1234 5th St Washington, DC 20001</i>	 Occupation <input type="checkbox"/> Check if Contributor is self-employed	<i>7-20-78</i>	<i>500.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year To Date \$ _____		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Mr. Smith 5678 9th St Washington, DC 20002</i>	 Occupation <input type="checkbox"/> Check if Contributor is self-employed	<i>8-10-78</i>	<i>1,000.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other	Aggregate Year To Date \$ _____		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Mr. Jones 9012 3rd St Washington, DC 20003</i>	 Occupation <input type="checkbox"/> Check if Contributor is self-employed	<i>8-15-78</i>	<i>2,000.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year To Date \$ _____		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Mr. Brown 3456 7th St Washington, DC 20004</i>	 Occupation <input type="checkbox"/> Check if Contributor is self-employed	<i>8-20-78</i>	<i>1,500.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year To Date \$ _____		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Mr. White 7890 1st St Washington, DC 20005</i>	 Occupation <input type="checkbox"/> Check if Contributor is self-employed	<i>9-01-78</i>	<i>500.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year To Date \$ _____		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Mr. Green 2345 6th St Washington, DC 20006</i>	 Occupation <input type="checkbox"/> Check if Contributor is self-employed	<i>9-10-78</i>	<i>1,000.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year To Date \$ _____		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Mr. Black 6789 4th St Washington, DC 20007</i>	 Occupation <input type="checkbox"/> Check if Contributor is self-employed	<i>9-15-78</i>	<i>500.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year To Date \$ _____		
SUBTOTAL of receipts this page (add only)			\$ <i>7,000.00</i>
TOTAL this period (add this line number only)			\$ _____

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full			
<i>Friends of Donald Stewart</i>			
Full Name, Mailing Address and ZIP Code <i>Mr. J. E. Lewis</i> <i>3115 Tipton Dr.</i> <i>Washington, D.C. 20001</i>	Principal Place of Business <i>None</i>	Date (month, day, year) <i>9-7-78</i>	Amount of each Receipt this Period <i>1,000.00</i>
	Occupation <i>None</i>	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>1,000.00</i>	
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
Full Name, Mailing Address and ZIP Code <i>Mr. J. E. Lewis</i> <i>3115 Tipton Dr.</i> <i>Washington, D.C. 20001</i>	Principal Place of Business <i>None</i>	Date (month, day, year) <i>9-7-78</i>	Amount of each Receipt this Period <i>1,000.00</i>
	Occupation <i>None</i>	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>2,000.00</i>	
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
Full Name, Mailing Address and ZIP Code <i>Mr. J. E. Lewis</i> <i>3115 Tipton Dr.</i> <i>Washington, D.C. 20001</i>	Principal Place of Business <i>None</i>	Date (month, day, year) <i>9-11-78</i>	Amount of each Receipt this Period <i>500.00</i>
	Occupation <i>None</i>	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>2,500.00</i>	
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
Full Name, Mailing Address and ZIP Code <i>Mr. J. E. Lewis</i> <i>3115 Tipton Dr.</i> <i>Washington, D.C. 20001</i>	Principal Place of Business <i>None</i>	Date (month, day, year) <i>9-11-78</i>	Amount of each Receipt this Period <i>100.00</i>
	Occupation <i>None</i>	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>2,600.00</i>	
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
Full Name, Mailing Address and ZIP Code <i>Mr. J. E. Lewis</i> <i>3115 Tipton Dr.</i> <i>Washington, D.C. 20001</i>	Principal Place of Business <i>None</i>	Date (month, day, year) <i>9-11-78</i>	Amount of each Receipt this Period <i>500.00</i>
	Occupation <i>None</i>	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>3,100.00</i>	
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
Full Name, Mailing Address and ZIP Code <i>Mr. J. E. Lewis</i> <i>3115 Tipton Dr.</i> <i>Washington, D.C. 20001</i>	Principal Place of Business <i>None</i>	Date (month, day, year) <i>9-11-78</i>	Amount of each Receipt this Period <i>500.00</i>
	Occupation <i>None</i>	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>3,600.00</i>	
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
Full Name, Mailing Address and ZIP Code <i>Mr. J. E. Lewis</i> <i>3115 Tipton Dr.</i> <i>Washington, D.C. 20001</i>	Principal Place of Business <i>None</i>	Date (month, day, year) <i>9-11-78</i>	Amount of each Receipt this Period <i>500.00</i>
	Occupation <i>None</i>	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>4,100.00</i>	
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
SUBTOTAL of receipts this page (optional)			\$ <i>4,100.00</i>
TOTAL (this period last page this line number only)			\$

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SCHEDULE A
REVISED

January, 1978
Federal Election Commission
325 K Street, N.W.
Washington, D.C. 20463

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
of FEC FORM 3

Name of Candidate or Committee in Full			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
Allen J Taylor 2429 Woodlark Rd Washington, D.C. 20001		9-1-78	500.00
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
<input type="checkbox"/> Check if Contributor is self-employed			
Aggregate Year To Date \$ 500.00			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
		8-1-78	100.00
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
<input type="checkbox"/> Check if Contributor is self-employed			
Aggregate Year To Date \$ 100.00			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
		8-2-78	100.00
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
<input type="checkbox"/> Check if Contributor is self-employed			
Aggregate Year To Date \$ 100.00			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
		8-3-78	100.00
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
<input type="checkbox"/> Check if Contributor is self-employed			
Aggregate Year To Date \$ 100.00			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
		8-4-78	100.00
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
<input type="checkbox"/> Check if Contributor is self-employed			
Aggregate Year To Date \$ 100.00			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
		8-5-78	100.00
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
<input type="checkbox"/> Check if Contributor is self-employed			
Aggregate Year To Date \$ 100.00			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
		8-6-78	100.00
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
<input type="checkbox"/> Check if Contributor is self-employed			
Aggregate Year To Date \$ 100.00			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
		8-7-78	100.00
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input checked="" type="checkbox"/> Other			
<input type="checkbox"/> Check if Contributor is self-employed			
Aggregate Year To Date \$ 100.00			
SUBTOTAL of receipts this page (optional)			\$ 3,000.00
TOTAL this period (as at page this line number only)			\$

Handwritten marks and numbers on the left margin, including a large 'X' and a vertical list of numbers from 1 to 10.

Spencer J Donald Stewart

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

Name of Candidate or Committee in Full			
<i>Friends of David Stewart</i>			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>James R. Deane Lawyer & Highway 78 W Lawrenceville, Ga. 30046</i>	<i>Lawyer & Highway 78 W Lawrenceville, Ga. 30046</i>	<i>5-11-78</i>	<i>190.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>190.00</i>		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>[Faded]</i>	<i>[Faded]</i>	<i>[Faded]</i>	<i>[Faded]</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>[Faded]</i>		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>[Faded]</i>	<i>[Faded]</i>	<i>[Faded]</i>	<i>[Faded]</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>[Faded]</i>		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>[Faded]</i>	<i>[Faded]</i>	<i>[Faded]</i>	<i>[Faded]</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>[Faded]</i>		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>[Faded]</i>	<i>[Faded]</i>	<i>[Faded]</i>	<i>[Faded]</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>[Faded]</i>		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>[Faded]</i>	<i>[Faded]</i>	<i>[Faded]</i>	<i>[Faded]</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>[Faded]</i>		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>[Faded]</i>	<i>[Faded]</i>	<i>[Faded]</i>	<i>[Faded]</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ <i>[Faded]</i>		
SUBTOTAL of receipts this page (optional)			\$ <i>1,270.00</i>
TOTAL this period (use only one line number only)			\$ <i>[Faded]</i>

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REPORT OF RECEIPTS AND EXPENDITURES
 FOR A CANDIDATE OR COMMITTEE
 SUPPORTING CANDIDATE(S) FOR
 NOMINATION OR ELECTION TO FEDERAL OFFICE

(Except for Candidates or Committees Receiving Federal Matching Funds)

Note: Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.

1 FRIENDS OF DONALD STEWART
 Name of Candidate or Committee (in full)
1131 Leighton Avenue (P.O. Box 2274)
 Address (number and street)
Anniston, Alabama 36202
 City, State and ZIP Code

2 I.D. No. S 2401
 Candidate/Committee
 3 United States Senate
 Office Sought, State/District (if applicable)
 Check if address is different than previously reported.
 Year of Election 1978

4 Type of Report (check appropriate boxes)

- April 10 Quarterly Report
 July 10 Quarterly Report
 October 10 Quarterly Report
 January 31 Annual Report
 Monthly Report _____ on _____ in the State of _____
 (month) (date)
- Tenth day report preceding Primary election
 (primary, general or convention)
 on Sept. 5, 1978 in the State of Alabama
 (date)
- Thirtieth day report following _____ election
 (primary, general or convention) (which report)
- This is a report for Primary Election General Election Primary and General Other (special, runoff, etc.)

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SUMMARY OF RECEIPTS AND EXPENDITURES
 (Figures may be rounded to nearest dollar.)

5 Covering Period	Through	Column A This Period	Column B Calendar Year-To-Date
<u>7-1-78</u>	<u>8-21-78</u>		
6 Cash on hand January 1, 19			\$ 781.43
7 Cash on hand at beginning of reporting period		\$ 1,379.66	
8 Total receipts (from line 19)		\$ 137,349.63	\$ 213,355.73
(a) Subtotal (Add lines 7 and 8 for Column A and lines 6 and 8 for Column B)		\$ 138,729.29	\$ 214,137.16
9 Total expenditures (from line 25)		\$ 136,446.06	\$ 211,853.93
10 Cash on hand at close of reporting period (Subtract line 9 from line 8a)		\$ 2,283.23	\$ 2,283.23
11 Value of contributed items on hand to be liquidated (Attach itemized list)		\$	
12 Debts and obligations owed to the Committee/Candidate (itemize all on Schedule C)		\$ 7,830.00	
13 Debts and obligations owed by the Committee/Candidate (itemize all on Schedule C)		\$ 190,800.00	

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

8/24/78
 (Date)

J. H. Stewart, Jr.
 (Typed Name of Treasurer)

J. H. Stewart, Jr.
 (Signature of Treasurer or Candidate)

Note: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. Section 4372, or Section 441j (see reverse side of form).

For further information, Contact:



Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

or call 800/424-9530

Approved by GAO
 B-18/620 (R0506)
 Expires 3-31-81

All previous versions of FEC FORM 3 are obsolete and should no longer be used.

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

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ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full			
<i>Friends of Dwight Stearns</i>			
Full Name, Mailing Address and ZIP Code <i>John Lee</i> <i>1441 NW 1st</i> <i>Mobile, Ala. 35004</i>	Principal Place of Business <i>Ala. - Long Oil Co.</i> <i>Mobile, Ala. 35114</i> Occupation	Date (month, day, year) <i>7-19-78</i>	Amount of each Receipt this Period <i>1,500.00</i>
Receipt for <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date... \$ <i>1,500.00</i>		
Full Name, Mailing Address and ZIP Code <i>William H. Pearson</i> <i>9 Oakwood</i> <i>Suburban, Ala. 35401</i>	Principal Place of Business Occupation	Date (month, day, year) <i>7-28-78</i>	Amount of each Receipt this Period <i>100.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date... \$ <i>150.00</i>		
Full Name, Mailing Address and ZIP Code <i>Wm. B. Boat</i> <i>302 Sky Drive</i> <i>Birmingham, Ala. 35201</i>	Principal Place of Business Occupation <i>Housewife</i>	Date (month, day, year) <i>8-10-78</i>	Amount of each Receipt this Period <i>275.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date... \$ <i>700.00</i>		
Full Name, Mailing Address and ZIP Code <i>W. B. Boat</i> <i>666 Lomb Ave., S.W.</i> <i>Birmingham, Ala. 35214</i>	Principal Place of Business <i>Auto Sales</i> Occupation	Date (month, day, year) <i>7-25-78</i>	Amount of each Receipt this Period <i>1,000.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date... \$ <i>1,000.00</i>		
Full Name, Mailing Address and ZIP Code <i>C. J. Kessens, Jr.</i> <i>2007 1st Ave., So.</i> <i>Birmingham, Ala. 35233</i>	Principal Place of Business Occupation <i>Physician</i>	Date (month, day, year) <i>8-1-78</i>	Amount of each Receipt this Period <i>100.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date... \$ <i>200.00</i>		
Full Name, Mailing Address and ZIP Code <i>Andy Shively</i> <i>1200 1/2 Mile Rd.</i> <i>Birmingham, Ala. 35215</i>	Principal Place of Business <i>Banner Mining Supplies</i> <i>2912 Mont Ave</i> <i>Birmingham, Ala. 35203</i> Occupation	Date (month, day, year) <i>7-19-78</i>	Amount of each Receipt this Period <i>1,000.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date... \$ <i>1,000.00</i>		
Full Name, Mailing Address and ZIP Code <i>Samuel J. Jensenbaum</i> <i>116 Woodway</i> <i>Columbus, A.C. 29210</i>	Principal Place of Business <i>Chatham Street</i> <i>Columbus, S.C. 29210</i> Occupation	Date (month, day, year) <i>8-11-78</i>	Amount of each Receipt this Period <i>250.00</i>
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date... \$ <i>250.00</i>		
SUBTOTAL of receipts this page (optional)			\$ <i>3,650.00</i>
TOTAL this period (last page this line number only)			\$

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ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full

FRIENDS OF DONALD STEWART

7 030130110032431417

Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Robert H. Buckley</i> Rt. 1 Ago, Ala. 35748	<i>Homemaker</i>	<i>8-17-78</i>	<i>1,000.00</i>
Receipt for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year-To-Date <i>\$1,000.00</i>			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Mar. Buckley</i> Rt. 1 Ago, Ala. 35748	<i>Ala-Tenn Oil Co.</i> Branch Summit, Ala. 35748 <i>Salesman</i>	<i>8-17-78</i>	<i>1,000.00</i>
Receipt for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year-To-Date <i>\$1,000.00</i>			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Theresa Dennis</i> 40 Beaver S Summit, Ala. 35748		<i>8-17-78</i>	<i>1,000.00</i>
Receipt for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year-To-Date <i>\$1,000.00</i>			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Joni Shaddix</i> 1316 5 Mile Rd. Birmingham, Ala. 35215		<i>8-17-78</i>	<i>1,000.00</i>
Receipt for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year-To-Date <i>\$1,000.00</i>			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>Paul Hubbard</i> 414 Woodside Rd Anniston, Ala. 36201	<i>Sunny Valley Farms, Inc.</i> Anniston, Ala. 36203	<i>8-21-78</i>	<i>30.00</i>
Receipt for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year-To-Date <i>\$120.00</i>			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>William J. Furgell</i> 58 Freshhead Trail Anniston, Ala. 36201	<i>Anniston High School</i> Anniston, Ala. 36201 <i>School teacher</i>	<i>8-21-78</i>	<i>50.00</i>
Receipt for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year-To-Date <i>\$200.00</i>			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
<i>A. Lee Simpson</i> 9th Floor Birmingham, Ala. 35203	<i>Attorney</i>	<i>8-21-78</i>	<i>200.00</i>
Receipt for: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Aggregate Year-To-Date <i>\$200.00</i>			
SUBTOTAL of receipts this page (optional)			\$ <i>4,280.00</i>
TOTAL this period (last page this line number only)			\$ <i>12,000.00</i>

FEC FORM 3
 REVISED
 January, 1978
 Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

REPORT OF RECEIPTS AND EXPENDITURES
 FOR A CANDIDATE OR COMMITTEE
 SUPPORTING CANDIDATE(S) FOR
 NOMINATION OR ELECTION TO FEDERAL OFFICE

(Except for Candidates or Committees Receiving Federal Matching Funds)

RECEIVED
 SECRETARY OF THE SENATE

1978 APR 13 AM 9 46

Note: Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.

1 FRIENDS OF DONALD STEWART
 Name of Candidate or Committee (in full)
1131 Leighton Avenue (P. O. Box 2274)
 Address (number and street)
Anniston, Alabama 36202
 City, State and ZIP Code

2 I.D. No. S 2401
 Candidate/Committee
 3 United States Senate
 Office Sought, State/District (if applicable)

Check if address is different than previously reported
 Year of Election 1978

4 Type of Report (check appropriate boxes)

- April 10 Quarterly Report
 - July 10 Quarterly Report
 - October 10 Quarterly Report
 - January 31 Annual Report
 - Monthly Report (month) _____
 - Term day report preceding _____ election (primary, general or convention)
 - Thirtieth day report following _____ election (primary, general or convention)
 - Termination Report
 - Amendment for _____ (which report)
- This is a report for: Primary Election General Election Primary and General Other (special runoff, etc.)

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SUMMARY OF RECEIPTS AND EXPENDITURES
 (Figures may be rounded to nearest dollar.)

5 Covering Period	Column A This Period	Column B Calendar Year-To-Date
<u>1-1-78</u> Through <u>4-3-78</u>		
6 Cash on hand January 1, 1978		\$ 781.43
7 Cash on hand at beginning of reporting period	\$ 781.43	
8 Total receipts (from line 19)	\$ 44,462.94	\$ 44,462.94
(a) Subtotal (Add lines 7 and 8 for Column A and lines 6 and 8 for Column B)	\$ 45,244.37	\$ 45,244.37
9 Total expenditures (from line 25)	\$ 36,653.13	\$ 36,653.13
10 Cash on hand at close of reporting period (Subtract line 9 from line 6a)	\$ 8,591.24	\$ 8,591.24
11 Value of contributed items on hand to be liquidated (Attach itemized list)	\$ _____	
12 Assets and liabilities owed to the Committee (Candidate itemize all on Schedule C)	\$ 8,980.00	
13 Assets and liabilities owed by the Committee (Candidate itemize all on Schedule C)	\$ 5,800.00	

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

4-10-78
 Date

J. H. Stewart, Jr.
 Printed Name of Treasurer

J. H. Stewart, Jr.
 Signature of Treasurer

Note: Submission of false information or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. Section 437g, or Section 447, (see reverse side of form)

For further information, contact

Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

Or call 800-424-9530

ADDITIONAL
 INFORMATION
 REQUESTED

Approved by GAO
 187620 (40506)
 Form 3-31-81

All previous versions of FEC FORM 3 are obsolete and should no longer be used.

Any information reported here is not to be used for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

**SCHEDULE A
REVISED**

Pub. 1978
U.S. GOVERNMENT PRINTING OFFICE
283 Street, N.W.
Washington, D.C. 20543

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
of FEC FORM 3

Page **2** of **7** pages

Line Number _____

(Use Separate Schedules for
each numbered line)

Name of Candidate or Committee in Full

Friends of Donald Stewart

Full Name, Mailing Address and ZIP Code

*Melissa Dennis
Drawer 5, Highway 78 W
Summiton, Ala. 35748*

Principal Place of Business

Handwife

Date (month, day, year)

2-2-78

Amount of each Receipt
this Period

1,000.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date *\$1,000.00*

Full Name, Mailing Address and ZIP Code

*Glenn H. Donally
3915 Montclair Rd.
Birmingham, Ala. 35213*

Principal Place of Business

Glenn Donally Realty

Date (month, day, year)

2-2-78

Amount of each Receipt
this Period

200.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date *\$200.00*

Full Name, Mailing Address and ZIP Code

*Craig H. Christopher
4972 Spring Rock Rd.
Birmingham, Ala. 35223*

Principal Place of Business

None

Date (month, day, year)

2-7-78

Amount of each Receipt
this Period

200.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date *\$200.00*

Full Name, Mailing Address and ZIP Code

*Ernest B. Moore, Jr.
4816 Stone River Circle
Birmingham, Ala. 35213*

Principal Place of Business

Same

Date (month, day, year)

2-10-78

Amount of each Receipt
this Period

200.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date *\$200.00*

Full Name, Mailing Address and ZIP Code

*Harold E. Henderson
4301 Kennecott Dr.
Birmingham, Ala. 35205*

Principal Place of Business

*2660 10th Ave So.
Birmingham, Ala. 35205*

Date (month, day, year)

2-10-78

Amount of each Receipt
this Period

200.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date *\$200.00*

Full Name, Mailing Address and ZIP Code

*Charles L. Parks
1108 Wilmore Ave.
Anniston, Ala. 36201*

Principal Place of Business

None

Date (month, day, year)

2-10-78

Amount of each Receipt
this Period

200.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date *\$200.00*

Full Name, Mailing Address and ZIP Code

*Dr. Donald R. Higgins
2510 Wilburton Dr.
Ruben, Ala. 36830*

Principal Place of Business

None

Date (month, day, year)

2-16-78

Amount of each Receipt
this Period

1,000.00

Receipt for Primary General Other

Check if Contributor is self-employed

Aggregate Year To Date *\$*

SUBTOTAL (do not include this line)

\$ 3,000.00

TOTAL (do not include this line)

\$

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LEWIS, D'AMATO, BRISBOIS & BISGAARD

GCW
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ROBERT F. LEWIS
GEORGE G. D'AMATO
CHRISTOPHER P. BISGAARD
ROY M. BRISBOIS
R. GAYLORD SMITH
DAVID S. PARKER
JULIE S. RADCLIFF, JR.
DAVID E. REYNOLDS
DUANE C. MUSFELT
JOSEPH M. ANDREWS
RAUL L. MARTINEZ
SCOTT LICHTIG
CONRAD R. ARAGON
ALAN E. GREENBERG
JEFFREY A. TIDUS
M. PATRICIA MARRISON
LAUREN UDDEN
LINDA MULSE
WILLIAM F. GREENHALGH
JEFFREY A. SWEDO
STEVEN MARK LEVY
MARY G. WHITAKER
ROBERT A. SCHWARTZ
NANCY N. POTTER

LAWYERS

FIVE PARK-SUITE 300
261 SOUTH FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90012
TELEPHONE (213) 628-7777

CABLE ADDRESS: "FIVE PARK"
TELEX: 194608

December 4, 1980

30 DEC 9 11:18

COMMUNICATIONS

MEMBER NEW YORK BAR ONLY

Ms. Anne Cauman
Office of General Counsel
Federal Election Commission
Washington, D. C. 20463

Re: MUR 1331 and MUR 1332

Dear Ms. Cauman:

Within this same package are responses by Carey Peck, Terry Pullan, Michael Gordon, and Carey Peck For Congress to the complaints in MURs 1331 and 1332. Mr. Pullan returned from his vacation a few days after my telephone conversation with you on November 20, 1980, so we were able to include his response. However, Mr. Stanley Caidin, who was the Committee's treasurer until January 29, 1979, is still undergoing treatment for a medical problem and was not able to participate in the preparation of these responses. I am advised that he fully intends to respond to the complaint in MUR 1332 and will do so just as soon as his condition permits, possibly in the very near future.

I trust this will not create a problem for, or adversely affect, the other respondents. As the within materials demonstrate, the charges in the two complaints are unfounded. I am informed that Mr. Caidin, when he is able to respond, will state, in addition to whatever else he feels is important, that he too had no knowledge whatsoever of the impropriety of Mr. Dennis' contributions.

Since, as you may be aware, Carey Peck lost the election, all of the respondents are hopeful that this matter can be brought to a prompt end and that the Commission will take no further action on it. Toward that end, we are quite willing, of course, to provide you with any other or additional information

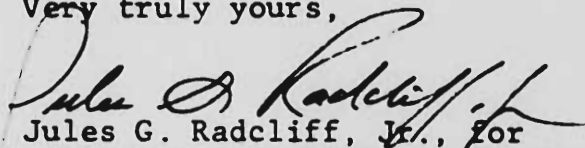
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Ex. 20, p. 1

Ms. Anne Cauman
December 4, 1980
Page Two

you may need to permit your office to recommend to the Commission that no further action is necessary. Accordingly, as you review these materials, if you have any questions at all, or if you want to discuss any particular item or matter, please feel free to call the undersigned.

Very truly yours,


Jules G. Radcliff, Jr., for
LEWIS, D'AMATO, BRISBOIS & BISGAARD

JGR/mr

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LEWIS, D'AMATO, BRISBOIS & BISGAARD

LAWYERS

FIVE PARK-SUITE 300 P 5: 07
261 SOUTH FIGUEROA STREET

LOS ANGELES, CALIFORNIA 90012

TELEPHONE (213) 628-7777

CABLE ADDRESS: "FIVE PARK"
TELEX: 194808

ROBERT F. LEWIS
GEORGE G. D'AMATO
CHRISTOPHER P. BISGAARD
ROY M. BRISBOIS
R. GAYLORD SMITH
DAVID B. PARKER
JULES G. RADCLIFF, JR.
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M. PATRICIA MARRISON
LAUREN UDDEN
LINDA HULBE
WILLIAM F. GREENHALGH
JEFFREY A. SWEDO
STEVEN MARK LEVY
MARY G. WHITAKER
ROBERT A. SCHWARTZ
NANCY N. POTTER

December 4, 1980

MEMBER NEW YORK BAR ONLY

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

Attention: Anne Cauman

Re: MUR 1332

Dear Mr. Steele:

In response to your letters dated November 6, 1980, respondents Carey Peck For Congress, Carey Peck, Terry Pullan, and Michael Gordon, hereby respond to Congressman Robert K. Dornan's complaint dated November 4, 1980. Two additional copies of this response are enclosed, one of which we ask be conformed and marked to indicate its receipt, and then returned to this office in the enclosed, self-addressed, stamped envelope. The second copy is provided for your convenience.

These respondents respectfully submit that no further action should be taken by the Commission on this matter since, as the accompanying affidavits and exhibits demonstrate, respondents have not violated any part of the Federal Election Campaign Act or the Commission's regulations.

1. INTRODUCTION

The complaint filed by Congressman Dornan (hereinafter "Dornan") concerns matters that have not only been investigated by the Federal Election Commission (hereinafter "FEC") previously in MUR 970, but that have been thoroughly and extensively investigated and reported by the press in the Los Angeles area during the 1980 election campaign (Exhibit "D"). There is not one new charge or allegation that has not already been made by Dornan and, ultimately, proved untrue. The only thing that

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Ex. 20a, p1

Mr. Charles N. Steele
December 4, 1980
Page Two

has changed is the forum for the charges.

As the FEC learned during the period between approximately April, 1979, and September, 1979, a man by the name of James H. Dennis, acting alone, without the knowledge of the recipients, and for reasons known only to him, secretly made contributions in the names of others to the election campaigns of Alabama Senator Donald Stewart (\$22,000) and California congressional candidate Carey Peck (hereinafter "Peck") (\$12,000). The names used, the amounts involved, and the date of each contribution were all identified in MUR 970. As these revelations were made known to the Stewart and Peck campaigns the illegal contributions were refunded to Dennis, \$22,000 from Friends Of Donald Stewart on May 11, 1979 (MUR 970, "General Counsel's Report," page 3), and \$13,000 (including \$1,000 contributed by Dennis in his own name) from Carey Peck For Congress on June 14, 1979 (Affidavit of Peck, ¶ 5-8).

3 1 7 1 0 2 7 1 1 3 6

The fact that Dennis made all of these contributions without the knowledge of campaign committee recipients or the persons whose names were used is clear. In MUR 970 the FEC learned that none of the persons whose names were used had any knowledge of Dennis' activities, nor had they permitted him to use their names. (MUR 970, "General Counsel's Report," page 4.) Mr. James Stewart, treasurer of Friends Of Donald Stewart, submitted a letter stating that neither Senator Stewart, the Committee, nor the treasurer were aware that the contributions were improper at the time they were received. (MUR 970, "First General Counsel's Report," page 2.) And, similarly, in the Peck campaign neither Peck, the Committee, nor its treasurer were aware of the impropriety of the contributions. (Affidavits of Peck, ¶ 4, Pullan, ¶ 4.)

Aspects of this matter were also investigated, apparently at the urging of Dornan, by the United States Justice Department. At the conclusion of its investigation the Justice Department issued a statement absolving Peck of wrongdoing and laying to rest Dornan's repeated charge during the 1980 campaign that Peck had accepted from Dennis a return of the refunded contributions. (Exhibit "E.")

Overall, the entire matter is an unfortunate example of how a blatantly illegal and thoughtless act of a single individual can both provide grist for the campaign rhetoric mill and tarnish the reputation of a candidate who has worked long and hard on his campaign and has done his best to observe

Ex. 20a, p. 2

Mr. Charles N. Steele
December 4, 1980
Page Three

both the spirit and the letter of the federal election laws. The charges of wrongdoing made by Dornan here were made throughout the 1980 campaign. There is simply no factual basis for any of them; each was investigated and reported upon during the campaign by the press and others, and all were found to be untrue.

2. CIRCUMSTANCES OF THE INCIDENT

The essence of Dornan's complaint is that Peck knew of the illegal nature of Dennis' contributions at the time they were received in 1978, and that when the contributions were refunded in June, 1979, Peck accepted the money right back again from Dennis. Dornan charges, as well, that a personal loan obtained by Peck was improperly reported in that there must have been guarantors, yet their names were not disclosed. It should be noted that all of these charges are based almost completely on hearsay and speculation.

Peck was the Democratic candidate for Congress in the 27th Congressional District in 1978. (Affidavit of Peck, ¶ 1.) On October 31, 1978, he received a contribution in the amount of \$1,000 from Dennis, in Dennis' name. Neither Peck, nor anyone else associated with Peck's campaign, had any knowledge whatsoever that Dennis was also about to make \$12,000 more in contributions to the Peck campaign in the names of other individuals. (Affidavit of Peck, ¶ 4.)

The first time such information--or at least information suggesting such a possibility--came to the attention of the Peck campaign was in the middle of May, 1979, when newspaper reports out of Alabama indicated that Dennis may have made illegal contributions to the campaign of Senator Donald Stewart. These reports were followed almost immediately by others indicating that illegal contributions, in the same fashion, may have been made to the Peck campaign. Peck immediately commenced an investigation into the matter, including a review of all contributions to his 1978 campaign, in an effort to identify any that might have come from Dennis. This effort was aided by newspaper reports that identified the names used by Dennis in making contributions to the Stewart campaign. The names of twelve individuals were identified, and in the first part of June, 1979, both Dennis and his attorney, J. Stephen Salter, confirmed that the contributions had in fact been made by Dennis and that there were no others beyond the twelve.

Ex. 2Da, p. 3

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Mr. Charles N. Steele
December 4, 1980
Page Four

(Who were also identified in MUR 970). (Affidavit of Peck,
¶¶ 4-7; Exhibit "F.")

On June 14, 1979 a check in the amount of \$13,000 was delivered to Dennis. This amount represented a refund of the \$12,000 in illegal contributions and the \$1,000 legally contributed by Dennis in his own name. Contrary to Dornan's assertion, the money was never, in any form or amount, returned to Peck, to the Peck campaign, or to anyone associated with the Peck campaign. The Peck campaign has no knowledge whatsoever of what Dennis may have done with the refunded sum. (Affidavit of Peck, ¶¶ 8-10.)

The money used to make the refund to Dennis was made available through a personal loan from Peck to Carey Peck For Congress. Peck himself had obtained the money through a personal loan from City National Bank, in Los Angeles, where he has, in the past, obtained and repaid other personal loans on his own signature. There were no guarantors or other endorsers on the loan. (Affidavit of Peck, ¶ 11.)

3. THE FEC SHOULD TAKE NO FURTHER ACTION ON THIS COMPLAINT

The charges made by Dornan in the within complaint are not only false, but are obviously based only upon hearsay and speculation. Under such circumstances, further action by the Commission is not only entirely unnecessary but unwarranted as well.

As the above explanation and attached affidavits and exhibits demonstrate, no one in the Peck campaign was aware of the illegality of the contributions when they were received, and certainly no one had any knowledge of Dennis' concealed activities in this and the Stewart campaigns. Further, when information came to light suggesting what Dennis had evidently done, the Peck campaign acted promptly, first to confirm the names used by Dennis, and then to refund the contributions to him. The suggestion that Peck's loan was guaranteed or endorsed by other persons is simply false.

Accordingly, there is no factual basis presented which would permit the Commission to conclude that there is any reason to believe that the Federal Election Campaign Act has been violated.

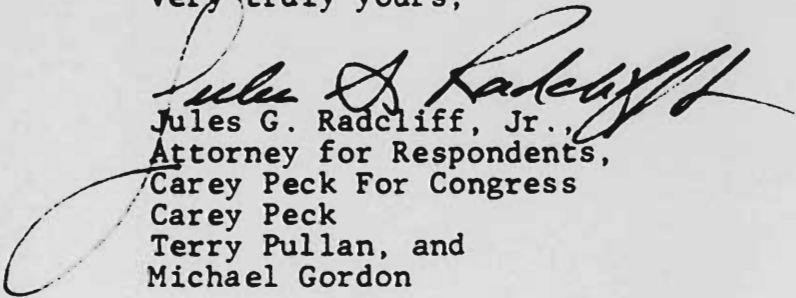
Ex. 20a, p. 4

Mr. Charles N. Steele
December 4, 1980
Page Five

4. CONCLUSION

For all of the foregoing reasons, these respondents respectfully submit that they have overwhelmingly demonstrated that the Commission should take no further action on this matter against any of them on the basis of the within complaint.

Very truly yours,



Jules G. Radcliff, Jr.,
Attorney for Respondents,
Carey Peck For Congress
Carey Peck
Terry Pullan, and
Michael Gordon

JGR/mr
Enclosures

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Ex. 20a, p. 5

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AFFIDAVIT OF CAREY PECK

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Carey Peck, being first duly sworn, hereby state and declare as follows:

1. I am a resident of Los Angeles, California and was the democratic candidate for congress in the 27th congressional district in the 1978 election. Carey Peck For Congress is, and in 1978 was, my principal authorized campaign committee.

2. The following statements are based upon my personal knowledge and, if called upon to do so, I would and could competently testify to same.

3. I have read the complaint filed against me and against my committee by Dornan. I am aware of the charges therein, all of which appear to be based upon the assumption that either I or someone with my committee was aware of the illegal nature of the contributions made by Dennis at the time they were made, and that Dennis returned to me the full amount of the contributions refunded to him by my committee. These charges were made by Dornan in the 1980 election campaign and were thoroughly investigated by both the local newspapers and the United States Justice Department. There is absolutely no truth to them whatsoever.

4. Dennis made a contribution to my 1978 election campaign in the amount of \$1,000, which was received by my committee on October 31, 1978. As we later learned and

Ex. A

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1 confirmed for the first time in early June, 1979, Dennis also,
2 on October 31, 1978, began making contributions to my campaign
3 in the names of other individuals, the last of which was
4 received on November 25, 1978, in the additional total sum of
5 \$12,000. I was not aware of the illegal nature or actual
6 source of these other contributions at the time they were
7 received, or at any time thereafter until approximately June,
8 1979. To my knowledge no one else in or even remotely connected
9 with my campaign had any such knowledge.

10 5. In or about the second week of May, 1979,
11 clippings from newspapers in Alabama were brought to my attention,
12 indicating that Dennis was accused of making illegal contri-
13 butions to the campaign of Senator Donald Stewart. Within days,
14 additional clippings indicated that the same type of contri-
15 butions may have been made to my campaign.

16 6. I immediately began investigating this matter and,
17 together with my campaign staff, we began reviewing our 1978
18 contributor lists in an effort to identify any contributions
19 that may have been connected with or made by Dennis. We were
20 aided in this search by the newspaper articles that listed the
21 names used by Dennis. Ultimately, we identified twelve possible
22 suspect contributions.

23 7. On, or perhaps just prior to, June 13, 1979
24 Dennis and his attorney, J. Stephen Salter, confirmed that
25 Dennis was in fact the source of the identified twelve contri-
26 butions, and that there were no others.

27 8. On June 14, 1979 Dennis was refunded both his
28 own legal contribution and the illegal contributions made in

Ex. A

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1 the names of others, in the total amount of \$13,000, in a check
2 from Carey Peck For Congress. The refund was handled by my
3 attorney, Jules G. Radcliff, Jr., and I was not present or
4 personally involved at any point.

5 9. It is my understanding that sometime after
6 leaving Mr. Radcliff's office, Dennis cashed the check at a
7 bank in Los Angeles. Neither I nor anyone else from my
8 committee was with Dennis at that time. Why he cashed the
9 check when and where he did is a mystery to me.

10 10. I did not accept back from Dennis, at any time,
11 or in any form whatsoever, all or any portion of the refunded
12 contributions or any other sums at all. Nor, to my knowledge,
13 were any such funds ever returned to my committee, or to anyone
14 even remotely connected with my campaign. Dornan's charge on
15 this point is not only wholly untrue but, to my knowledge, was
16 thoroughly investigated by the United States Justice Department,
17 which issued a statement on September 19, 1980 indicating that
18 there was no substantiation to the charge.

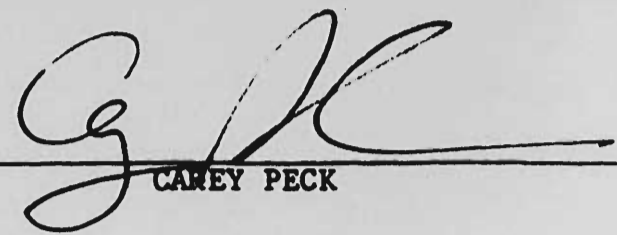
19 11. The money used by Carey Peck For Congress to
20 refund the illegal contributions to Dennis was made available
21 through a personal loan from me to said committee. I had
22 previously obtained the money through a personal loan from
23 City National Bank, in Los Angeles, where I have, in the past,
24 obtained and repaid other personal loans on my own signature,
25 alone. The loan involved in this instance was on my own
26 signature, alone, and there were no guarantors or other
27 endorsers.

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Ex. A

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CAREY PECK

Subscribed and sworn to before me
on December 3, 1980, at Los Angeles,
California.





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Ex. A

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AFFIDAVIT OF TERRY PULLAN

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Terry Pullan, being first duly sworn, hereby state and declare as follows:

1. I am a resident of Los Angeles, California and was the campaign manager of the Carey Peck For Congress committee in both the 1978 and 1980 election campaigns.

2. The following statements are based upon my personal knowledge and, if called upon to do so, I would and could competently testify to same.

3. I have read the complaint filed against me by Dornan, and I am aware of the charges therein, all of which pertain to the illegal contributions made by Dennis to the Peck and Senator Stewart election campaigns in 1978.

4. I was not aware of the illegal nature or actual source of the contributions made by Dennis at the time they were received by the Committee. Such facts first came to my attention in the latter part of May, 1979, or early part of June, 1979. To my knowledge, no one else in or even remotely connected with the campaign had any such knowledge until then.

5. On June 14, 1979 the Committee refunded \$13,000 to Dennis, returning to him both his contribution in his own name (\$1,000) and the other contributions in the names of others.

/ / /

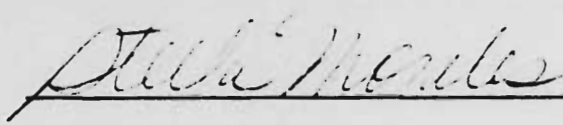
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6. To my knowledge Dennis never returned that
refund, or any other money, to Carey Peck or to anyone else
even remotely connected with the campaign. I personally
never accepted any such money, nor do I have any idea as to
what Dennis may have done with the refunded amount.


TERRY PULLAN

Subscribed and sworn to before me on
December 4, 1980, at Los Angeles,
California.





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AFFIDAVIT OF MICHAEL GORDON

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Michael Gordon, being first duly sworn, hereby state and declare as follows:

1. I am a resident of Los Angeles, California, and was the treasurer of Carey Peck For Congress during the 1980 election campaign. I assumed said position on January 29, 1979, and I still serve in said capacity.

2. The following statements are based upon my personal knowledge and, if called upon to do so, I would and could competently testify to same.

3. I have read the complaint filed against me by Dornan, and I am aware of the charges therein, all of which pertain to the illegal contributions made by Dennis to the Peck and Senator Stewart election campaigns in 1978.

4. Inasmuch as I was not involved with the Peck campaign in any capacity whatsoever prior to January 29, 1979, I have no personal knowledge of any of the matters that may have occurred prior to said date.

5. Information concerning the illegal contributions made by Dennis to the 1978 Peck campaign first came to my attention in the latter part of May, 1979, and early part of June, 1979, after clippings from Alabama newspapers had come to the attention of the Peck campaign, indicating that Dennis may have made illegal contributions to the campaigns of both

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Ex. C

1 Senator Donald Stewart and Carey Peck. I assisted in the
2 review of contributions to the Peck campaign in 1978 in an
3 effort to identify any contributions that may have been
4 connected with or made by Dennis. In conducting said search,
5 we were aided by the Alabama newspaper accounts that identified
6 the names of individuals in whose names Dennis had made contri-
7 butions to Senator Stewart's campaign.

8 6. In or about the second week in June, 1979, both
9 Dennis and his attorney, J. Stephen Salter, confirmed that
10 Dennis was in fact the source of twelve contributions besides
11 his own to the Peck campaign, and confirmed the identities of
12 those twelve contributions. Dennis and his attorney also
13 confirmed that Dennis had made no other contributions to the
14 Peck campaign.

15 7. On June 14, 1979 Carey Peck For Congress refunded
16 to Dennis the total amount of his contributions, both legal
17 (one in his own name, in the amount of \$1,000) and illegal,
18 in the total amount of \$13,000.

19 8. Neither I, nor, to my knowledge, anyone else in
20 or even remotely connected with the Peck campaign ever received
21 back from Dennis, directly or indirectly, in any form whatsoever,
22 all or any part of the contributions that had been refunded to
23 him. It is my understanding that this charge was investigated
24 by the United States Justice Department, which issued a state-
25 ment to the effect that it was completely false.

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Ex. C

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Michael Gordon
MICHAEL GORDON

Subscribed and sworn to before me
on December 4, 1980, at Los Angeles,
California.

Jane Tani



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Ex. C

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\$13,000 donation issue persists

Daily Worker April 9/1979

Dornan: Peck is under investigation

**By Rich Connell
Political writer**

Struggling to overcome recent criticism of his campaign activities, Congressman Robert K. Dornan today claimed his opponent, Carey Peck, is under investigation by federal authorities.

At a Los Angeles press conference which Dornan earlier described as one of the most important of his political career, the 27th District Republican said, "The bottom line is Peck is being investigated and I am not."

Dornan released a two-volume "investigative report" conducted by his office which he claimed shows Peck's "ABSCAM mentality" stemming from a 1978 campaign contribution.

The fiery congressman was pressed hard by reporters to provide substantiation of an investigation. But he could only respond that FBI agents had told him the probe was under way.

Dornan also suggested the unwill-

ingness of federal authorities to confirm or deny an investigation indicates one exists.

After coming under close questioning about his own handling of the matter, Dornan abruptly cut off the press conference.

His charges are tied to Peck's campaign in 1978, when he came close to unseating the incumbent. Alabama businessman James Dennis gave Peck \$13,000 in cashiers checks.

Dennis, who later was convicted of swindling a California company of nearly \$1 million, had personally donated all of the money in other individuals' names — a violation of the \$1,000 limit on congressional contributions.

Peck claims he had no reason to be suspicious of the donations at the time they were made. Several months later when he began to suspect Dennis, he returned all of the money.

The congressman now is focusing on a prison interview he had with Dennis in which the convict said he gave the money back to Peck in

cash.

Dornan has come under fire for his contacts with Dennis and prison officials. Dennis served six-months in Alabama federal prison and is now free pending an appeal.

Dornan had several phone conversations with Dennis and met with the convict in prison at the same time he was urging Dennis to issue damaging statements against Peck.

Dornan admits his office contacted prison officials to seek improved treatment for Dennis. Today Dornan tried to focus the controversy back on Peck, claiming "a fool would have been suspicious" of the Dennis donations when they were made in November 1978.

Although the press conference may not have had the effect Dornan intended, there was substantiation of one of the congressman's allegations Thursday.

An FBI agent's report was made public that for the first time confirmed Dornan's claims that Dennis told him he had covertly given the \$13,000 back to Peck in cash after it was returned by the candidate.

An FBI agent, Willis M. Deffenbaugh, was present during the meeting in prison. In a FBI memo, Deffenbaugh said Dennis told the congressman he had come to Los Angeles in June 1979. He explained that he met with Peck at Peck's attorney's office and that after cashing the refund check, he "merely handed the \$13,000 cash over to Peck."

Peck has vehemently denied the allegation and claims he did not even meet with Dennis during that trip. Dennis now also denies giving the cash back to Peck.

Dennis now says he made the allegation because Dornan had promised to arrange for him to receive better treatment in prison.

After his release from prison, the convict claims, he told Dornan he would not go through with the deal.

Dornan has denied doing anything improper or making any deals with Dennis. At his press conference today, Dornan said, "I made no promises."

Dornan charges 'huge fraud'

Evening Outlook News Services

Rep. Robert K. Dornan of Santa Monica said Friday he has prepared an "investigative" report exposing "the largest case of campaign fraud in history" and refuting charges he improperly helped a federal prisoner

in exchange for damaging statements against his Democratic opponent, Carey Peck.

"The charges that I attempted to help a federal prisoner, who is one of the most cunning frauds ever born, is an act of desperation by a junior Ala-

bama senator who is under investigation for accepting thousands of dollars in illegal campaign contributions." Dornan told UPI in a telephone interview from Washington.

Dornan also repeated his charge that a Los Angeles Times report published Friday morning, which indicated Dornan had acknowledged helping the prisoner, was inaccurate.

The newspaper reported Dornan contacted federal prison authorities to get better treatment for convict James H. Dennis in hopes he would publicly accuse congressional hopeful Peck, son of actor Gregory Peck, of accepting illegal campaign contributions.

The congressman said he would release his 191-page "investigative report" next Friday in Los Angeles. He said the information was compiled over the last 18 months and would support his claims that Dennis per-

Dornan blasts story

Continued From Page A-1

petrated massive campaign fraud in at least two states.

At a news conference Thursday in Birmingham, Ala., Sen. Donald Stewart, D-Ala., played two tape recordings which he said showed Dornan had tried to help Dennis in hopes the convict would publicly damage Stewart and Peck.

"The tapes show Dornan tried to get Dennis and the FEC (Federal Elections Commission) to smear Peck," Stewart was quoted in the Friday edition of the Birmingham News.

Stewart said one tape recording was of a conversation between Dennis and a Los Angeles Times reporter in which Dennis says Dornan wants him to keep the campaign contribution issue alive.

Dennis, a coal equipment broker who was convicted of fraud, was serving a six-month prison sentence in the Talledega, Ala., federal correctional institution when Dornan's office allegedly contacted authorities to gain favors for the prisoner.

Dornan said while he was in Israel on congressional business a young staffer in his Washington office contacted the director of the federal prison system and the prison warden urging that the convict get a furlough to attend his brother's funeral.

Dennis was granted the furlough, but Warden Robert Verdyne said the decision was not influenced by the congressman.

"I never did anything to help this prisoner," Dornan said. "My staffer was moved by compassion and if I was there I would have done the same thing."

Peck's disputed campaign contributions have become a dominant issue in the 1980 election, but the

controversy dates back to 1978, when Peck narrowly lost the congressional race to Dornan.

The controversy involves a \$13,000 campaign contribution Dennis made to Peck. Peck says he returned the money when he discovered it was an illegal donation.

Federal law limits contributions to \$1,000 from each individual.

Dornan said Dennis told him in April he cashed the check and gave Peck the money in cash. Peck denies the statement, and Dennis has denied it in recent statements.

Stewart said the other tape played at the news conference was of a conversation between Dornan and Dennis' lawyer in which Dornan says since he helped Dennis get a leave from prison and a transfer from a federal prison in Atlanta to one in Alabama, Dennis was expected to keep the campaign issue going.

Stewart, facing a runoff in his bid to be renominated by his party, called Dornan a "desperate" man.

"He's had his seat a long time and he's fearful of losing it," Stewart said.

Stewart concedes that Dennis, in other people's names, illegally contributed \$22,000 to his 1978 campaign. Reports to the Federal Election Commission indicate Stewart loaned his campaign committee \$22,000 to repay Dennis after finding out the contributions were illegal.

In his release of the two tapes, made by Dennis' attorney, Richard Groenendyke, Stewart said he and his campaign had "got caught up in the aftermath" of Dornan's attempts to "smear" Peck.

In Santa Monica Friday Peck defended the Los Angeles Times story and said its author, veteran political reporter Kenneth Reich, "is beyond reproach."

Turn To Page A-4

Column 5

Dornan Acknowledges He Attempted to Aid Convict

Hoped Inmate Would Accuse Political Foe of Accepting Illegal Gift

By **KENNETH REICH**
Times Political Writer

Rep. Robert K. Dornan (R-Santa Monica) has acknowledged that he contacted federal prison authorities to get better treatment for an inmate he was hoping would publicly accuse Dornan's campaign opponent, Democrat Carey Peck, of accepting illegal cash contributions.

Dornan, in a Times interview, said he had been playing "a cat-and-mouse game" with James H. Dennis, convicted of fraud in Alabama and serving six months in federal prison at the time, after Dennis indicated to him that he had damaging information on Peck.

However, Dornan said that after three months of telephone exchanges with Dennis and one meeting with him in the Talledega, Ala., federal correctional institution April 30, he had informed him July 22, after his release from prison, that he no longer wished to deal with him.

"I said, 'James, I don't think I want you out in California,'" Dornan recalled. "I don't know whether you can be trusted."

Contacts With Penal Officials

The two-term congressman said that his contacts with the director of the federal prison system, Norman A. Carlson, and Talledega warden Robert Verdyne had been in the nature of questioning Dennis' classification when he was in prison and, through a staff assistant, urging that he get a furlough to attend his brother's funeral.

He said he had not been seeking special treatment for Dennis but rather only fair treatment that the prisoner deserved.

Both Verdyne and a spokesman for Carlson told The Times that Dornan had been in contact. Verdyne said that the furlough Dennis received and the prisoner's classification both were his (Verdyne's) decisions and that the congressman had not influenced him one way or another.



Robert Dornan

Dornan's talks with Dennis and his statements about them are the latest developments in a controversy that has come to dominate the contest between Dornan and Peck, son of actor Gregory Peck, in the 27th Congressional District, on the West Side of Los Angeles.

Two years ago, when Dornan narrowly defeated Peck, Peck reported receiving \$13,000 in campaign contributions through Dennis, then a Birmingham, Ala., businessman whom Gregory Peck had met at an Alabama political fund-raising dinner.

Several months later, it was disclosed that the donations were illegal, that they had not come in \$1,000 amounts from 13 separate people as originally stated by Dennis but rather all from Dennis himself. Federal law prohibits a congressional candidate from receiving more than \$1,000 from an individual.

Carey Peck has stated that when he discovered this, he took out a \$13,000 loan and that his attorney handed a check for that amount to Dennis in Los Angeles on June 14, 1979, thus returning all the money involved.

Dornan, who has raised questions

Please Turn to Page 14, Col. 1

DORNAN TRIED TO AID INMATE

Continued from Third Page

about the \$13,000 in newspaper advertisements, campaign pronouncements and speeches on the floor of Congress, now is claiming that Dennis informed him when he met him in the Talledega prison that when he got the \$13,000 Peck check, he promptly cashed it at Peck's bank and returned the money in cash to Peck.

Peck vehemently denies this, and in recent comments Dennis, too, denies it. He says that Dornan tried to get him to make this accusation but that he refused.

Dornan's wife, Sally, and a staff member who accompanied Dornan to Talledega, Brian Young, collaborate the congressman's statement that Dennis told him at their prison meeting that he had returned the money to Peck in cash.

But the FBI and the U.S. attorney's office in Birmingham, which also had observers at the Dornan-Dennis meeting in the Talledega prison, refuse to confirm or deny that this was said and have declined all comment on anything that was said.

U.S. Attorney J. R. Brooks, in Birmingham, refused Dornan's request to be allowed to testify before the grand jury looking into allegations involving Dennis because he said he believed the congressman had a political motive.

Dornan has accused Brooks, the U.S. Justice Department and the Federal Election Commission of being involved in a cover-up of the matter.

Peck's Challenge to Congressman

Peck, meanwhile, told The Times that since Dornan had raised on the floor of the House the question of whether he got the \$13,000 back from Dennis, Dornan ought to substantiate the charge if he can.

"He's made very serious charges, and questions have been raised and not one of them has ever been substantiated," the Democratic challenger said in an interview. "We do have hard proof that the payment back was made (to Dennis). There is no proof, not even circumstantial, that it ever came back to me."

Peck said he was particularly concerned because two tape recordings of telephone conversations between Dornan and Dennis' attorney, Richard Groenendyke of Birmingham, indicate in his view that Dornan may have entered into an improper deal with Dennis. The conversations were taped by Groenendyke.

The tape recordings were played for Dornan in the course of The Times interview, and the congressman said he was "happy" with them "because I think it clears me in spades."

On one tape, Dornan is heard to tell Groenendyke, at the beginning of a conversation last June 13:

"I made a promise to Dennis that if he helped me I'd help him and I am trying to keep my end of the promise for selfish reasons as well as humanitarian reasons."

Later in the same conversation, telling of his contacts with Justice Department, FBI and prison officials, Dornan remarks:

"I am using my rights as an incumbent to defend my derrière and my seat, and, if in the course of it, I pick up some friendships and acquaintances that can get nothing special for Dennis but get him the cutting edge of everything that's fair then I am certainly going to do that to keep him disposed to back up the things he's already told me."

Ex.D, p.3

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A moment later in the conversation, he tells Groenendyke that he is sending along to Groenendyke's law partner, Steve Salter, a copy of a letter he sent June 10 to Carlson, the director of federal prisons.

In this letter, sent to Carlson's home in suburban Burke, Va., rather than to his Washington office, Dornan told the prison director:

"I very much appreciate the personal courtesies you extended to me and the time you spent in the matter of James H. Dennis Sr. My purpose in calling was to make sure that Mr. Dennis would be receiving all the statutory 'good time' to which he was entitled.

"It has come to my attention that Mr. Dennis has been reclassified to the status of 'community custody.' It appears that his previous classification was not the proper one in light of his offense.

"I was most impressed with your interest and diligence in this matter. If I may be of assistance to you in my congressional capacity, please don't hesitate to call on me."

The letter appears on Dornan's official congressional stationery, and in The Times interview he confirmed he had sent it.

Prisoner Classification Issue

However, he added that he now believes he had nothing to do with any changes in Dennis' classification. He said Carlson told him he had checked out his questions but that action on both the furlough and classification had already been taken.

In Washington, a Carlson spokesman acknowledged he had received Dornan's letter, but he could not comment extensively on Carlson's dealings with the congressman because, he said, the federal prison director was out of the country.

Dornan explained in the interview that he had undertaken both the conversations with Groenendyke and the approaches to prison officials in hopes of "drawing Dennis out." He said he had suspected at the time that Groenendyke was taping him.

Asked what specifically he meant by making the statement that if Dennis helped him, he would help Dennis, Dornan replied: "I have to play a cat-and-mouse game partially."

But, the congressman said, he finally wearied of dealing with Dennis because, he said, Dennis would never tell journalists what Dornan claimed he had told him at the Talledega prison meeting about returning the cash to Peck.

On July 22, Dornan said, he told Dennis on the telephone, "I think I'm going to dump out of the whole thing now. . . . In essence, don't call me, I'll call you."

But in a telephone interview, Dennis contended that it was he who had informed Dornan that day that he wanted to back out of a deal he claimed the two had made.

"The deal was this," Dennis said. "I would let him run wild if he wanted to, to make a few accusations (against Peck) . . . and then after the primary election, I would come out to California and hold a press conference. Very truthfully, at one time I considered doing that, but you do a lot of things when you're locked up to try to better your position."

As for Peck, Dennis said, "I never did give the money back to Carey. As far as I am concerned, Carey Peck is probably one of the most ethical and honest men I've ever met."

Los Angeles, CA
(Los Angeles Co.)
Los Angeles Times
(Cir. D. 1,057,811)
(Cir. S. 1,344,660)

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An Apology Is in Order

^{P 75}
The very least that Robert K. Dornan owes Carey Peck is a public apology. The Republican representative of the 27th District has been insinuating for months that his Democratic opponent may have taken an illegal cash contribution in the first contest between them two years ago.

Dornan can't prove it, but that hasn't kept him from assailing Peck's integrity in the Congressional Record, in newspaper advertisements and in campaign statements.

It is possible to explain, but not condone, Dornan's dirty politics. He almost lost his seat to Peck in a close election in 1978, and faces another tough challenge from him in November.

Dornan's attempt to smear his opponent involves a former convict for whom he tried to get better treatment in prison in the hope that the inmate would come to California after his release and accuse Peck of a serious violation of election laws.

The felon, James H. Dennis, was serving a six-month sentence for fraud earlier this year while Dornan was in telephone contact with him, and was even visited by Dornan at the federal correctional institution in Talladega, Ala. The record shows that Dornan tried to use his influence with the director of the federal prison system in behalf of Dennis, in the expectation that the convict would charge Peck with accepting an illicit contribution of \$13,000.

Dennis had met Peck's father, actor Gregory Peck, at a fund-raising dinner in Alabama two years ago, and did send the young congressional

candidate 13 checks for \$1,000 each, and said the money had come from 13 different contributors. (Federal law places a \$1,000 limit on the amount that a candidate can accept from an individual.)

When Peck found out that all the money was from Dennis himself, he saw to it that a check for the full \$13,000 was sent back to the Alabamian. But Dornan has been alleging that Peck later took the money in cash from Dennis.

Peck denies it vehemently, and Dennis now also denies that there is the slightest truth to the story. The best that can be said for Dornan is that he was too gullible and too eager to malign his opponent.

While behind bars, Dennis did contact Dornan, and apparently did tell him that he had made the illegal payment to Peck, but he now explains that he did it only to get the representative's aid in obtaining more prison privileges for himself.

Dornan now admits that after three months of conversations with Dennis he finally began to suspect that the convict was not trustworthy, and broke off the relationship.

But, despite his own doubts as to Dennis' credibility, Dornan has continued to allude to the felon's accusations in his election advertising and statements.

Even if the charges had been true, it would have been irresponsible of Dornan to rely, as he did, solely on the word of a man serving time for fraud.

Dornan's conduct has been reprehensible, and it strengthens our opinion that the voters in the 27th District should reject him in November in favor of Peck.

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Peck Cleared of Taking Illegal Donations

Justice Department Ends Investigation; Dornan Has 'Peculiar' Day

By **HENNETH REICH**
Times Political Writer

The U.S. Justice Department cleared Democratic congressional candidate Carey Peck of charges that he violated federal election laws Friday, saying an investigation had been completed that showed "no evidence that federal criminal law has been violated."

The department spoke out just hours after Peck's opponent, Rep. Robert K. Dornan (R-Santa Monica), had accused Peck of lying and scheming and told reporters at a Los Angeles news conference Friday morning that Peck "is undergoing a federal criminal investigation."

Word that this was not so came in a letter delivered Friday afternoon to Dornan's Washington, D.C., office from Phillip B. Heymann, assistant attorney general in the Justice Department's criminal division.

He said there had been an investigation into charges, much aired by Dornan, that both Peck and U.S. Sen. Donald Stewart, (D-Aia.), had

taken illegal covert cash contributions, but that the inquiry was over now and both men were cleared.

A short time later, a subdued Dornan told The Times in a telephone interview that he was going to drop the matter for the rest of his campaign battle with Peck in the 27th District on the West Side of Los Angeles.

"Peck is the most reprehensible liar I've ever met in politics for a man of his age," Dornan said. "(But) the bitterness is over, the investigation is over. He's exonerated by Phillip Heymann's unit and I'm finished with it until Nov. 5 (the day after the election). Don't worry, there won't be any more sparks from this campaign. I'm walking precincts for the next 53 days."

Peck, however, responded that he felt Dornan had behaved so badly in the matter that he intended to make it a major campaign issue.

Dornan called Friday's fast Justice Department response to his statement "the most peculiar day of my life" and he insisted that the in-

vestigation into his opponent had been stopped between the time he said it was going on in the morning and the time the Heymann letter was delivered in the afternoon.

But Dornan seemed at a loss to explain why, if that were so, he himself had stated in a letter to FBI Director William H. Webster eight days before that he had been informed the Peck investigation was over. Dornan himself had given that Sept. 4 letter to a Times reporter in Washington, D.C., on Thursday.

Dornan said he still intends to file a complaint against Peck relating to his charges that Peck took illegal cash before the Federal Election Commission after the election. But he said he would not bring up the matter again before then.

"I wanted an investigation," he said. "I'm relieved. I'm going to run a totally positive campaign on the issue as I always have. Peck has always been negative."

Commenting on Dornan's statement, Peck, however, told The Times: "Please Turn to Page 12, Col. 1"

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Part II - Sat., Sept. 13, 1980 Los Angeles Times *

JUSTICE DEPARTMENT CLEARS PECK

Continued from First Page

Times that he found it "unbelievable."

"It is self-serving and frankly it sounds to me that he's trying to get away from the statement he made just this morning, accusing me of wrongdoing and attacking my family as well," Peck said.

"Now that his attacks have been proved scurrilous and his allegations denied by the Justice Department, he's desperately trying to put a good light on it," Peck continued. "It isn't possible, and the ethical questions that I mentioned before—his aid to a federal convict in hopes that he would make false statements against me—remain, and I think he's opened himself up for legal action as well."

This was a reference to Dornan's acknowledgement recently that he had contacted federal prison authorities to get better treatment for an inmate he was hoping would publicly accuse Peck of covertly accepting \$13,000 in illegal cash from him.

The convict, James H. Dennis, did apparently make such a charge in a meeting with Dornan on April 30 in

the Talladega federal prison. But the ensuing investigation by the Justice Department and the FBI was the one that was declared Friday to have cleared Peck.

Dennis, too, has since declared he was not telling the truth in making the charge. Dennis said he made the statements as part of a deal with Dornan to get Dornan's help to better his prison status. Dornan has denied there was such a deal.

Peck said Friday evening that he considers Dornan's statements in the entire matter "ludicrous."

"He has spent what must be hundreds of hours of his time and his staff's time pursuing this matter," Peck said. "He has used his office and he has made statements on the floor of the House of Representatives against my campaign, myself and my family, and now he's trying to deny the whole thing."

"When he said this morning that I'm under investigation, and it takes exactly six hours for the Justice Department to put the lie to that, one sees where he is."

Ex. E, p. 1

U.S. absolves Peck in campaign fund probe

Dornan to drop matter against foe — for now

By Mike Qualls
Herald Examiner politics editor

The U.S. Justice Department yesterday ended its investigation into Alabama businessman James Dennis' illegal political contributions to Southland congressional candidate Carey Peck and Alabama U.S. Sen. Donald Stewart and announced that "no criminality" could be found.

The department announced the end of the probe yesterday afternoon, about five hours after Rep. Robert Dornan, R-Santa Monica, had accused Peck, his Democratic general election opponent and the son of actor Gregory Peck, of "knowingly" receiving \$13,000 in illegal contributions from Dennis in 1978.

Dornan leveled that charge at a Los Angeles news conference yesterday morning after releasing an FBI memorandum Thursday night containing allegations by Dennis that Peck had solicited and received the \$13,000 from Dennis in violation of federal law that prohibits individuals from giving more

than \$1,000, and then tried to cover it up.

The memo — the contents of which have since been denied by Dennis — was obtained by Dornan from the Justice Department through the Freedom of Information Act. It details FBI agent Willis Deffenbaugh's report of an April 30 meeting between Dornan and Dennis at an Alabama federal prison where the latter was incarcerated for defrauding a San Francisco-based corporation out of \$997,000.

During his news conference yesterday, Dornan also released two thick volumes — one containing 187 pages chronologically detailing his allegations, and the other a 228-page report containing 109 documents intended to back them up.

At the news conference, Dornan lashed out at Peck, ridiculing his denial of any wrongdoing and saying that "a fool would have been suspicious" about the \$13,000 given to his campaign in 1978 in the form of 13 \$1,000 cashiers checks. In that 1978 campaign, incumbent Dornan narrowly beat Peck for the 27th Congressional District seat.



Robert Dornan
Ridiculed opponent's denials

(which covers the coastal area from Santa Monica to the Palos Verdes Peninsula).

Dornan also disclosed during his meeting yesterday with reporters that the FBI was investigating Dennis' contributions.

When Justice Department spokesman John Russell was asked to verify that claim late yesterday, he replied, "The Criminal Division advises today that the matter is now closed. This afternoon, that decision was made."

Dornan/A-12, Col. 3

Ex.E, p. 2

"This morning I thought I was going to the pokey," Peck joked late yesterday after hearing the news. "Now, it looks like Mr. Dornan may be going."

Referring to Dornan's allegations and comments during his news conference yesterday morning, Peck said, "It was a scurrilous and unjustified attack. He doesn't have a fact with him and is campaigning on smears."

"We're considering legal action," Peck declared.

A subdued Dornan reacted to the Justice Department statement by saying he intends to drop his allegations "for 53 days," until the Nov. 4 election, "and then I will file formal complaints with the Federal Election Commission (FEC) against both Peck and Stewart."

(The FEC had justified not investigating Peck previously because no one had ever filed a complaint.)

Dornan went on to call Peck a "reprehensible liar" and vowed to "ignore him" and not to make any joint appearances with Peck, such as candidate forums, during the balance of the fall campaign.

"I will not touch him during the rest of the campaign with a 100-foot pole," added Dornan, who explained, "I feel he's unprincipled."

The Dornan-Peck feud over the \$13,000 has been going on for the past year, and recently became the major issue of the campaign.

Peck has admitted receiving \$13,000 in 13 separate \$1,000 cashiers checks in 1978. But he maintains that he never suspected any impropriety because he believed the money was flowing in as a result of contacts his father made when the elder Peck accompanied U.S. Sen. Alan Cranston to Alabama in 1978 to campaign for Stewart.

Peck also insists that he returned the money last year after learning that, instead of coming from 13 different donors, it all had been given by Dennis, a Birmingham, Ala., coal mining equipment broker.

Dennis subsequently admitted to federal authorities that he used the names of 12 other persons to donate the entire \$13,000 to Peck.

Dennis also admitted using the same technique to donate \$22,000 to the Stewart campaign, and last Sept. 6 agreed to pay \$18,000 in civil penalties to the FEC.

While readily admitting the receipt of the \$13,000, Peck has steadfastly denied any wrongdoing. But Dornan challenged his opponent's account of the episode and suggested that the FEC, the agency charged with investigating campaign irregularities, tried to cover up "criminal misconduct" by Peck and engaged in a "whitewash" of Gregory Peck's involvement in the affair.

FEC records show that the agency closed its books on the contribution after Peck borrowed \$13,000 — from City National Bank where he had a line of credit established, Peck later said — and returned the money to Dennis last June 14.

But Dornan alleged that Peck "merely went through the motions" of returning the \$13,000 to Dennis, and that the money "never left California."

Dornan based that allegation — that Dennis cashed the check and handed the currency back to Peck in Los Angeles on June 14, 1978 — solely on his conversation with Dennis, which FBI agent Deffenbaugh reported in the memo obtained and released Thursday night by the congressman.

Peck had steadfastly denied the allegations contained in the memo, saying that Dennis, a convicted con man, was an "unworthy" witness and suggesting that Dornan had been trying to make a deal with the businessman. Dornan, in turn, heatedly denied that allegation.

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San Pedro, CA
(Los Angeles Co.)
News Pilot
(Cir. D. 14,381)

SEP 13 1980

Allen's P.C.B. Est. 1888

Peck is cleared

P. 7.5
No evidence to back charges Demo hopeful violated campaign laws

By Rich Connell
Political writer

The U.S. Justice Department on Friday cleared 27th Congressional District candidate Carey Peck of any illegal actions in connection with contributions to his 1978 campaign.

A spokesman for the department said "we looked into the matter, but it has been closed."

In a letter delivered late in the day to Rep. Robert K. Dornan, Peck's Republican opponent, a high-ranking Justice Department official said a "thorough inquiry" had been conducted into allegations that Peck and Sen. Donald Stewart, D-Ala., may have violated federal law.

"We conclude (there is) no evidence that federal criminal law has been violated," wrote Phillip B. Heymann, assistant attorney general of the criminal division.

The announcement came on the heels of a press conference earlier in the day where Dornan said Peck was the target of

an FBI investigation.

After the Justice Department announcement, Dornan said it confirmed an investigation has been under way and that he was vindicated.

Peck said it showed Dornan's charge was a "total lie" and claimed the congressman had "opened himself up for legal action."

The contributions in question were made to the Peck and Stewart campaigns late in the 1978 campaign by Alabama businessman James Dennis.

Dennis sent Peck 13 \$1,000 cashiers checks, 12 of which were in other names. It turned out Dennis, who was later convicted of conning a California firm, had donated all the money himself, a violation of federal campaign laws.

Peck said he did not know the funds were donated illegally and took a bank loan to return all of the funds when he became suspicious of Dennis in June 1979.

Dornan has continued to press the issue,

investigating the transaction and claiming Peck should have been suspicious.

But the congressman's efforts to damage Peck have backfired politically and questions have been raised about Dornan's involvement with Dennis.

Dornan's office had sought improved treatment of Dennis, who was serving a prison term, at the same time Dornan was urging Dennis to issue damaging statements about Peck.

Dornan even met with Dennis in prison in April. It was at that meeting that Dennis told Dornan he had come to Los Angeles to get his money back from Peck, but cashed the check and gave the cash back to Peck.

Peck has strongly denied the charge, and Dennis also now denies giving the cash back to Peck.

Dennis said he made the charge initially in hopes of getting aid from Dornan for better prison treatment. Dornan has denied making any deals with Dennis or prison officials.

After the Justice Department announce-

ment, Peck called Dornan's attacks "totally unsubstantiated and scurrilous" and "without any backup whatsoever."

Dornan claimed the timing of the Justice Department announcement — on the day of his press conference — "makes this more than highly suspect."

He blamed Stewart, who has been forced into a runoff in Alabama partly because of coverage of the Dennis affair, may have applied pressure in Washington D.C., where the announcement was made.

Stewart was also cleared in the Justice Department statement Friday.

In any case, Dornan vowed late Friday that he would "not breathe another word" about the contributions during the remainder of the campaign, though he will seek a Federal Elections Commission probe after the election.

He had been saying he would drop the matter after his press conference, during which he gave out two large volumes of an "investigative report" on the incident.

Ex. E, p. 4

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SEP 17 1980

Man's P. C. B. Est. 1888

Peck is cleared

No evidence to back charges Demo hopeful violated campaign laws

By Rich Connell
Political writer P-75

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Dornan has continued to press the issue, investigating the transaction and claiming Peck should have been suspicious.

But the congressman's efforts to damage Peck have backfired politically and questions have been raised about Dornan's involvement with Dennis.

Dornan's office had sought improved treatment of Dennis, who was serving a prison term, at the same time Dornan was urging Dennis to issue damaging statements about Peck.

Dornan even met with Dennis in prison in

April. It was at that meeting that Dennis told Dornan he had come to Los Angeles to get his money back from Peck, but cashed the check and gave the cash back to Peck.

Peck has strongly denied the charge, and Dennis also now denies giving the cash back to Peck.

Dennis said he made the charge initially in hopes of getting aid from Dornan for better prison treatment. Dornan has denied making any deals with Dennis or prison officials.

After the Justice Department announcement, Peck called Dornan's attacks "totally unsubstantiated and scurrilous" and "without any backup whatsoever."

Dornan claimed the timing of the Justice Department announcement — on the day of his press conference — "makes this more than highly suspect."

He hinted Stewart, who has been forced into a runoff in Alabama partly because of coverage of the Dennis affair, may have applied pressure in Washington D.C., where the announcement was made.

Stewart was also cleared in the Justice Department statement Friday.

Ex. E, p. 5

Delivered Friday, Sept. 12

Dear Congressman Dornan:

Based on information, the Public Integrity section of this division, in conjunction with the FBI, has conducted a thorough inquiry into allegation that Sen. Donald Stewart of Alabama and congressional candidate Carey Peck of California may have violated federal criminal law.

That inquiry, including the obtaining of analyses of documents from the FEC, and Sen. Stewart has been completed. We conclude no evidence that federal criminal law has been violated. Thank you for your concern and cooperation in this matter.

Phillip B. Heymann, assistant attorney general, criminal division

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Ex. E, p. 6

31040291153

GROENENDYKE AND SALTER
ATTORNEYS AT LAW
SUITE 900, TITLE BUILDING
2030 3RD AVENUE, NORTH
BIRMINGHAM, ALABAMA 35203

RICHARD A. GROENENDYKE, JR.
J. STEPHEN SALTER

AREA CODE 205
TELEPHONE 261-6666

June 13, 1979

Mr. Cary Peck
1019 5th Street
Building #10
Santa Monica, California 90403

Re: James H. Dennis, Sr.

Dear Mr. Peck:

At the instruction of our client, Mr. James H. Dennis, Sr., we are herewith enclosing his letter of this date which is self-explanatory. If we can be of assistance in any way, do not hesitate to call upon us.

Sincerely,

GROENENDYKE AND SALTER

J. Stephen Salter/mc
J. Stephen Salter

JSS/mc
Encl.

Ex. F

31010301155

Mr. Cary Peck
1019 5th Street
Building #10
Santa Monica, California 90403

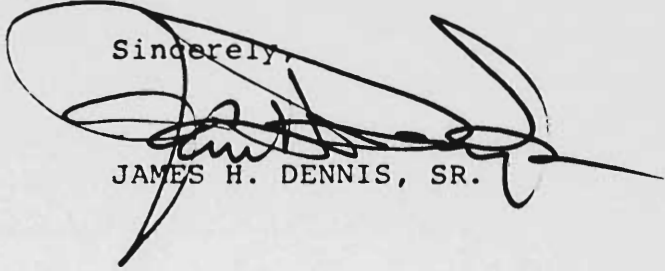
Dear Mr. Peck:

In response to our recent communications, this is to advise that I supplied the funds for the contributions made to your campaign election committee in the names of the following individuals for the amounts listed:

Richard Morehart	\$1,000.00
Roy J. Ledbetter	\$1,000.00
Charlie Mike Chancey	\$1,000.00
Gary M. Dennis	\$1,000.00
Terry Henley	\$1,000.00
James Chancey	\$1,000.00
Johnny Desmond	\$1,000.00
Max Gurley	\$1,000.00
Wayne Moore	\$1,000.00
Andy Shadix	\$1,000.00
Mike Henley	\$1,000.00
Robbie Chancey	\$1,000.00

I would request these funds be returned to me since I am now aware same could be contrary to the regulations governing campaign contributions. I know neither you nor your committee were aware of my funding of these contributions and I am sorry for any problems this has caused.

Sincerely,


JAMES H. DENNIS, SR.

JHD, Sr.

Ex. F

21010221157

LEWIS, D'AMATO, BRISBOIS & BISGAARD

ROBERT F. LEWIS
GEORGE G. D'AMATO
CHRISTOPHER P. BISGAARD
ROY W. BRISBOIS
R. GAYLORD SMITH
DAVID B. PARRER
JULES G. RADCLIFF, JR.
DAVID E. REYNOLDS
DUANE C. MUSFELT
JOSEPH M. ANDREWS
RAUL L. MARTINEZ
SCOTT LICHTIG
CONRAD R. ARAGON
ALAN E. GREENBERG
JEFFREY A. TIOUS
M. PATRICIA HARRISON
LAUREN UDDEN
LINDA MULSE
WILLIAM F. GREENHALGH
JEFFREY A. SWEDO
STEVEN MARK LEVY
MARY G. WHITAKER
ROBERT A. SCHWARTZ
NANCY N. POTTER

LAWYERS

FIVE PARK-SUITE 300
261 SOUTH FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90012
TELEPHONE (213) 628-7777

CABLE ADDRESS: "FIVEPARK"
TELEX: 194508

December 4, 1980

* MEMBER NEW YORK BAR ONLY

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

Attention: Anne Cauman

Re: MUR 1331

Dear Mr. Steele:

In response to your letter dated November 7, 1980, respondents Carey Peck For Congress and Carey Peck hereby respond to Congressman Robert K. Dornan's complaint dated November 3, 1980. Two additional copies of this response are enclosed, one of which we ask be conformed and marked to indicate its receipt, and then returned to this office in the enclosed, self-addressed, stamped envelope. The second copy is provided for your convenience.

These respondents respectfully submit that no further action should be taken by the Commission on this matter since, as the accompanying affidavit and exhibits demonstrate, respondents have not violated any part of the Federal Election Campaign Act or the Commission's regulations.

1. INTRODUCTION

This complaint is a companion to the complaint in MUR 1332. It concerns generally the same subject matter, although the complaint in this MUR does not specifically name Carey Peck as a respondent. Instead, it appears to be focused only on James H. Dennis.

The subject matter concerns certain illegal contributions that were made by James H. Dennis ("Dennis") in 1978 to the campaign committees of both Senator Donald Stewart and Carey Peck ("Peck"). Insofar as Peck is concerned, Congressman

Ex. 20b, p.1

Mr. Charles N. Steele
December 4, 1980
Page Two

Dornan ("Dornan") generally alleges that Peck never actually refunded the illegal contributions to Dennis. Instead, Dornan suggests, Peck's refund check to Dennis was "U-turned. . . right back to Carey Peck in a check exchange charade." (Complaint, page 2.)

The charge is simply false.

2. CIRCUMSTANCES OF THE INCIDENT

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The charge being made by Dornan, which he also attempted to make into a campaign issue in the 1980 election campaign, is that Peck, sometime after learning of the nature of the illegal contributions, made arrangements to have a refund check prepared and delivered to Dennis. However, no sooner was the check delivered to Dennis than he, Dennis, promptly cashed it and returned the full amount, in cash, to Peck. The charge is totally untrue, and was vehemently denied by Peck throughout the campaign. (Affidavit of Peck, ¶ 6.)

However, Dornan, in an effort to obtain substantiation for the charge, met on at least one occasion with Dennis, in prison, which was followed by a statement by Dennis, later retracted, to the effect that such a cash refund had actually taken place. The entire episode was much publicized and, ultimately, Peck was cleared of any such wrongdoing. (See attached clippings from newspaper articles, Exhibit "B.") Ultimately, the United States Justice Department, apparently at the urging of Dornan, conducted its own investigation into this particular allegation. On September 12, 1980, said Department, through Phillip B. Heymann, assistant attorney general in the Justice Department's criminal division, announced that it had conducted a thorough inquiry into the matter and, based upon same, had concluded that there was no substantiation to the charge. (Exhibit "C.")

3. THE FEC SHOULD TAKE NO FURTHER ACTION ON THIS COMPLAINT

The charge being made by Dornan in this complaint is simply and clearly unfounded. It is a continuing bit of campaign rhetoric that was debunked by the Justice Department, that was and is vehemently denied by Peck himself, and that should not have new legitimacy bestowed upon it by the Commission by virtue of this complaint filed under 2 U.S.C. §437g(a)(1).

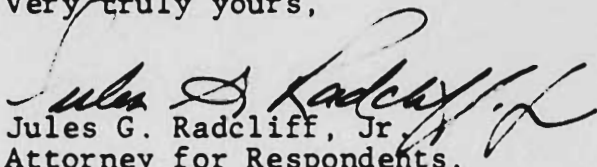
Mr. Charles N. Steele
December 4, 1980
Page Three

There is simply no factual basis presented which would permit the Commission to conclude that there is even the faintest reason to believe that the Federal Election Campaign Act has been violated.

4. CONCLUSION

For all of the foregoing reasons, these respondents respectfully submit that they have clearly demonstrated that the Commission should take no further action on this matter against either Peck or Carey Peck For Congress on the basis of the within complaint.

Very truly yours,


Jules G. Radcliff, Jr.
Attorney for Respondents,
Carey Peck, and
Carey Peck For Congress

JGR/mr
Enclosures

31040221170

31040201171

AFFIDAVIT OF CAREY PECK

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Carey Peck, being first duly sworn, hereby state and declare as follows:

1. I am a resident of Los Angeles, California, and was the Democratic candidate for Congress in the 27th Congressional District in the 1978 election. Carey Peck For Congress is, and in 1978 was, my principal authorized campaign committee.

2. The following statements are based upon my personal knowledge and, if called upon to do so, I would and could competently testify to same.

3. I have read the complaint filed against me by Robert K. Dornan. I am aware of the charge therein that James H. Dennis returned to me the sum of \$13,000 after he was given a check in that amount refunding to him certain illegal contributions he had made to my 1978 campaign. The charge is the same that was made by Dornan during the 1980 election campaign and, to my knowledge, was thoroughly investigated both by the local newspapers and by the United States Justice Department.

4. On June 14, 1979 Dennis was presented with a check in the amount of \$13,000, representing a refund to him of \$12,000 in illegal contributions made by him in the names of others, together with \$1,000 contributed in his own name. The check was presented to him by my attorney, Jules G. Radcliff, Jr. I was not present at that time and did not,

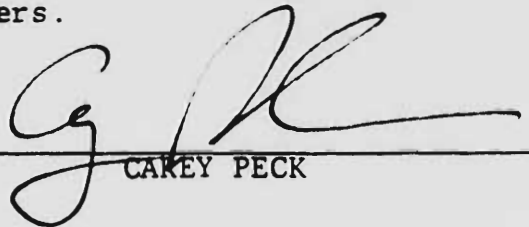
Ex. A

3104027172

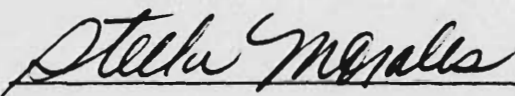
1 of course, personally deliver the check to Dennis.

2 5. It is my understanding that Dennis left Mr.
3 Radcliff's office and, later that same date, cashed the check
4 at a bank in Los Angeles. Neither I nor anyone from my
5 committee had anything to do with Dennis' decision to cash
6 the check as and when he did, nor did I or anyone from my
7 committee accompany him to the bank where the check was cashed.

8 6. At no time, either before or after June 14, 1979,
9 did I accept from Dennis the sum of \$13,000, or any other sum
10 at all, in cash or in any other form, for any reason whatsoever.
11 I have no idea what Dennis did with the money he received when
12 he cashed the check, but I do know that it did not come back
13 to me, it did not go to anyone connected in any way whatsoever
14 with my campaign, and it certainly did not find its way back
15 into my campaign committee's coffers.

16
17 
18 _____
19 CAKEY PECK

20 Subscribed and sworn to before me
21 on December 3, 1980, at Los Angeles,
22 California.

23
24 
25 _____



31040201173

31040291174

Report due Friday

EO 9-6/7-80

Dornan charges 'huge fraud'

Evening Outlook News Services

Rep. Robert K. Dornan of Santa Monica said Friday he has prepared an "investigative" report exposing "the largest case of campaign fraud in history" and refuting charges he improperly helped a federal prisoner

in exchange for damaging statements against his Democratic opponent, Carey Peck.

"The charges that I attempted to help a federal prisoner, who is one of the most cunning frauds ever born, is an act of desperation by a junior Ala-

bama senator who is under investigation for accepting thousands of dollars in illegal campaign contributions," Dornan told UPI in a telephone interview from Washington.

Dornan also repeated his charge that a Los Angeles Times report published Friday morning, which indicated Dornan had acknowledged helping the prisoner, was inaccurate.

Dornan blasts story

Continued From Page A-1

petrated massive campaign fraud in at least two states.

At a news conference Thursday in Birmingham, Ala., Sen. Donald Stewart, D-Ala., played two tape recordings which he said showed Dornan had tried to help Dennis in hopes the convict would publicly damage Stewart and Peck.

"The tapes show Dornan tried to get Dennis and the FEC (Federal Elections Commission) to smear Peck," Stewart was quoted in the Friday edition of the Birmingham News.

Stewart said one tape recording was of a conversation between Dennis and a Los Angeles Times reporter in which Dennis says Dornan wants him to keep the campaign contribution issue alive.

Dennis, a coal equipment broker who was convicted of fraud, was serving a six-month prison sentence in the Talledega, Ala., federal correctional institution when Dornan's office allegedly contacted authorities to gain favors for the prisoner.

Dornan said while he was in Israel on congressional business a young staffer in his Washington office contacted the director of the federal prison system and the prison warden urging that the convict get a furlough to attend his brother's funeral.

Dennis was granted the furlough, but Warden Robert Verdyne said the decision was not influenced by the congressman.

"I never did anything to help this prisoner," Dornan said. "My staffer was moved by compassion and if I was there I would have done the same thing."

Peck's disputed campaign contributions have become a dominant issue in the 1980 election, but the

controversy dates back to 1978, when Peck narrowly lost the congressional race to Dornan.

The controversy involves a \$13,000 campaign contribution Dennis made to Peck. Peck says he returned the money when he discovered it was an illegal donation.

Federal law limits contributions to \$1,000 from each individual.

Dornan said Dennis told him in April he cashed the check and gave Peck the money in cash. Peck denies the statement, and Dennis has denied it in recent statements.

Stewart said the other tape played at the news conference was of a conversation between Dornan and Dennis' lawyer in which Dornan says since he helped Dennis get a leave from prison and a transfer from a federal prison in Atlanta to one in Alabama, Dennis was expected to keep the campaign issue going.

Stewart, facing a runoff in his bid to be renominated by his party, called Dornan a "desperate" man.

"He's had his seat a long time and he's fearful of losing it," Stewart said.

Stewart concedes that Dennis, in other people's names, illegally contributed \$22,000 to his 1978 campaign. Reports to the Federal Election Commission indicate Stewart loaned his campaign committee \$22,000 to repay Dennis after finding out the contributions were illegal.

In his release of the two tapes, made by Dennis' attorney, Richard Groenendyke, Stewart said he and his campaign had "got caught up in the aftermath" of Dornan's attempts to "smear" Peck.

In Santa Monica Friday Peck defended the Los Angeles Times story and said its author, veteran political reporter Kenneth Reich, "is beyond reproach."

The newspaper reported Dornan contacted federal prison authorities to get better treatment for convict James H. Dennis in hopes he would publicly accuse congressional hopeful Peck, son of actor Gregory Peck, of accepting illegal campaign contributions.

The congressman said he would release his 191-page "investigative report" next Friday in Los Angeles. He said the information was compiled over the last 18 months and would support his claims that Dennis per-

turn To Page A-4

Column 5

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Daily Breeze
\$13,000 donation issue persists

Dornan: Peck is under investigation

By Rich Connell
Political writer

Struggling to overcome recent criticism of his campaign activities, Congressman Robert K. Dornan today claimed his opponent, Carey Peck, is under investigation by federal authorities.

At a Los Angeles press conference which Dornan earlier described as one of the most important of his political career, the 27th District Republican said, "The bottom line is Peck is being investigated and I am not."

Dornan released a two-volume "investigative report" conducted by his office which he claimed shows Peck's "ABSCAM mentality" stemming from a 1978 campaign contribution.

The fiery congressman was pressed hard by reporters to provide substantiation of an investigation. But he could only respond that FBI agents had told him the probe was under way.

Dornan also suggested the unwill-

ingness of federal authorities to confirm or deny an investigation indicates one exists.

After coming under close questioning about his own handling of the matter, Dornan abruptly cut off the press conference.

His charges are tied to Peck's campaign in 1978, when he came close to unseating the incumbent. Alabama businessman James Dennis gave Peck \$13,000 in cashiers checks.

Dennis, who later was convicted of swindling a California company of nearly \$1 million, had personally donated all of the money in other individuals' names — a violation of the \$1,000 limit on congressional contributions.

Peck claims he had no reason to be suspicious of the donations at the time they were made. Several months later when he began to suspect Dennis, he returned all of the money.

The congressman now is focusing on a prison interview he had with Dennis in which the convict said he gave the money back to Peck in

cash.

Dornan has come under fire for his contacts with Dennis and prison officials. Dennis served six-months in Alabama federal prison and is now free pending an appeal.

Dornan had several phone conversations with Dennis and met with the convict in prison at the same time he was urging Dennis to issue damaging statements against Peck.

Dornan admits his office contacted prison officials to seek improved treatment for Dennis. Today Dornan tried to focus the controversy back on Peck, claiming "a fool would have been suspicious" of the Dennis donations when they were made in November 1978.

Although the press conference may not have had the effect Dornan intended, there was substantiation of one of the congressman's allegations Thursday.

An FBI agent's report was made public that for the first time confirmed Dornan's claims that Dennis told him he had covertly given the \$13,000 back to Peck in cash after it was returned by the candidate.

An FBI agent, Willis M. Deffenbaugh, was present during the meeting in prison. In a FBI memo, Deffenbaugh said Dennis told the congressman he had come to Los Angeles in June 1979. He explained that he met with Peck at Peck's attorney's office and that after cashing the refund check, he "merely handed the \$13,000 cash over to Peck."

Peck has vehemently denied the allegation and claims he did not even meet with Dennis during that trip. Dennis now also denies giving the cash back to Peck.

Dennis now says he made the allegation because Dornan had promised to arrange for him to receive better treatment in prison.

After his release from prison, the convict claims, he told Dornan he would not go through with the deal.

Dornan has denied doing anything improper or making any deals with Dennis. At his press conference today, Dornan said, "I made no promises."

Dornan Acknowledges He Attempted to Aid Convict

Hoped Inmate Would Accuse Political Foe of Accepting Illegal Gift

By **KENNETH REICH**
Times Political Writer

Rep. Robert K. Dornan (R-Santa Monica) has acknowledged that he contacted federal prison authorities to get better treatment for an inmate he was hoping would publicly accuse Dornan's campaign opponent, Democrat Carey Peck, of accepting illegal cash contributions.

Dornan, in a Times interview, said he had been playing "a cat-and-mouse game" with James H. Dennis, convicted of fraud in Alabama and serving six months in federal prison at the time, after Dennis indicated to him that he had damaging information on Peck.

However, Dornan said that after three months of telephone exchanges with Dennis and one meeting with him in the Talledega, Ala., federal correctional institution April 30, he had informed him July 22, after his release from prison, that he no longer wished to deal with him.

"I said, 'James, I don't think I want you out in California,'" Dornan recalled. "I don't know whether you can be trusted."

Contacts With Penal Officials

The two-term congressman said that his contacts with the director of the federal prison system, Norman A. Carlson, and Talledega warden Robert Verdyne had been in the nature of questioning Dennis' classification when he was in prison and, through a staff assistant, urging that he get a furlough to attend his brother's funeral.

He said he had not been seeking special treatment for Dennis but rather only fair treatment that the prisoner deserved.

Both Verdyne and a spokesman for Carlson told The Times that Dornan had been in contact. Verdyne said that the furlough Dennis received and the prisoner's classification both were his (Verdyne's) decisions and that the congressman had not influenced him one way or another.



Robert Dornan

Dornan's talks with Dennis and his statements about them are the latest developments in a controversy that has come to dominate the contest between Dornan and Peck, son of actor Gregory Peck, in the 27th Congressional District, on the West Side of Los Angeles.

Two years ago, when Dornan narrowly defeated Peck, Peck reported receiving \$13,000 in campaign contributions through Dennis, then a Birmingham, Ala., businessman whom Gregory Peck had met at an Alabama political fund-raising dinner.

Several months later, it was disclosed that the donations were illegal, that they had not come in \$1,000 amounts from 13 separate people as originally stated by Dennis but rather all from Dennis himself. Federal law prohibits a congressional candidate from receiving more than \$1,000 from an individual.

Carey Peck has stated that when he discovered this, he took out a \$13,000 loan and that his attorney handed a check for that amount to Dennis in Los Angeles on June 14, 1979, thus returning all the money involved.

Dornan, who has raised questions

Please Turn to Page 14, Col. 1

DORNAN TRIED TO AID INMATE

Continued from Third Page

about the \$13,000 in newspaper advertisements, campaign pronouncements and speeches on the floor of Congress, now is claiming that Dennis informed him when he met him in the Talledega prison that when he got the \$13,000 Peck check, he promptly cashed it at Peck's bank and returned the money in cash to Peck.

Peck vehemently denies this, and in recent comments Dennis, too, denies it. He says that Dornan tried to get him to make this accusation but that he refused.

Dornan's wife, Sally, and a staff member who accompanied Dornan to Talledega, Brian Young, collaborate the congressman's statement that Dennis told him at their prison meeting that he had returned the money to Peck in cash.

But the FBI and the U.S. attorney's office in Birmingham, which also had observers at the Dornan-Dennis meeting in the Talledega prison, refuse to confirm or deny that this was said and have declined all comment on anything that was said.

U.S. Attorney J. R. Brooks, in Birmingham, refused Dornan's request to be allowed to testify before the grand jury looking into allegations involving Dennis because he said he believed the congressman had a political motive.

Dornan has accused Brooks, the U.S. Justice Department and the Federal Election Commission of being involved in a cover-up of the matter.

Peck's Challenge to Congressman

Peck, meanwhile, told The Times that since Dornan had raised on the floor of the House the question of whether he got the \$13,000 back from Dennis, Dornan ought to substantiate the charge if he can.

"He's made very serious charges, and questions have been raised and not one of them has ever been substantiated," the Democratic challenger said in an interview. "We do have hard proof that the payment back was made (to Dennis). There is no proof, not even circumstantial, that it ever came back to me."

Peck said he was particularly concerned because two tape recordings of telephone conversations between Dornan and Dennis' attorney, Richard Groenendyke of Birmingham, indicate in his view that Dornan may have entered into an improper deal with Dennis. The conversations were taped by Groenendyke.

The tape recordings were played for Dornan in the course of The Times interview, and the congressman said he was "happy" with them "because I think it clears me in spades."

On one tape, Dornan is heard to tell Groenendyke, at the beginning of a conversation last June 13:

"I made a promise to Dennis that if he helped me I'd help him and I am trying to keep my end of the promise for selfish reasons as well as humanitarian reasons."

Later in the same conversation, telling of his contacts with Justice Department, FBI and prison officials, Dornan remarks:

"I am using my rights as an incumbent to defend my perriere and my seat, and, if in the course of it, I pick up some friendships and acquaintances that can get nothing special for Dennis but get him the cutting edge of everything that's fair then I am certainly going to do that to keep him disposed to back up the things he's already told me."

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A moment later in the conversation, he tells Groenendyke that he is sending along to Groenendyke's law partner, Steve Salter, a copy of a letter he sent June 10 to Carlson, the director of federal prisons.

In this letter, sent to Carlson's home in suburban Burke, Va., rather than to his Washington office, Dornan told the prison director:

"I very much appreciate the personal courtesies you extended to me and the time you spent in the matter of James H. Dennis Sr. My purpose in calling was to make sure that Mr. Dennis would be receiving all the statutory 'good time' to which he was entitled.

"It has come to my attention that Mr. Dennis has been reclassified to the status of 'community custody.' It appears that his previous classification was not the proper one in light of his offense.

"I was most impressed with your interest and diligence in this matter. If I may be of assistance to you in my congressional capacity, please don't hesitate to call on me."

The letter appears on Dornan's official congressional stationery, and in The Times interview he confirmed he had sent it.

Prisoner Classification Issue

However, he added that he now believes he had nothing to do with any changes in Dennis' classification. He said Carlson told him he had checked out his questions but that action on both the furlough and classification had already been taken.

In Washington, a Carlson spokesman acknowledged he had received Dornan's letter, but he could not comment extensively on Carlson's dealings with the congressman because, he said, the federal prison director was out of the country.

Dornan explained in the interview that he had undertaken both the conversations with Groenendyke and the approaches to prison officials in hopes of "drawing Dennis out." He said he had suspected at the time that Groenendyke was taping him.

Asked what specifically he meant by making the statement that if Dennis helped him, he would help Dennis, Dornan replied: "I have to play a cat-and-mouse game partially."

But, the congressman said, he finally wearied of dealing with Dennis because, he said, Dennis would never tell journalists what Dornan claimed he had told him at the Talledega prison meeting about returning the cash to Peck.

On July 22, Dornan said, he told Dennis on the telephone, "I think I'm going to dump out of the whole thing now. . . . In essence, don't call me, I'll call you."

But in a telephone interview, Dennis contended that it was he who had informed Dornan that day that he wanted to back out of a deal he claimed the two had made.

"The deal was this," Dennis said. "I would let him run wild if he wanted to, to make a few accusations (against Peck) . . . and then after the primary election, I would come out to California and hold a press conference. Very truthfully, at one time I considered doing that, but you do a lot of things when you're locked up to try to better your position."

As for Peck, Dennis said, "I never did give the money back to Carey. As far as I am concerned, Carey Peck is probably one of the most ethical and honest men I've ever met."

DALES

An Apology Is in Order

The very least that Robert K. Dornan owes Carey Peck is a public apology. ~~The~~ Republican representative of the 27th District has been insinuating for months that his Democratic opponent may have taken an illegal cash contribution in the first contest between them two years ago.

Dornan can't prove it, but that hasn't kept him from assailing Peck's integrity in the Congressional Record, in newspaper advertisements and in campaign statements.

It is possible to explain, but not condone, Dornan's dirty politics. He almost lost his seat to Peck in a close election in 1978, and faces another tough challenge from him in November.

Dornan's attempt to smear his opponent involves a former convict for whom he tried to get better treatment in prison in the hope that the inmate would come to California after his release and accuse Peck of a serious violation of election laws.

The felon, James H. Dennis, was serving a six-month sentence for fraud earlier this year while Dornan was in telephone contact with him, and was even visited by Dornan at the federal correctional institution in Talladega, Ala. The record shows that Dornan tried to use his influence with the director of the federal prison system in behalf of Dennis, in the expectation that the convict would charge Peck with accepting an illicit contribution of \$13,000.

Dennis had met Peck's father, actor Gregory Peck, at a fund-raising dinner in Alabama two years ago, and did send the young congressional

candidate 13 checks for \$1,000 each, and said the money had come from 13 different contributors. (Federal law places a \$1,000 limit on the amount that a candidate can accept from an individual.)

When Peck found out that all the money was from Dennis himself, he saw to it that a check for the full \$13,000 was sent back to the Alabamian. But Dornan has been alleging that Peck later took the money in cash from Dennis.

Peck denies it vehemently, and Dennis now also denies that there is the slightest truth to the story. The best that can be said for Dornan is that he was too gullible and too eager to malign his opponent.

While behind bars, Dennis did contact Dornan, and apparently did tell him that he had made the illegal payment to Peck, but he now explains that he did it only to get the representative's aid in obtaining more prison privileges for himself.

Dornan now admits that after three months of conversations with Dennis he finally began to suspect that the convict was not trustworthy, and broke off the relationship.

But, despite his own doubts as to Dennis' credibility, Dornan has continued to allude to the felon's accusations in his election advertising and statements.

Even if the charges had been true, it would have been irresponsible of Dornan to rely, as he did, solely on the word of a man serving time for fraud.

Dornan's conduct has been reprehensible, and it strengthens our opinion that the voters in the 27th District should reject him in November in favor of Peck.

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Exhibit C

Peck Cleared of Taking Illegal Donations

Justice Department Ends Investigation; Dornan Has 'Peculiar' Day

By KENNETH REICH
Times Political Writer

The U.S. Justice Department cleared Democratic congressional candidate Carey Peck of charges that he violated federal election laws Friday, saying an investigation had been completed that showed "no evidence that federal criminal law has been violated."

The department spoke out just hours after Peck's opponent, Rep. Robert K. Dornan (R-Santa Monica), had accused Peck of lying and scheming and told reporters at a Los Angeles news conference Friday morning that Peck "is undergoing a federal criminal investigation."

Word that this was not so came in a letter delivered Friday afternoon to Dornan's Washington, D.C., office from Phillip B. Heymann, assistant attorney general in the Justice Department's criminal division.

He said there had been an investigation into charges, much aired by Dornan, that both Peck and U.S. Sen. Donald Stewart, (D-Ala.), had

taken illegal covert cash contributions, but that the inquiry was over now and both men were cleared.

A short time later, a subdued Dornan told The Times in a telephone interview that he was going to drop the matter for the rest of his campaign battle with Peck in the 27th District on the West Side of Los Angeles.

"Peck is the most reprehensible liar I've ever met in politics for a man of his age," Dornan said. "(But) the bitterness is over, the investigation is over. He's exonerated by Phillip Heymann's unit and I'm finished with it until Nov. 5 (the day after the election). Don't worry, there won't be any more sparks from this campaign. I'm walking precincts for the next 53 days."

Peck, however, responded that he felt Dornan had behaved so badly in the matter that he intended to make it a major campaign issue.

Dornan called Friday's fast Justice Department response to his statement "the most peculiar day of my life" and he insisted that the in-

vestigation into his opponent had been stopped between the time he said it was going on in the morning and the time the Heymann letter was delivered in the afternoon.

But Dornan seemed at a loss to explain why, if that were so, he himself had stated in a letter to FBI Director William H. Webster eight days before that he had been informed the Peck investigation was over. Dornan himself had given that Sept. 4 letter to a Times reporter in Washington, D.C., on Thursday.

Dornan said he still intends to file a complaint against Peck relating to his charges that Peck took illegal cash before the Federal Election Commission after the election. But he said he would not bring up the matter again before then.

"I wanted an investigation," he said. "I'm relieved. I'm going to run a totally positive campaign on the issue as I always have. Peck has always been negative."

Commenting on Dornan's statement, Peck, however, told The

Please Turn to Page 12, Col. 1

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Part II—Sept. 13, 1980 Los Angeles Times *

JUSTICE DEPARTMENT CLEARS PECK

Continued from First Page

Times that he found it "unbelievable."

"It is self-serving and frankly it sounds to me that he's trying to get away from the statement he made just this morning, accusing me of wrongdoing and attacking my family as well," Peck said.

"Now that his attacks have been proved scurrilous and his allegations denied by the Justice Department, he's desperately trying to put a good light on it," Peck continued. "It isn't possible, and the ethical questions that I mentioned before—his aid to a federal convict in hopes that he would make false statements against me—remain, and I think he's opened himself up for legal action as well."

This was a reference to Dornan's acknowledgement recently that he had contacted federal prison authorities to get better treatment for an inmate he was hoping would publicly accuse Peck of covertly accepting \$13,000 in illegal cash from him.

The convict, James H. Dennis, did apparently make such a charge in a meeting with Dornan on April 30 in

the Talladega federal prison. But the ensuing investigation by the Justice Department and the FBI was the one that was declared Friday to have cleared Peck.

Dennis, too, has since declared he was not telling the truth in making the charge. Dennis said he made the statements as part of a deal with Dornan to get Dornan's help to better his prison status. Dornan has denied there was such a deal.

Peck said Friday evening that he considers Dornan's statements in the entire matter "ludicrous."

"He has spent what must be hundreds of hours of his time and his staff's time pursuing this matter," Peck said. "He has used his office and he has made statements on the floor of the House of Representatives against my campaign, myself and my family, and now he's trying to deny the whole thing."

"When he said this morning that I'm under investigation, and it takes exactly six hours for the Justice Department to put the lie to that, one sees where he is."

U.S. absolves Peck in campaign fund probe

Dornan to drop matter against foe — for now

By Mike Qualls
Herald Examiner politics editor

The U.S. Justice Department yesterday ended its investigation into Alabama businessman James Dennis' illegal political contributions to Southland congressional candidate Carey Peck and Alabama U.S. Sen. Donald Stewart and announced that "no criminality" could be found.

The department announced the end of the probe yesterday afternoon, about five hours after Rep. Robert Dornan, R-Santa Monica, had accused Peck, his Democratic general election opponent and the son of actor Gregory Peck, of "knowingly" receiving \$13,000 in illegal contributions from Dennis in 1978.

Dornan leveled that charge at a Los Angeles news conference yesterday morning after releasing an FBI memorandum Thursday night containing allegations by Dennis that Peck had solicited and received the \$13,000 from Dennis in violation of federal law that prohibits individuals from giving more

than \$1,000, and then tried to cover it up.

The memo — the contents of which have since been denied by Dennis — was obtained by Dornan from the Justice Department through the Freedom of Information Act. It details FBI agent Willis Deffenbaugh's report of an April 30 meeting between Dornan and Dennis at an Alabama federal prison where the latter was incarcerated for defrauding a San Francisco-based corporation out of \$997,000.

During his news conference yesterday, Dornan also released two thick volumes — one containing 187 pages chronologically detailing his allegations, and the other a 228-page report containing 109 documents intended to back them up.

At the news conference, Dornan lashed out at Peck, ridiculing his denial of any wrongdoing and saying that "a fool would have been suspicious" about the \$13,000 given to his campaign in 1978 in the form of 13 \$1,000 cashiers checks. In that 1978 campaign, incumbent Dornan narrowly beat Peck for the 27th Congressional District seat



Robert Dornan
Ridiculed opponent's denials

(which covers the coastal area from Santa Monica to the Palos Verdes Peninsula).

Dornan also disclosed during his meeting yesterday with reporters that the FBI was investigating Dennis' contributions.

When Justice Department spokesman John Russell was asked to verify that claim late yesterday, he replied, "The Criminal Division advises today that the matter is now closed. This afternoon, that decision was made."

Dornan/A-12, Col 3

"This morning I thought I was going to the pokey," Peck joked late yesterday after hearing the news. "Now, it looks like Mr. Dornan may be going."

Referring to Dornan's allegations and comments during his news conference yesterday morning, Peck said, "It was a scurrilous and unjustified attack. He doesn't have a fact with him and is campaigning on smears."

"We're considering legal action," Peck declared.

A subdued Dornan reacted to the Justice Department statement by saying he intends to drop his allegations "for 53 days," until the Nov. 4 election, "and then I will file formal complaints with the Federal Election Commission (FEC) against both Peck and Stewart."

(The FEC had justified not investigating Peck previously because no one had ever filed a complaint.)

Dornan went on to call Peck a "reprehensible liar" and vowed to "ignore him" and not to make any joint appearances with Peck, such as candidate forums, during the balance of the fall campaign.

"I will not touch him during the rest of the campaign with a 100-foot pole," added Dornan, who explained, "I feel he's unprincipled."

The Dornan-Peck feud over the \$13,000 has been going on for the past year, and recently became the major issue of the campaign.

Peck has admitted receiving \$13,000 in 13 separate \$1,000 cashiers checks in 1978. But he maintains that he never suspected any impropriety because he believed the money was flowing in as a result of contacts his father made when the elder Peck accompanied U.S. Sen. Alan Cranston to Alabama in 1978 to campaign for Stewart.

Peck also insists that he returned the money last year after learning that, instead of coming from 13 different donors, it all had been given by Dennis, a Birmingham, Ala., coal mining equipment broker.

Dennis subsequently admitted to federal authorities that he used the names of 12 other persons to donate the entire \$13,000 to Peck.

Dennis also admitted using the same technique to donate \$22,000 to the Stewart campaign, and last Sept. 6 agreed to pay \$18,000 in civil penalties to the FEC.

While readily admitting the receipt of the \$13,000, Peck has steadfastly denied any wrongdoing. But Dornan challenged his opponent's account of the episode and suggested that the FEC, the agency charged with investigating campaign irregularities, tried to cover up "criminal misconduct" by Peck and engaged in a "whitewash" of Gregory Peck's involvement in the affair.

FEC records show that the agency closed its books on the contribution after Peck borrowed \$13,000 — from City National Bank where he had a line of credit established. Peck later said — and returned the money, to Dennis last June 14.

But Dornan alleged that Peck "merely went through the motions" of returning the \$13,000 to Dennis, and that the money "never left California."

Dornan based that allegation — that Dennis cashed the check and handed the currency back to Peck in Los Angeles on June 14, 1978 — solely on his conversation with Dennis, which FBI agent Deffenbaugh reported in the memo obtained and released Thursday night by the congressman.

Peck had steadfastly denied the allegations contained in the memo, saying that Dennis, a convicted con man, was an "unworthy" witness and suggesting that Dornan had been trying to make a deal with the businessman. Dornan, in turn, heatedly denied that allegation.

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San Pedro, CA
(Los Angeles Co.)
News Pilot
(Cir. D. 14,361)

SEP 13 1980

Allen's P. C. B. Est. 1888

Peck is cleared

P. 7.5
No evidence to back charges Demo hopeful violated campaign laws

By Rich Connell
Political writer

The U. S. Justice Department on Friday cleared 27th Congressional District candidate Carey Peck of any illegal actions in connection with contributions to his 1978 campaign.

A spokesman for the department said "we looked into the matter, but it has been closed."

In a letter delivered late in the day to Rep. Robert K. Dornan, Peck's Republican opponent, a high-ranking Justice Department official said a "thorough inquiry" had been conducted into allegations that Peck and Sen. Donald Stewart, D-Ala., may have violated federal law.

"We conclude (there is) no evidence that federal criminal law has been violated," wrote Phillip B. Heymann, assistant attorney general of the criminal division.

The announcement came on the heels of a press conference earlier in the day where Dornan said Peck was the target of

an FBI investigation.

After the Justice Department announcement, Dornan said it confirmed an investigation has been under way and that he was vindicated.

Peck said it showed Dornan's charge was a "total lie" and claimed the congressman had "opened himself up for legal action."

The contributions in question were made to the Peck and Stewart campaigns late in the 1978 campaign by Alabama businessman James Dennis.

Dennis sent Peck 13 \$1,000 cashiers checks, 12 of which were in other names. It turned out Dennis, who was later convicted of conning a California firm, had donated all the money himself, a violation of federal campaign laws.

Peck said he did not know the funds were donated illegally and took a bank loan to return all of the funds when he became suspicious of Dennis in June 1979.

Dornan has continued to press the issue

investigating the transaction and claiming Peck should have been suspicious.

But the congressman's efforts to damage Peck have backfired politically and questions have been raised about Dornan's involvement with Dennis.

Dornan's office had sought improved treatment of Dennis, who was serving a prison term, at the same time Dornan was urging Dennis to issue damaging statements about Peck.

Dornan even met with Dennis in prison in April. It was at that meeting that Dennis told Dornan he had come to Los Angeles to get his money back from Peck, but cashed the check and gave the cash back to Peck.

Peck has strongly denied the charge, and Dennis also now denies giving the cash back to Peck.

Dennis said he made the charge initially in hopes of getting aid from Dornan for better prison treatment. Dornan has denied making any deals with Dennis or prison officials.

After the Justice Department announce-

ment, Peck called Dornan's attacks "totally unsubstantiated and scurrilous" and "without any backup whatsoever."

Dornan claimed the timing of the Justice Department announcement — on the day of his press conference — "makes this more than highly suspect."

He blamed Stewart, who has been forced into a runoff in Alabama partly because of coverage of the Dennis affair, may have applied pressure in Washington D.C., where the announcement was made.

Stewart was also cleared in the Justice Department statement Friday.

In any case, Dornan vowed late Friday that he would "not breathe another word" about the contributions during the remainder of the campaign, though he will seek a Federal Elections Commission probe after the election.

He had been saying he would drop the matter after his press conference, during which he gave out two large volumes of an "investigative report" on the incident.

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SEP 17 1980

Man's P. C. B. Est. 1888

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By Rich Connell
Political writer

P-75

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Delivered Friday, Sept. 12

Dear Congressman Dornan:

Based on information, the Public Integrity section of this division, in conjunction with the FBI, has conducted a thorough inquiry into allegation that Sen. Donald Stewart of Alabama and congressional candidate Carey Peck of California may have violated federal criminal law.

That inquiry, including the obtaining of analyses of documents from the FEC, and Sen. Stewart has been completed. We conclude no evidence that federal criminal law has been violated. Thank you for your concern and cooperation in this matter.

Phillip B. Heymann, assistant attorney general, criminal division

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CAC # 3774

STANLEY R. CAIDIN
NEWTON KALMAN
WILLIAM A. SAMPSON, II
STEPHEN C. MARPET

81 JAN 19

TELEPHONES
(813) 374-2871
(813) 372-8641

CAIDIN, KALMAN, SAMPSON & MARPET
ATTORNEYS AT LAW

DANIEL J. BLOOMGARDEN (1919-1967)

January 15, 1981

Standard Federal Building
3454 Wilshire Boulevard, Suite 209
Beverly Hills, California 90212

Ms. Anne Cauman
Office of General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: Response of Stanley R. Caidin
to Complaint before Federal
Election Commission -
Robert K. Dornan, complainant
No. MUR 1332

Dear Ms. Cauman:

I enclose herewith my response to complaint
in the above matter.

I regret the lengthy delay in transmittal
of this document. Please excuse this delinquency;
however, as you know, I was hospitalized and totally
disabled for a lengthy period of time, and have just
recently returned to my office. This response was
actually prepared last week, but my secretary thereupon
promptly became ill with the flu and she has now re-
turned to the office and is able to transcribe the
response for filing at this time.

Sincerely yours,

Stanley R. Caidin
STANLEY R. CAIDIN

SRC:SK
Enc.

JAN 19 3:42

GENERAL COUNSEL
FEDERAL ELECTION COMMISSION

EX-21

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1 STANLEY R. CAIDIN
2 9454 Wilshire Boulevard
3 Suite 209
4 Beverly Hills, California 90212
5 (213) 274-6971 272-9041
6
7

8 BEFORE THE FEDERAL ELECTION COMMISSION
9

10
11 ROBERT K. DORNAN,
12 Complainant,

13 vs.

14 CAREY PECK FOR CONGRESS;
15 CAREY PECK; TERRY PULLAN;
16 MICHAEL GORDON; and STANLEY
17 CAIDIN,
18 Respondents.

NO. MUR 1332

RESPONSE TO COMPLAINT

19 Respondent Stanley R. Caidin hereby responds to
20 complaint heretofore filed by Robert K. Dornan, wherein
21 respondent has been designated as a party, and does hereby
22 submit the following statement in support of respondent's
23 position that there is no basis for, or cause of, complaint
24 as against this answering respondent and that the Commission
25 should, accordingly, dismiss these proceedings as against
26 respondent:
27
28

I.

PRELIMINARY STATEMENT

1
2 Apparently, this respondent has been designated as a
3 party to these proceedings by virtue, and as a result, of the
4 position which respondent held as Treasurer for Carey Peck
5 during a portion of the time when Mr. Peck was actively
6 campaigning for election to the House of Representatives, up
7 to the time when respondent was replaced by the designation of
8 a replacement and succeeding Treasurer for the candidate.
9 In particular, the complaint related to the acceptance of
10 certain contributions to Mr. Peck, characterized as "illegal
11 contributions" by Mr. Dornan, and reflected in the Report
12 of Receipts and Expenditures prepared and signed by respondent
13 on December 7, 1978, at a time when respondent still appeared
14 of record as Treasurer for the candidate's committee,
15 designated as "Carey Peck for Congree", I.D. No. 073415.
16

17
18 II.

19 ROLE OF RESPONDENT WITH
20 RESPECT TO SUBJECT CONTRIBUTIONS

21 At the time respondent first became Treasurer for
22 the candidate, a specific procedure had been established by which
23 I was in a position to monitor contributions. I accepted the
24 position as Treasurer concurrently with the assumption of ac-
25 counting responsibility by Mr. Jules Glazer, who at that time
26 occupied a set of offices within my suite. Mr. Glazer maintained
27 a staff of highly skilled and experienced personnel who had
28 done the actual processing of the contributions for numerous

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1 prior campaigns, under a well organized system. All checks were
2 transmitted to our suite for handling through these facilities.
3 Under these conditions, respondent or persons in the immediate
4 proximity, and within the control, of either respondent or
5 Mr. Glazer actually had access to all contributions and the
6 opportunity to review carefully and scrutinize the source of
7 contributions. If any questions with respect to any particular
8 contribution or contributions thus came to the attention of
9 either Mr. Glazer or myself, we would have the opportunity to
10 discuss them directly with the candidate or members of his staff,
11 and I would then be in a position to determine whether these
12 contributions should or should not be accepted.

13 These controls were maintained by me as a matter
14 of policy, and had been used throughout the handling of
15 numerous campaigns, both State and Federal, over the past ten
16 years or more, without problems. At that time, all reports
17 were prepared within my own office and in direct consultation
18 with me, so that I could thereby assume appropriate responsibility
19 in my position as treasurer for such particular campaign or
20 campaigns as might then be active, and wherein I had been
21 designated as treasurer.

22 Some months prior to the signing by me and transmittal
23 of report of December 7, 1978, and prior to my replacement as
24 Treasurer, the foregoing procedure had been terminated. Mr.
25 Glazer and his staff were replaced by the candidate's staff, and
26 campaign contributions were no longer funnelled through my
27 offices. During the period of time when the subject con-
28 tributions were made, these new circumstances were in effect,

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1 and the contributions were not deposited through me or Mr.
2 Glazer, or anyone directly associated with my office. At the
3 time Mr. Glazer and his staff were replaced, all campaign
4 contribution matters were handled in their entirety by the
5 candidate's staff and personnel employed by the staff. I was
6 no longer in direct communication with the candidate or his
7 staff, nor was I consulted with respect to the procedures
8 which were adopted or employed in the solicitation and handling
9 of campaign contributions. This situation existed from the time
10 Mr. Glazer's services were discontinued, and I was replaced
11 as Treasurer by Mr. Michael Gordon. It was during this period
12 that I signed the report of December 7, 1978. This report
13 was prepared outside of my office, and was brought to me for
14 signature at or about the time of the required filing date. I
15 reviewed it as best I could under the pressure of time, and
16 saw nothing unusual or questionable about it with respect to
17 its contents. I, therefore, signed the report. I had no
18 knowledge whatsoever with respect to the solicitation or
19 acceptance of the contributions of which Mr. Dornan complains.
20 I was not consulted, nor was I aware of the source of the
21 contributions, the manner in which the contributions were
22 made, handled, accepted or returned thereafter. I can shed
23 no light whatsoever, from any personal experience, upon this
24 matter. The first I knew that there was any problem was when
25 I read about it in the newspapers at a time when Mr. Dornan had
26 made this matter a campaign issue.

27 I state with absolute certainty and without
28 equivocation, that prior to the signing of the report of

1 December 7, 1978, I never heard of James Harold Dennis, Sr.;
2 I had no knowledge whatsoever with respect to his role as a
3 contributor, or otherwise. I had no knowledge of anyone
4 connected with Mr. Dennis, the source of any contributions
5 made by or through him, and based upon the information which
6 was made available to me, to wit, the contents of the report
7 of December 7, 1978, as reviewed by me at that time, I had no
8 reason to believe that any questionable or illegal con-
9 tributions had been accepted or were included within the
10 contents of that report.

11
12
13 III

14 RELATIONSHIP TO COMPLAINANT

15 On or about February 7, 1980, Robert K. Dornan called
16 me at my office to discuss this matter. At that time, I had
17 a very lengthy telephone conversation with Mr. Dornan. I fully
18 apprised him of the circumstances set forth in this answer,
19 and further discussed with him my understanding, limited as
20 it was, as to what I had been told with respect to these con-
21 tributions subsequent to the time that it had become a campaign
22 issue. In this regard, I told Mr. Dornan that it was my
23 understanding, based upon such later information, that some
24 incidental contact had been made through Gregory Peck with
25 Mr. Dennis, and that Mr. Dennis had apparently told Mr. Peck, Sr.
26 that he would like to help his son Carey in the campaign, and
27 would attempt to raise money from local friends of Mr. Dennis.
28 This, of course, is strictly hearsay, and was told to me when

1 I made some inquiry after Mr. Dornan had publicly complained
2 about the acceptance of these contributions.

3 Mr. Dornan was most gracious during the course of
4 our conversation. He was extremely friendly and flattering to
5 me. He told me that he was well aware of my good reputation
6 and knew that I would never condone or participate in the
7 acceptance of any questionable contributions. I attach as
8 Exhibit A, copy of letter dated February 11, 1980, which was
9 forwarded to me by Mr. Dornan following our telephone con-
10 versation. I do wish to correct and qualify one or two items
11 in the letter. The use of the word "illegal" in the first
12 sentence is, of course, Mr. Dornan's language. I merely
13 discussed with him my lack of knowledge with respect to the
14 acceptance of the Dennis contribution; and I told him that
15 it was my understanding, based upon subsequent information
16 related to me, that the monies did not come as a surprise
17 and the contributions from Alabama had been expected. This
18 conclusion was based upon subsequent discussion and not upon
19 any information which I had prior to signing the report of
20 December 7, 1978.

21 Under the circumstances, I am extremely surprised
22 that I have been designated as a party to this complaint.
23 Mr. Dornan made it clear that he did not consider me involved
24 in any way in this incident, and as a matter of fact, we
25 terminated our conversation on a most friendly and mutually
26 agreeable basis. I can only conclude that my inclusion as a
27 party to the complaint is an oversight or an error, or that
28 Mr. Dornan's attorneys felt it incumbent upon them to have me

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1 named simply because of my role as Treasurer at the time.

2
3
4 IV

5 ROLE OF PECK CAMPAIGN COMMITTEE

6 As I previously pointed out, the candidate's
7 personnel and staff took over and assumed the handling of
8 all contributions as an "in-house" function during the
9 period of time in question. I am personally acquainted with
10 many of the staff members. This acquaintanceship ranges from
11 somewhat casual meetings to personal knowledge of the individuals
12 extending back over a period of years. Although, as I pre-
13 viously indicated, I have no personal knowledge with respect
14 to the details of the Dennis matter, I can only say that knowing
15 these people as I do, I do not believe and cannot accept
16 the allegation that they acted willfully or with intent to
17 violate campaign laws. If they acted without caution, or
18 should have been more meticulous in screening the contributions
19 which they accepted, I can only attribute these circumstances
20 either to inexperience, lack of organizational facilities to
21 handle these problems, and the pressures of attempting to run
22 an active campaign while at the same time attending to matters
23 which should best have been left in the hands of experienced
24 personnel.

CONCLUSION

In any event, I respectfully request that no action be taken against respondent; respondent was entirely removed from any role (except for the physical signing of the report) relative to the solicitation or acceptance of campaign contributions. Respondent was not consulted, nor did he make any decisions with respect to such matters, and respondent had no knowledge whatsoever with respect to the matters which gave rise to this complaint.

Respectfully submitted,

Stanley R. Caidin
 STANLEY R. CAIDIN

Subscribed and sworn to before me
 this 15th day of January, 1981.

Sylvia Koenigsberg
 Notary Public in and for said
 County and State



3101027103

P.O. Box 2022
Santa Monica, CA 90406
February 11, 1980

Mr. Stanley Caidin
Firm of Caidin, Kolman,
Sampson and Marpet
454 Wilshire Blvd.
Suite 209
Beverly Hills, CA 90212

Dear Stan:

I appreciated your taking the time last Thursday, February 7, to discuss the \$13,000 in illegal cashier's checks that came into the Carey Peck campaign in October and November, 1978. Your role as a volunteer campaign treasurer was demanding, to say the least. It is, indeed, difficult to monitor all of the details of political fund-raising, financing and organization. Now a veteran of two of the most expensive congressional campaigns in history, I understand very well the difficulty of keeping straight the fiscal fine points. When you told me that you were "expecting the Alabama money" I was pleased to hear that you didn't expect it to come in the form of cashier's checks all from the same bank and sequentially numbered at that. ("With some gaps" -- a Peck quote.)

Furthermore, I'm obviously not kidding when I tell you I was shocked when you told me that, until our conversation on February 7 last week, you didn't know this money had been embezzled along with \$984,000 other dollars from San Francisco.

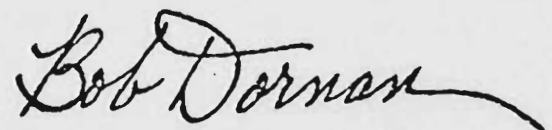
Why were you kept in the dark about this? I'm still not clear on this point. You were surprised when I told you that Peck not only didn't send thank you's to these people -- a time-honored custom that any good treasurer is aware of -- but that he never even verified by telephone that these were real people upon receiving the suspicious sequentially numbered checks.

You have an excellent reputation. I know that you are a gentleman of integrity so I was not surprised to learn that you had no knowledge of the way the illegal \$13,000 was returned. (All monies were sent to the indicted felon rather than to the thirteen individual people whose names appeared on Peck's FEC reports. -Strange and irregular.) I did think that it was remarkable that Peck's forms were handled so poorly by whomever was responsible for filling out the details of the financial transactions over your name, i.e., different typewriters, total lack of vital information. (See "Mike Henley.") A man's good reputation is worth far more than silver and gold and I obviously think that many people, Peck particularly, owe you direct personal apologies.

Stan, I appreciate your candor in this matter. If I can ever be of assistance to you, please don't hesitate to contact me.

It's great to know that in some Democratic circles I am also seen as someone of integrity.

Best personal regards,



ROBERT K. DORNAN
Member of Congress

EXHIBIT A

1/28

Dornan opens early attack on Peck in 27th District

By Rich Connel
Political writer

In an unusual, early attack in the 27th Congressional District race, U.S. Rep. Robert K. Dornan is challenging contributions made to Democrat Carey Peck's 1978 campaign.

Dornan, a Republican who was nearly unseated by Peck in the election two years ago, raised the issue in a full-page advertisement in Monday editions of *The Daily Breeze*.

Under the headline, "Congressman Robert K. Dornan has some tough questions for Carey Peck," the ad poses a series of questions about \$18,000 in contributions Peck received from Alabama businessman James Dennis.

Dennis was fined \$18,000 by the Federal Elections Commission after he admitted making illegal donations to Peck's campaign and another political campaign in Alabama.

The FEC took no action against Peck, who returned the funds to Dennis in June 1979 when he became suspicious of the donor.

Peck is considered the front-runner for the Democratic nomination, and his victory in the June primary would set the stage for a rematch with Dornan.

The early assault, coming five months before the primary and 10 months before the general election, indicates Dornan will carry out his promise to "take the gloves off" against Peck this year.

In his ad, Dornan suggests Peck should not have accepted the funds. "If you

can't control your campaign, how could you possibly run a congressional office?" the ad asks.

Peck said he had no reason to believe the contributions, which arrived by mail in \$1,000 cashier's checks, were made improperly.

Dennis, 26, was considered a respected businessman at the time the contributions were made, Peck said. "He had outstanding recommendations."

A flamboyant owner of a mining equipment company in Birmingham, Dennis admittedly violated federal law which puts a \$1,000 limit on individual contributions to candidates for federal office.

Twelve of the \$1,000 checks were donated illegally in the names of Dennis' friends and relatives in Alabama. One of the checks was donated legally in Dennis' name.

Dennis also admitted making more than \$20,000 in illegal contributions to the campaign of U.S. Sen. Donald Stewart.

In a settlement Dennis signed with the FEC, he said the campaign committees, the candidates and the individuals whose names he used did not know what he had done.

Peck said Dennis agreed to raise funds for his campaign after Peck's father, actor Gregory Peck, had met Dennis in Alabama.

The elder Peck had been on a fund-raising swing with U.S. Sen. Alan Cranston, a California Democrat.

Carey Peck said he met Dennis only once in the clos-

ing weeks of the campaign when he came to Los Angeles.

The funds began arriving a short time later, he said.

It was not until the summer of 1979, when Peck received newspaper clippings about a probe of Dennis' affairs, that Peck became suspicious of the contributions, he said.

At the time, Dennis was the target of a federal grand jury probe of his involvement in a scheme to swindle a California firm out of nearly \$1 million.

Dennis later pleaded guilty to one count of an indictment and was sentenced to 4 1/2 years in prison.

When he learned of Dennis' legal problems, Peck said he took a personal bank loan and returned the money.

Dornan says Peck should have checked the contributions more closely and been suspicious of the fact they arrived as cashier's checks.

Peck and his former campaign treasurer, Stan Caidin, said there was no reason for suspicion because Dennis came highly recommended by Cranston and Stewart.

Peck said his campaign workers checked with Dennis to verify the names and occupations of the donors. His campaign also checked with some of the donors' businesses, Peck said.

Free Edward A. spokesman for the FEC in Washington, D.C., said Peck's campaign apparently received the money not knowing it was donated illegally.

"They took the money in good faith and once they

found out it was bad, they returned it," he said. "They are not required to send out investigators on each contributor."

But Dornan, whose ad was found out about the contributions after checking Peck's post-election financial statement, says the FEC is "notorious for letting losers off the hook so they can come back the next time."

"This is the type of scandal that could destroy an incumbent. It reeks of everything that was ugly about Watergate and Koreagate."

Dornan says the advertisements are part of his strategy to be more aggressive in this year's race.

"He couldn't have had a bigger pussycat (for an opponent)," Dornan said of the 1978 contest. "I felt like I should have demanded a paycheck for being on his campaign staff."

Dornan is still sour about a mailer Peck sent out in the closing days of the last campaign. He claims Peck "completely reversed my voting record."

Peck said the early attack by Dornan shows the incumbent is concerned.

"The race was close last time and I think he's scared. This is the stuff you usually see in the last week of the campaign."

The campaign should center on the issues, Peck said. "He's reaching for dirt."

The 1978 race, in which Peck and Dornan spent about \$300,000 each, was dubbed "Star Wars" by the media because of the many celebrities who came into the district to stump for the

207 10103010

Dennis, 6 others indicted in probe of business deals

BY ANDREW KILPATRICK

News staff writer

James H. Dennis, the controversial Birmingham coal supply salesman, and six other people were indicted by a Birmingham federal grand jury Friday on charges ranging from fraud to making false statements for loans.

The others indicted were: Doyce Alon Ballenger, a Sumiton coal operator; Herman T. Mulvehill, president of Cups Coal Co., Inc., in Trafford; Charles R. Henson, president of Henson Truck Sales, Inc. in Birmingham; Michael K. Terebecki, an attorney; James Anthony Shadix, of Birmingham, who works for Dennis, and Max Gurley, a Sumiton tool salesman who once worked for Dennis. Dennis is named in nine of the ten counts of the indictment.

MULVEHILL is the man that Birmingham coal broker Louis Bethune has blamed for failing to deliver coal for a \$45 million contract Bethune had

with the Tennessee Valley Authority. Bethune has filed a lawsuit against Mulvehill and Cups Coal.

The first of 10 counts charges that Dennis, Ballenger and Mulvehill devised a fraudulent scheme to get Itel Capital Corp., a San Francisco finance firm that leases heavy equipment, to pay \$175,000 for a drill when none of the men ever possessed such a drill.

The second count charges Dennis and Mulvehill with falsely getting money from Itel for a Hough model 400 loader. The charge alleges the men tried to carry out their complicated scheme in interstate commerce by means of a wire communication, and received \$125,000 as a result of the scheme.

The third count says Dennis and Mulvehill schemed to get \$82,000 from Itel for two PB83 compressors.

Count four of the indictment charges Mulvehill and Henson Truck Sales, Inc. president, Charles R. Henson, in connection with another scheme to de-



DENNIS

fraud Itel into paying \$105,000 for another drill.

The indictment says the drill never was Henson's property and that Mulvehill and Henson converted the Itel payment for the equipment to their own use.

COUNT FIVE CHARGES that Dennis and attorney Terebecki defrauded Itel by selling them an Alabama oil reprocessing plant which neither man owned. The indictment says the men collected \$285,000 from the scheme.

Count six alleges that Dennis got \$225,000 from Itel for a Chicago Free-

(See Dennis, Page 9)

The Birmingham News, Saturday Edition, July 7, 1979, p-1

Ex. 23, p.1

Dennis

Continued from Page 1

matic model 650 drill when Dennis never owned the drill.

Count seven says that Dennis and Shadix aided and abetted one another in a scheme in making a false statement on a loan application to the First National Bank of Birmingham, Fairfield branch, on March 10, 1978. Count eight claims that Dennis and Gurley also made a false statement on a loan application at the same bank.

Count nine alleges that Dennis and Mulvehill made a false statement on a loan application on March 16, 1978, to the First Alabama Bank of Birmingham.

And count 10 charges Dennis alone with making a false statement on a loan application in 1976 to the Bank of the Southeast in Birmingham. The indictment claims Dennis used a boat as collateral for a loan when he "well knew the boat was destroyed and no such collateral existed."

The indictment of Dennis has nothing to do with Dennis' acknowledged illegal campaign contributions of \$22,000 to Sen. Donald Stewart.

Dennis has said he gave Stewart's campaign \$22,000 in \$1,000 lots using names of people who did not themselves contribute to Stewart.

DENNIS IS a flamboyant 28-year-old who first emerged publicly as a puzzling figure in the investigation of the state's coal industry. On national television last spring he said he had bribed some federal officials for favors to the coal industry.

The television program did not air the names that Dennis claimed he

bribed but they were former Republican Rep. Sam Steiger of Arizona and Thomas S. Kleppe, Secretary of the Interior under President Gerald Ford.

Both men have vigorously denied they ever took any money from Dennis.

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640
10165

GROENENDYKE AND SALTER
ATTORNEYS AT LAW
SUITE 800, TITLE BUILDING
2030 3RD AVENUE, NORTH
BIRMINGHAM, ALABAMA 35203

RECEIVED
FEDERAL ELECTION
COMMISSION

RICHARD A. GROENENDYKE, JR.
J. STEPHEN SALTER

AREA CODE 205
TELEPHONE 281-8888

'79 MAY 21 AM 10:52

May 15, 1979

Hon. Joan D. Aikens,
Chairman
Federal Election Committee
1325 K Street N.W.
5th Floor
Washington, D. C. 20463

902416

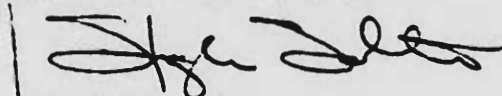
Re: James H. Dennis, Sr.

Dear Madam Chairman:

I am enclosing herewith a copy of an article appearing in The Birmingham News (May 10, 1979) as additional information for you and your Committee in considering the matters regarding Mr. Dennis and the contributions made at his behest in the Fall of 1978.

Respectfully yours,

GROENENDYKE AND SALTER


J. Stephen Salter

JSS/mc
Encl.

cc: Mr. James H. Dennis, Sr.

31747291200
7901016091A

Ex. 24

Dennis: Used phantom names in gifts to Peck

BY ANDREW KILPATRICK
News staff writer

Controversial Birmingham coal supply salesman James Dennis told *The Birmingham News* Wednesday he gave \$12,000 in other people's names to the campaign of California's Cary Peck.

Dennis said he gave the money even though \$1,000 is the legal limit for an individual for any given election.

"I thought you could give \$1,000 in each individual's name — honest to God," Dennis said Wednesday.

Cary Peck, the son of actor Gregory Peck, narrowly lost his bid for a congressional seat from California last year. He could not be reached for comment Wednesday.

THE REVELATION that Dennis contributed to Peck in other people's names, came a day after Dennis notified Alabama's Sen. Donald Stewart that he has contributed \$22,000 to his campaign also in other people's names.

Dennis said he used some of the same names he used as phantom contributors to the Stewart campaign, as contributors to Peck's campaign.

Dennis said he contributed to both Stewart and Peck because he wanted to be generous to politicians he admires.

Dennis said neither Stewart nor Peck knew of his largess.

Asked if he has notified Peck of the \$12,000 in contributions, Dennis said he had not, but he soon would.

"I plan to write a letter to Cary Peck, too. I've got to do one thing at a time," he said.

Dennis, who has given \$10,000 to the City of Birmingham and \$10,000 to the *Post-Herald's* Goodfellows says, "If I like somebody or some cause, I give to it."

However, it is a violation of Federal Election Commission law to give more than \$1,000, and it is a violation to contribute to a politician's campaign in someone else's name.

Dennis could face a maximum of a year in prison and a fine, or both, for one of the 34 phantom contributions he has mentioned.

An FEC spokesman Wednesday would not comment about whether there is an investigation of the Dennis matter, but said that a formal complaint has to be filed to compel an FEC investigation.

Dennis said he contributed to Peck because he

790101309191

Ex. 24a, p.1

Asked if he has notified Peck of the \$12,000 in contributions, Dennis said he had, but he soon would.

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An FEC spokesman Wednesday would not comment about whether there is an investigation of the Dennis matter, but said that a formal complaint has to be filed to compel an FEC investigation.

Dennis said he contributed to Peck because he and Peck have been friends for the last two years. Dennis also said he knows Gregory Peck, and that he (Dennis) and Gregory Peck have invested money in a Broadway play, "Sweeney Todd."

Dennis' letter to Stewart Tuesday came after Stewart's campaign wrote him last week asking for an accounting of the money he channeled into the campaign.

DENNIS WROTE Stewart: "In response to your recent letter, this is to advise you that I supplied the funds for the contributions made to your campaign election committee in the names of the following individuals on the date and for the amounts listed."

He then listed 22 names, each of whom was reported to have given \$1,000. Most of the phantom contributors were friends or acquaintances of Dennis.

"I would request these funds be returned to me since I am now aware same could be contrary to the regulations governing campaign contributions," Dennis wrote.

DENNIS continued, "I know neither you nor your committee were aware of these contributions and I am sorry for any problems this has caused."

Dennis says he knows federal authorities are investigating him for business dealings with Itef Capital Corp., a San Francisco finance company. He says he's been under investigation for an arson which occurred at his business — Dennis Mining and Supply Equipment on Lomb Avenue — Jan. 2. But Dennis says he has done nothing wrong.

Dennis has said, however, he expects to be indicted by the Birmingham federal grand jury and says, as far as he's concerned, it can hurry up so he can get any legal problems he may have behind him.

FREE ADULT

Ex. 24a, A2

NO ORN
RSTOR

May 10, 1979 The Birmingham
El Salvador
Sixteen from the building Monday night
ambassadors and other members of the organization
peasants and workers have been holding the French
San Salvador since Friday, and 60 to 80 of their com-
rades are held up in the cathedral in downtown
arrest, but the government contends it is only hold-
ing two of them.
The Liberation Front, one of three active leftist
groups in the country, claimed it was
responsible for an ambush last Friday in which two
officers and a private guard were killed.

7 9 0 1 0 1 0 6 7

CERTIFIED

FEC FORM 3
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

JUL - 9 1978

**REPORT OF RECEIPTS AND EXPENDITURES
FOR A CANDIDATE OR COMMITTEE
SUPPORTING CANDIDATE(S) FOR
NOMINATION OR ELECTION TO FEDERAL OFFICE**

(Except for Candidates or Committees Receiving Federal Matching Funds)

FEB 12 AM 9:40

Note: Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.

U.S. HOUSE OF REPRESENTATIVES

1 Carey Peck for Congress 2 I.D. No. 073015
Name of Candidate or Committee (in full) Candidate Committee
c/o Gordon & Berg - 9200 Sunset Blvd. 3 27th CD - California
Address (number and street) Office Sought, State/District (if applicable)
Los Angeles, California 90069
City, State and ZIP Code Check if address is different than previously reported Year of Election 1978

4 Type of Report (check appropriate boxes)
 April 10 Quarterly Report Tenth day report preceding _____ election (primary, general or convention) Termination Report
 July 10 Quarterly Report on _____ in the State of _____ Amendment for
 October 10 Quarterly Report (date) _____ general
 January 31 Annual Report Thirtieth day report following _____ election (primary, general or convention) (which report)
 Monthly Report _____ on _____ in the State of _____ (month) (date)
This is a report for: Primary Election General Election Primary and General Other (special runoff, etc.)

SUMMARY OF RECEIPTS AND EXPENDITURES
(Figures may be rounded to nearest dollar.)

5 Covering Period	Through	Column A This Period	Column B Calendar Year-To-Date
4-1-79	6-30-79		
6 Cash on hand January 1, 1979			\$ 500
7 Cash on hand at beginning of reporting period		\$ 900	
8 Total receipts from line 19		\$ 14,226	\$ 15,706
10 Subtotal: Add line 7 and 8 for Column A and lines 6 and 8 for Column B		\$ 15,126	\$ 16,206
9 Total expenditures from line 25		\$ 13,793	\$ 17,927
10 Cash on hand at close of reporting period: Subtract line 9 from line 10a		\$ 1,333	\$ 8,279
11 Value of contributed items on hand to be included: Attach itemized list		\$ _____	
12 Debts and obligations owed to the Committee: Candidate itemize all on Schedule C		\$ 0	
13 Debts and obligations owed by the Committee: Candidate itemize all on Schedule C		\$ 15,500	

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.
7/9/79 Mike Gordon (Typed name of Treasurer or Candidate)
[Signature] (Signature of Treasurer or Candidate)

Note: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. Section 437g or Section 447; see reverse side of form.

For further information, contact: Federal Election Commission, 1225 K Street, N.W., Washington, D.C. 20463 or call 800-424-9530. Approved by GAO B-187000 (R0506) Expires 3-31-81

All previous versions of FEC FORM 3 are obsolete and should no longer be used.

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

Ex. 25

306614912903

NAME OF CANDIDATE OR COMMITTEE

REPORT COVERING THE PERIOD

FROM: 4-1-79

TO: 6-30-79

RECEIPTS

Column A
This Period

Column B
Calendar Year-To-Date

14. Contributions from Individuals (including contributions in-kind):

(a) Itemized (use Schedule A)

\$ 505

(b) Unitemized

(c) Sales and collections included above:

List by event on memo Schedule D (\$ _____)

(d) Subtotal of contributions from individuals

\$ 505

\$ 1,782

15. Transfers from Political Committees

(a) Funds from affiliated/authorized committee (itemize on Schedule A regardless of amount)

\$ 290

(b) Funds from other committees (itemize on Schedule A regardless of amount)

(c) Contributions in-kind from political committees (itemize on Schedule A regardless of amount)

(d) Subtotal of transfers in and contributions in-kind from political committees

\$ 290

\$ 482

16. Other Income

(a) Itemized (use Schedule A)

\$ 431

(b) Unitemized

(c) Subtotal of other income

\$ 431

\$ 3,442

17. Loans and Loan Repayments Received

(a) Itemized (use Schedule A)

\$ 13,000

(b) Unitemized

(c) Subtotal of loans and loan repayments received

\$ 13,000

\$ 13,000

18. Refunds, Rebates, Returns of Deposits

(a) Itemized (use Schedule A)

\$ -0-

(b) Unitemized

(c) Subtotal of refunds, rebates, returns of deposits

\$ -0-

\$ -0-

19. Total Receipts

\$ 14,226

\$ 18,796

EXPENDITURES

20. Operating Expenditures

(a) Itemized (use Schedule B)

\$ 13,793

(b) Unitemized

(c) Subtotal of operating expenditures

\$ 13,793

\$ 17,796

21. Loans, Loan Repayments, and Contributions and Refunds Made

(a) Itemized (use Schedule B)

\$ -0-

(b) Unitemized

(c) Subtotal of loans and loan repayments made and contribution refunds

\$ -0-

\$ -0-

22. Transfers Out to Political Committees

a. To affiliated/authorized committee (itemize on Schedule B regardless of amount)

\$ -0-

b. To other committees (itemize on Schedule B regardless of amount)

\$ -0-

c. Contributions in-kind to other committees (itemize on Schedule B regardless of amount)

\$ -0-

(d) Subtotal of transfers out

\$ -0-

\$ 192

23. Independent Expenditures (use Schedule E)

\$ -0-

24. Coordinated Expenditures (use Schedule F) (2 U.S.C. 441a(d)) (itemize on Schedule F)

\$ -0-

\$ -0-

25. Total Expenditures

\$ 13,793

\$ 17,927

RECEIPTS AND EXPENDITURES, NET OF TRANSFERS TO AND FROM AFFILIATED COMMITTEES

26. Total Receipts (from line 19)

\$ 14,226

27. Transfers in (from line 15(a))

\$ -0-

28. Net Receipts (Subtract line 27 from line 26)

\$ 14,226

29. Total Expenditures (from line 25)

\$ 13,793

30. Transfers Out (from line 22(a))

\$ -0-

31. Net Expenditures (Subtract line 30 from line 29)

\$ 13,793

10102962010

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full

Carey Peck For Congress

Full Name, Mailing Address and ZIP Code

Los Angeles County COPE
Voluntary Political Contri-
butions Committee.
2130 West 9th St. L.A. 90006

Principal Place of Business

CO0030445

Occupation

Date (month,
 day, year)

6-14-79

Amount of each Receipt
 this Period

\$ 290.00

Receipt for:

Primary General Other

Check if Contributor is self-employed

Aggregate Year-To-Date \$ 290.00

Full Name, Mailing Address and ZIP Code

Principal Place of Business

Date (month,
 day, year)

Amount of each Receipt
 this Period

Receipt for:

Primary General Other

Check if Contributor is self-employed

Aggregate Year-To-Date \$

Full Name, Mailing Address and ZIP Code

Principal Place of Business

Date (month,
 day, year)

Amount of each Receipt
 this Period

Receipt for:

Primary General Other

Check if Contributor is self-employed

Aggregate Year-To-Date \$

Full Name, Mailing Address and ZIP Code

Principal Place of Business

Date (month,
 day, year)

Amount of each Receipt
 this Period

Receipt for:

Primary General Other

Check if Contributor is self-employed

Aggregate Year-To-Date \$

Full Name, Mailing Address and ZIP Code

Principal Place of Business

Date (month,
 day, year)

Amount of each Receipt
 this Period

Receipt for:

Primary General Other

Check if Contributor is self-employed

Aggregate Year-To-Date \$

Full Name, Mailing Address and ZIP Code

Principal Place of Business

Date (month,
 day, year)

Amount of each Receipt
 this Period

SUBTOTAL of this page (optional)

\$

TOTAL of this page (mandatory)

\$

290.00

18K

8101102011305

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
of FEC FORM 3

(Use Separate Schedules for
each numbered line)

Name of Candidate or Committee in Full
Carey Peck For Congress

810402912315

Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
KXNT Channel 2 6121 Sunset Blvd. Los Angeles, Calif. 90028	Refund Occupation	4-30-79	\$272
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ 272		
I.B.M. P.O. Box 6026 Inglewood, Calif. 90304	Refund Occupation	6 14-79	\$159
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ 159		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
	Occupation		
SUBTOTAL of receipts this page (optional)			\$
TOTAL this period (last page this line number only)			\$ 431.00

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full			
Carey Peck For Congress			
Full Name, Mailing Address and ZIP Code Carey Peck 960 10th Street Santa Monica, Calif. 90403	Principal Place of Business H8CA27021	Date (month, day, year) 6 14-79	Amount of each Receipt this Period \$13,000
	Occupation		
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
	Appropriate Year-To-Date \$ 13,000		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
	Appropriate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
	Appropriate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
	Appropriate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
	Appropriate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
	Appropriate Year-To-Date \$		
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Receipt this Period
	Occupation		
SUBTOTAL of receipts on this page (include only)			\$
TOTAL (include only last four lines of this page number only)			\$ 13,000

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ITEMIZED EXPENDITURES
 (Operating, Transfers Out, Contributions In-Kind,
 Loans, Loan Repayments and Refunds Made)
 Supporting Lines 20a, 21a, and 22a, 22b, and 22c
 of FEC FORM 3

34101012051213

Name of Candidate or Committee on Full			
Carey Peck For Congress			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
James H. Dennis	Refund of Contributions per attached list	6-13-79	\$13,000
	Expenditure for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other		
Internal Revenue Service P.O. Box 12586 Fresno, Calif. 93778	FUTA Taxes	4-30-79	329.65
	Expenditure for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other		
U.S. Postmaster	Postage	5-18-79	450.00
	Expenditure for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other		
SUBTOTAL of expenditures this page (optional)			\$
TOTAL this period (last page this line number only)			\$ 13,778.65

Reported 10/24/78 - 11/27/78

224	James H. Dennis 2912 Lomb Ave. Birmingham, Alabama	\$1,000	6-13-79	⑧
224	Andy Shadix 2912 Lomb Ave. Birmingham, Alabama	1,000	"	"
224	Johnny Desmond Route 1 Pinson, Alabama	1,000	"	"
224	Max Gurley Route 1 Arley, Alabama	1,000	"	"
224	Wayne Moore 3201 Winchester Road Birmingham, Alabama	1,000	"	"
224	Roy J. Ledbetter 1118 14th Street S. Birmingham, Alabama	1,000	"	"
224	Charles Mike Chancey 2106 Starlake Drive Birmingham, Alabama	1,000	"	"
224	Gary M. Dennis Mountain Lodge Apartments Birmingham, Alabama	1,000	"	"
224	Terry Henley P.O. Box 39002 Birmingham, Alabama, 35208	1,000	"	"
224	Janice Chancey P.O. Box 6134 Birmingham, Alabama	1,000	"	"
224	Richard Morehart 3707 8th Avenue North Bessemer, Alabama, 35020	1,000	"	"
224	Mike Henley	1,000	"	"
224	Fobbie Chancey 2106 Starlake Drive Birmingham, Alabama (Transmitted by C. Mike Chancey)	1,000	"	"

26-11-88

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13
of FEC FORM 3

Line Number

(Use Separate Schedules for
each numbered line)

(Indicate Primary or General Election for each Entry)

Name of Candidate and Committee in Full					
Carey Peck For Congress					
Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period	
Carey Peck 960 10th Street Santa Monica, Calif. 90403	10-31-78	\$2,500	-0-		
<input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other		6-14-79	\$13,000	\$ -0-	\$ 15,500
NATURE OF OBLIGATION (Details of Debt):					
Advance for campaign expenditures-from personal funds					
Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period	
		\$	\$	\$	
NATURE OF OBLIGATION (Details of Debt):					
Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period	
		\$	\$	\$	
NATURE OF OBLIGATION (Details of Debt):					
SUBTOTALS this period this page (optional)		\$	\$	\$	
TOTAL this period (last page this line number only)		\$	\$	\$ 15,500	
Carry outstanding balance only to appropriate line of summary					

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JACK ANDERSON

Walk-On Role in an FBI Probe

Screen star Gregory Peck has an unwanted and innocent cameo role in the FBI's investigation of Alabama Sen. Donald W. Stewart's campaign finances.

The same person who gave the freshman Democrat \$2,000 in illegal campaign contributions two years ago also donated \$12,000 illegally to the unsuccessful 1978 House campaign of Peck's son, Carey, in California.

Carey Peck not only gave the money back when his father learned of the Alabama transactions, but also returned a questionable \$1,000 contribution for good measure. But campaign contributor, James Dennis, has told the FBI he cashed the refund check and turned the money over to Carey Peck—a charge Peck vehemently denies.

Meanwhile, the actor's son is trying again to unseat Rep. Robert Dornan (R-Calif.) in a race that has been dubbed "Star Wars" because of the Hollywood celebrities involved on both sides. And the question of the 1978 campaign contributions led two weeks ago to a dramatic encounter between Dornan and Stewart that could have come straight out of a Hollywood script, my associates Jack Mitchell and Tony Capaccio have learned.

Dennis is in an Alabama prison on fraud charges unrelated to the campaign contributions, but the FBI has taken his allegations seriously enough to start an investigation. Yet here's a twist: Though Dennis was fined \$35,000 by the Federal Election Commission, he has yet to pay a penny of it, even though the penalty was subsequently cut in half.

Dennis first met Gregory Peck in 1978, when the actor went to Alabama to campaign for Stewart at the behest of Sen. Alan Cranston (D-Calif.). The irrepressible Dennis offered to raise money for

the younger Peck's House race as thanks for the actor's appearances for Stewart.

Dennis gave Gregory Peck \$6,000 in checks to take back to his son, and later forwarded \$7,000 more. What neither Peck nor his son realized was that only the \$1,000 check in Dennis' name could have been legal. The rest were in the names of individuals who didn't know their names were being used, which is a violation of federal election laws.

Only after his son lost to Dornan—and after Peck entertained Dennis and some business executives in the actor's Los Angeles mansion—did the star discover, from a news clipping, that Dennis was in hot water in Alabama over the Stewart contributions.

On his father's advice, Carey Peck borrowed \$13,000 from a local bank and returned the money Dennis had given him. A Peck spokesman insisted that Dennis had not, as he claimed, slipped the money back to Carey Peck, and said that the younger Peck is still paying off the loan. At one point last year, Dennis' lawyer advised the FEC by letter that Peck had returned the donations.

Faced with another challenge from the actor's son this year, Dornan went to Stewart's Senate office two weeks ago and asked if the senator had advised Peck to accept money from Dennis. "Absolutely not," snapped Stewart, and added: "Why don't you beat Peck on the issues and leave the Alabama stuff out of this?"

The congressman persisted in his questions and Stewart, enraged, charged around his desk and confronted Dornan eyeball to eyeball. "Don't ever come at me like that!" warned Dornan.

The two lawmakers, though, stopped short of a Hollywood-style rock-'em-sock-'em clunax. Dornan left peaceably.

But the curtain hasn't been run down, yet, on the strange saga titled "Mr. Stewart Goes to Washington."

Under the Dome—If the mood of the Congressional Black Caucus is any indication, President Carter could lose the black support that gave him the winning edge four years ago. Black congressmen are complaining that Carter has put fiscal priorities ahead of human problems, that not enough is being done to help black youths find jobs and keep them off the streets during the summer ahead. . . . Support is growing on Capitol Hill for trade restrictions to protect embattled American industries from foreign imports. But economists warn that restrictions could start a trade war of the scope that precipitated the Great Depression. . . . Democratic colleagues are urging Sen. Edward M. Kennedy to patch up his differences with Carter. But some colleagues have advised Kennedy to demand political concessions in return. As one put it, Carter is ready to offer "everything but the job" in exchange for Kennedy's support.

Just Finishing—The head of the international typesetters' association had a surprise visitor recently—an investigator—for the Justice Department's antitrust division. The sleuth wanted to know if the executive had heard any rumors of price fixing or other antitrust violations, explaining that the smaller an industry is, the better the chance of such chicanery. Except for its size—about 5,000 active members—the typesetting group apparently had done nothing to arouse the Justice Department's interest. The association director provided no facts to support the gumshoe's theory.

POSTMARK ILLEGIBLE
REGULAR MAIL

FEC FORM 3
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

REPORT OF RECEIPTS AND EXPENDITURES
FOR A CANDIDATE OR COMMITTEE
SUPPORTING CANDIDATE(S) FOR
NOMINATION OR ELECTION TO FEDERAL OFFICE

(Except for Candidates or Committees Receiving Federal Matching Funds)

Note: Committees authorized by a candidate to receive contributions and make expenditures in connection with nomination or election must keep separate records with respect to each election.

1 Carey Pack for Congress 2 I.D. No. 073415
Name of Candidate or Committee (in full) Candidate/Committee
9454 Wilshire Blvd., Suite 209 3 27th CD - California
Address (number and street) Office Sought, State/District (if applicable)
Beverly Hills, CA 90212
City, State and ZIP Code Check if address is different than previously reported. Year of Election 1978

4 Type of Report (check appropriate boxes)
 April 10 Quarterly Report Tenth day report preceding _____ election
(Primary, general or convention)
 July 10 Quarterly Report on _____ in the State of _____
(State)
 October 10 Quarterly Report Twentieth day report following General election
 January 31 Annual Report (Primary, general or convention)
 Monthly Report _____ on _____ in the State of _____
(Month) (State)
This is a report for Primary Election General Election Primary and General Termination Report
 Appointment for _____ (Initial report)
 Special Report (Special, runoff, etc.)

SUMMARY OF RECEIPTS AND EXPENDITURES
(Figures may be reported in various dollar.)

5 Covering Period	Column A This Period	Column B Calendar Year-To-Date
<u>10/24/78</u> Through <u>11/27/78</u>		
6 Cash on hand January 1, 19		\$ -0-
7 Cash on hand at beginning of reporting period	\$ 20,509	
8 Total receipts (from line 19)	\$ 81,737	\$ 307,573
(a) Subtotal (Add lines 7 and 8 for Column A and lines 6 and 8 for Column B)	\$ 102,246	\$ 307,573
9 Total expenditures (from line 25)	\$ 93,676	\$ 298,490
10 Cash on hand at close of reporting period (Subtract line 9 from line 8a)	\$ 8,570	\$ 8,570
11 Value of contributed items on hand to be liquidated (Attach itemized list)	\$	
12 Debts and obligations owed to the Committee/Candidate (itemize all on Schedule C)	\$ -0-	
13 Debts and obligations owed by the Committee/Candidate (itemize all on Schedule C)	\$ 11,500	

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

12/17/78
(Date)

Stanley R. Caidin
(Typed name of Treasurer or Candidate)

[Signature]
(Signature of Treasurer or Candidate)

Note: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. Section 437g, or Section 461; (see reverse side of form).

For further information, Contact:

Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

or call 800/424-9530

Approved by GAO
8-18-78 (R0506)
Expires 3-31-81

All previous versions of FEC FORM 3 are obsolete and should no longer be used.

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

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1978 DEC 19 AM 10:03
U.S. MAIL
FEDERAL ELECTION COMMISSION

NOTE: Every effort has been made to obtain missing information.

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DETAILED SUMMARY OF RECEIPTS AND EXPENDITURES
(Page 2, FEC FORM 3)

NAME OF CANDIDATE OR COMMITTEE Carey Peck for Congress	REPORT COVERING THE PERIOD	
	FROM: 10/24/78	TO: 11/27/78
RECEIPTS	Column A This Period	Column B Calendar Year-To-Date
14. Contributions from individuals (including contributions in-kind):		
(a) Itemized (use Schedule A)	\$ 47,909	
(b) Unitemized	\$ 4,881	
(c) Sales and collections included above List by event on memo Schedule D (S _____)		
(d) Subtotal of contributions from individuals	\$ 47,790	\$ 235,518
15. Transfers from Political Committees:		
(a) Funds from affiliated/authorized committees (itemize on Schedule A regardless of amount)	\$ 13,798	
(b) Funds from other committees (itemize on Schedule A regardless of amount)	\$ 513	
(c) Contributions in-kind from political committees (itemize on Schedule A regardless of amount)	\$ 14,311	\$ 48,136
(d) Subtotal of transfers in and contributions in-kind from political committees		
16. Other Income:		
(a) Itemized (use Schedule A)	\$	
(b) Unitemized	\$	
(c) Subtotal of other income	\$ -0-	\$ -0-
17. Loans and Loan Repayments Received:		
(a) Itemized (use Schedule A)	\$ 11,500	
(b) Unitemized	\$	
(c) Subtotal of loans and loan repayments received	\$ 11,500	\$ 15,083
18. Refunds, Rebates, Returns of Deposits:		
(a) Itemized (use Schedule A)	\$ 3,136	
(b) Unitemized	\$	
(c) Subtotal of refunds, rebates, returns of deposits	\$ 3,136	\$ 3,836
19. Total Receipts	\$ 81,737	\$ 307,573
EXPENDITURES		
20. Operating Expenditures:		
(a) Itemized (use Schedule B)	\$ 91,660	
(b) Unitemized	\$ 1,503	
(c) Subtotal of operating expenditures	\$ 93,163	\$ 294,299
21. Loans, Loan Repayments, and Contribution Refunds Made:		
(a) Itemized (use Schedule B)	\$	
(b) Unitemized	\$	
(c) Subtotal of loans and loan repayments made and contribution refunds	\$ -0-	\$ 3,583
22. Transfers Out to Political Committees:		
(a) To affiliated/authorized committees (itemize on Schedule B regardless of amount)	\$	
(b) To other committees (itemize on Schedule B regardless of amount)	\$	
(c) Contributions in-kind to other committees (itemize on Schedule B regardless of amount)	\$ 513	
(d) Subtotal of transfers out	\$ -0-	\$ 1,121
23. Independent Expenditures (use Schedule E)	\$ -0-	\$
24. Coordinated Expenditures Made by Political Committees (2 U.S.C. 441old) (itemize on Schedule F)	\$ -0-	\$
25. Total Expenditures	\$ 93,676	\$ 299,003
RECEIPTS AND EXPENDITURES, NET OF TRANSFERS TO AND FROM AFFILIATED COMMITTEES		
26. Total Receipts (from line 19)	\$ 81,737	
27. Transfers In (from line 15(d))	\$ -0-	
28. Net Receipts (Subtract line 27 from line 26)	\$ 81,737	
29. Total Expenditures (from line 25)	\$ 93,676	
30. Transfers Out (from line 22(d))	\$ -0-	
31. Net Expenditures (Subtract line 30 from line 29)	\$ 93,676	

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SCHEDULE A
REVISED
 January, 1978
 Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 15a, 17a, and/or 18a
 of FEC FORM 3

Page 3 of 16 to
 Line Number 14-a

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full Carey Peck for Congress			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each in this Period
Milton M. Gordon 9171 Wilshire Blvd. Beverly Hills, CA 90210	Same Occupation Accountant <input type="checkbox"/> Check if Contributor is self-employed	10/28/78	125
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year-To-Date \$ 225	TS	
Full Name, Mailing Address and ZIP Code Michael Mayer 1801 Century Park East, Ste. 2211 Los Angeles, CA	Principal Place of Business Investors Group, LTD Los Angeles Occupation Investor <input type="checkbox"/> Check if Contributor is self-employed	10/28/78	125
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year-To-Date \$ 225	TS	
Full Name, Mailing Address and ZIP Code James H. Dennis 2912 Lomb Ave. Birmingham, Alabama	Principal Place of Business Dennis Mining Supplies Birmingham, Ala. Occupation President <input type="checkbox"/> Check if Contributor is self-employed	10/31/78	1,000
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year-To-Date \$ 1,000	TS	
Full Name, Mailing Address and ZIP Code Andy Shadix 2912 Lomb Avenue Birmingham, Ala	Principal Place of Business Dennis Mining Supplies Birmingham, Ala. Occupation Executive <input type="checkbox"/> Check if Contributor is self-employed	10/31/78	1,000
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year-To-Date \$ 1,000	TS	
Full Name, Mailing Address and ZIP Code Harold V. Sullivan, II One Manchester Blvd. Inglewood, CA 90301	Principal Place of Business Law Offices of H. Sullivan Inglewood Occupation Attorney <input type="checkbox"/> Check if Contributor is self-employed	10/31/78	1,000
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year-To-Date \$ 1,000	TS	
Full Name, Mailing Address and ZIP Code Nick Olar 419 N. Broadway, N. 2 Redondo Beach, CA 90277	Principal Place of Business Same Occupation Investor <input type="checkbox"/> Check if Contributor is self-employed	10/31/78	600
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year-To-Date \$ 1,000	TS	
Full Name, Mailing Address and ZIP Code Chad R. Turner 17031 Ludlow St. Granada Hills 91344	Principal Place of Business Universal Trades & Industries 2780 Lomita Blvd. Torrance Occupation Executive Director <input type="checkbox"/> Check if Contributor is self-employed	10/31/78	600
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Aggregate Year-To-Date \$ 600	TS	
SUBTOTAL of receipts this page (optional)			\$ 5,075
TOTAL this period (last page this line number only)			\$

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SCHEDULE A
REVISED
January, 1978
 Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20543

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

Page 10 of 16 for
 Line Number 14-a

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full			
GARY PECK FOR CONGRESS			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Rec. this Period
	Occupation		
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Full Name, Mailing Address and ZIP Code	Aggregate Year-To-Date \$		
IRA Yellin 9454 Wilshire Blvd. Ste. 800 Beverly Hills, CA 90212	Principal Place of Business Same	Date (month, day, year) 11/1/78 11/25/78	Amount of each Rec. this Period 100 50
	Occupation		
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Full Name, Mailing Address and ZIP Code	Aggregate Year-To-Date \$		
Ann Oler 401 Via Almar Palos Verdes Estates 90274	Principal Place of Business Same	Date (month, day, year) 11/1/78	Amount of each Rec. this Period 1,000
	Occupation Homemaker		
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Full Name, Mailing Address and ZIP Code	Aggregate Year-To-Date \$		
Amir Rokni 7280 Lomita Blvd. Torrance CA 90505	Principal Place of Business Same	Date (month, day, year) 11/1/78	Amount of each Rec. this Period 1,000
	Occupation Investor		
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Full Name, Mailing Address and ZIP Code	Aggregate Year-To-Date \$		
Anthony H. Barash Two Century Plaza 28th Floor 2049 Century Park East Los Angeles, CA 90067	Principal Place of Business Same	Date (month, day, year) 11/1/78	Amount of each Rec. this Period 250
	Occupation Attorney		
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Full Name, Mailing Address, and ZIP Code	Aggregate Year To-Date \$		
Nader Paymal 420 Paseo Del Mar Palos Verdes Estates, 90247	Principal Place of Business International Products Corp; Torrance	Date (month, day, year) 11/1/78	Amount of each Rec. this Period 200
	Occupation Owner		
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input type="checkbox"/> Check if Contributor is self-employed		
Full Name, Mailing Address, and ZIP Code	Aggregate Year-To-Date \$		
BUSTOTAL of receipts this page (optional)			12,600
TOTAL this period (last page this line number only)			\$

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ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

(Use Separate Schedules for
 each numbered line)

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Name of Candidate or Committee in Full			
Carey Peck for Congress			
Full Name, Mailing Address and ZIP Code David E. Simon 12730 Hawthorne Plaza' Hawthorne, CA 90250	Principal Place of Business Same	Date (month, day, year) 11/1/78	Amount of each (this Period) 200
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Occupation Attorney <input type="checkbox"/> Check if Contributor is self-employed	15	
	Aggregate Year-To-Date \$ 200		
Full Name, Mailing Address and ZIP Code Jerry Codeli 10771 Bellagio Rd. Los Angeles, CA 90024	Principal Place of Business	Date (month, day, year) 11/1/78	Amount of each (this Period) 250
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Occupation	15	
	Aggregate Year-To-Date \$ 500		
Full Name, Mailing Address and ZIP Code Margaret Triphon 1225 43rd St. Sacramento 95819	Principal Place of Business	Date (month, day, year) 11/1/78	Amount of each (this Period) 250
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Occupation Retired <input type="checkbox"/> Check if Contributor is self-employed	15	
	Aggregate Year-To-Date \$ 400		
Full Name, Mailing Address and ZIP Code Homa Mashreghi 521 Via Del Monte Palos Verdes Estates 90274	Principal Place of Business Same	Date (month, day, year) 11/2/78	Amount of each (this Period) 1,000
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Occupation Investor <input type="checkbox"/> Check if Contributor is self-employed	15	
	Aggregate Year-To-Date \$ 1,000		
Full Name, Mailing Address and ZIP Code Stephen Chrystie 700 S. Flower St. Los Angeles, CA 90017	Principal Place of Business Same	Date (month, day, year) 11/2/78	Amount of each (this Period) 500
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Occupation Attorney <input type="checkbox"/> Check if Contributor is self-employed	15	
	Aggregate Year-To-Date \$ 500		
Full Name, Mailing Address and ZIP Code Bernard M Silbert 9601 Wilshire Blvd. Suite 644 Beverly Hills, CA 90210	Principal Place of Business Same	Date (month, day, year) 11/2/78	Amount of each (this Period) 500
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Occupation	15	
	Aggregate Year-To-Date \$ 500		
Full Name, Mailing Address and ZIP Code Frank Sciarrotta 2959 W. 226th St. Torrance, CA 90505	Principal Place of Business Same	Date (month, day, year) 11/2/78	Amount of each (this Period) 1,000
Receipt for: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	Occupation Builder and Contractor <input type="checkbox"/> Check if Contributor is self-employed	15	
	Aggregate Year-To-Date \$ 1,000		
SUBTOTAL of receipts this page (optional)			\$ 3,700
TOTAL this period (last page this line number only)			\$

SCHEDULE A
REVISED
 January, 1978
 Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

ITEMIZED RECEIPTS
 (Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)
 Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

Page 11 of 16 for
 Line Number 14a

Also See Schedule for
 each numbered line

Name of Candidate or Committee in Full			
Carey Peck for Congress			
Full Name, Mailing Address and ZIP Code Selden Ring 1900 Avenue of the Stars, Ste 2810 Los Angeles, CA 90067	Principal Place of Business Same Occupation	Date (month, day, year) 11/3/78 15	Amount of each Receipt this Period 200
Receipt for <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ 200		
Full Name, Mailing Address and ZIP Code Devera Lurie 10701 Wilshire Blvd. Ste. 804 Los Angeles, CA 90024	Principal Place of Business Occupation Homemaker	Date (month, day, year) 11/9/78 15	Amount of each Receipt this Period 1,000
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ 1,000		
Full Name, Mailing Address and ZIP Code Johnny Deamond Route 1 Pinson, Alabama	Principal Place of Business Same Occupation Sub-Contractor	Date (month, day, year) 11/8/78 15	Amount of each Receipt this Period 1,000
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ 1,000		
Full Name, Mailing Address and ZIP Code Mark Gurley Route 1 Arley, Alabama	Principal Place of Business D & O Enterprises Arley Occupation Other	Date (month, day, year) 11/8/78 15	Amount of each Receipt this Period 1,000
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ 1,000		
Full Name, Mailing Address and ZIP Code Wayne Moore 3701 Winchester Road Birmingham, Ala	Principal Place of Business First National Bank of Birmingham. Occupation Branch Manager	Date (month, day, year) 11/8/78 15	Amount of each Receipt this Period 1,000
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ 1,000		
Full Name, Mailing Address and ZIP Code Albert B. Glickman 9864 Wilshire Blvd. Beverly Hills, CA 90210	Principal Place of Business Occupation	Date (month, day, year) 11/8/78 15	Amount of each Receipt this Period 1,000
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ 1,000		
Full Name, Mailing Address and ZIP Code Jean Trueblood 1089 Moraga Dr. Los Angeles, CA 90049	Principal Place of Business Occupation Homemaker	Date (month, day, year) 11/16/78 15	Amount of each Receipt this Period 500
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	<input checked="" type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ 500		
SUBTOTAL of receipts this page (optional)			\$ 5,700
TOTAL this period (last page this line number only)			\$

31040201018
 7801503018

SCHEDULE A
REVISED
 January, 1978
 Federal Election Commission
 1225 K Street, N.W.
 Washington, D.C. 20463

ITEMIZED RECEIPTS
 (Contributions, Transfers, Contribution in-Kind,
 Other Income, Loans, Refunds)
 Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

Page 15 of 16 for
 Line Number 14a

Also Separate Schedules for
 each numbered line!

Name of Candidate or Committee in Full			
Receipt for	Principal Place of Business	Date (month, day, year)	Amount of each Rec. - this Period
Caray Pack for Congress Full Name, Mailing Address and ZIP Code Ray J. Ledbetter 1118 1/2 St. S. Birmingham, Alabama	Alabama-Tennessee Oil Co. Birmingham Occupation General Sales Manager	11/9/78	1,000
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other Full Name, Mailing Address and ZIP Code Charles Mike Chancey 2106 Starlake Dr. Birmingham, Ala	Principal Place of Business Alfa-Coal Sales Birmingham Occupation Owner	11/9/78	1,000
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other Full Name, Mailing Address and ZIP Code Cary M. Dennis Mountain Lodge Apartments Birmingham, Alabama	Principal Place of Business IBM Corp Birmingham Occupation Technical Supervisor	11/9/78	1,000
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other Full Name, Mailing Address and ZIP Code Terry Henley P.O. Box 39002 Birmingham, Ala 35208	Principal Place of Business State Farm Insurance Birmingham Occupation Salesman	11/25/78	1,000
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other Full Name, Mailing Address and ZIP Code Janice Chancey P.O. Box 6134 Birmingham, Ala 35208	Principal Place of Business Alfa-Coal Birmingham Occupation Owner	11/25/78	1,000
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other Full Name, Mailing Address and ZIP Code Richard Morehart 2707 8th Ave N Bessemer, Ala 35020	Principal Place of Business Bessemer Oil Co. Bessemer, Ala Occupation Sales; partner in company	11/25/78	1,000
Receipt for <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other Full Name, Mailing Address and ZIP Code Edward Katz 1770 San Ysidro Dr. Beverly Hills, CA 90212	Principal Place of Business Occupation Retired	11/25/78	150
SUBTOTAL of receipts this page (options)			\$ 6,150
TOTAL this period (last page this line number only)			\$

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SCHEDULE A
 REVISED
 January, 1978
 Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

Page 16 of 16 for
 Line Number 14a

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full Carey Peck for Congress			
Full Name, Mailing Address and ZIP Code	Principal Place of Business	Date (month, day, year)	Amount of each Rec. this Period
Elizabeth Gottlieb 1012 N. Crescent Dr. Beverly Hills, CA 90210	Occupation Housewife	11/25/78	250
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other <input checked="" type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ 250			
Mike Henley	Occupation	11/25/78	1,000
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other <input checked="" type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ 1,000			
Robbie Chancey transmitted by: C. Mike Chancey 2106 Starlake Dr. Birmingham Ala	Occupation	11/25/78	1,000
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other <input checked="" type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$ 1,000			
	Occupation		
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other <input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$			
	Occupation		
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other <input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$			
	Occupation		
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other <input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$			
	Occupation		
Receipt for: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other <input type="checkbox"/> Check if Contributor is self-employed Aggregate Year-To-Date \$			
	Occupation		
SUBTOTAL of receipts this page (optional)			\$ 2,250
TOTAL this period (last page this line number only)			\$ 47,909

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Names in which contributions reported by Carey Peck for Congress	CAREY PECK for Congress 1978 post general election report, (covering the period from October 24, 1978, through November 27, 1978) by Stanley Caidin, Treasurer, lists receipt of cashier's checks as follows:	Mailgrams sent by Carey Peck for Congress list receipt of cashier's checks on:	Dates and serial #'s on cashier's checks drawn on the First Nat'l bank of Birmingham (copies of these cashier's checks appear as Ex. 11d. They come from the MUR 970 file)	Date of contribution by James Dennis as recalled by Dennis in an affidavit dated July 16, 1979 (See Ex. 18a; MUR 970 file)
James H. Dennis	October 31	October 31	-	-
Andy Shadix	October 31	October 31	-	Oct. 30
Johnny Desmond	November 8	November 6	-	Nov. 8
Max Gurley	November 8	November 6	-	Nov. 8
Wayne Moore	November 8	November 6	-	Nov. 8
Roy J. Ledbetter	November 9	November 9	November 7 # 1099763	-
Charles Mike Chancey	November 9	November 9	November 7 # 1099762	-
Gary M. Dennis	November 9	November 9	November 7 # 1099764	-
Kobbie Chancey transmitted by C. Mike Chancey	November 25	-	November 14 in name of Mike Chancey # 1083645 *	-
Richard Morehart	November 25	-	November 14 # 1083646	-
Janice Chancey	November 25	-	November 14 # 1083647	-
Terry Henley	November 25	-	November 14 # 1083648	-
Mike Henley	November 25	-	November 14 # 1083649	-

* The left edge of the copies of these cashier's checks is cut short, and in some instances the beginning of the first name of the payee is cut off. In this instance a period is visible before the name Mike Chancey which would make it likely that the original cashier's check was made out in the name of C. Mike Chancey as reported in the Peck campaign's post general election report.

FEC FORM 3
 REVISED
 January 1, 1978
 Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20543

REPORT OF RECEIPTS AND EXPENDITURES
 FOR A CANDIDATE OR COMMITTEE
 SUPPORTING CANDIDATE(S) FOR
 NOMINATION OR ELECTION TO FEDERAL OFFICE

(Except for Candidates or Committees Receiving Federal Matching Funds)

Note: Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.

1. FRIENDS OF DONALD STEWART 2. I.D. No. C 00079228
 Name of Candidate or Committee (in full) Candidate/Committee
1131 Leighton Avenue (P.O. Box 2274) United States Senator - Place 2
 Address (number and street) Office Street, State District (if applicable)
Anniston, Alabama 36202
 City, State and ZIP Code Check if address is different than previously reported Year of Election 1978

4. Type of Report (check appropriate boxes)

- April 10 Quarterly Report Termination Report
 July 10 Quarterly Report on _____ in the State of _____ Amendment to _____
 October 10 Quarterly Report Termination Report
 January 3 Annual Report Termination Report following _____ election (which report) _____
 Monthly Report _____ or _____ in the State of _____
 This is a report for Primary Election General Election Primary and General Other (specify, please) _____

SUMMARY OF RECEIPTS AND EXPENDITURES
 (Figures may be rounded to nearest dollar)

5. Covering Period	Column A This Period	Column B Calendar Year To-Date
6. Cash on hand at beginning of reporting period	\$ 6,990.71	\$ 7,261.66
7. Cash on hand at close of reporting period	\$ 4,136.23	\$ 4,136.23
8. Total receipts from line 19	\$ 163,274.40	\$ 286,993.77
10. Total expenditures from line 28	\$ 166,128.90	\$ 290,019.30
11. Value of contributed items on hand to be liquidated	\$ _____	\$ _____
12. Debits and credits owed to the Committee/Candidate (itemize all on Schedule C)	\$ _____	\$ _____
13. Debits and credits owed by the Committee/Candidate (itemize all on Schedule C)	\$ 61,621.43	\$ _____

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.
7/10/78 J. R. Stewart, Jr.
 Date: (Type name of Treasurer) J. R. Stewart, Jr.
 Signature of Treasurer of Candidate

Note: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. Section 437g or Section 437f, (see reverse side of form)

For further information, contact: Federal Election Commission, 1325 K Street, N.W., Washington, D.C. 20543, or call 800-426-9530. Approved by GAO, 5-16-78, FD-302, Form 3-67-81.

All previous versions of FEC FORM 3 are obsolete and should no longer be used.

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

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Ex. 29

DETAILED SUMMARY OF RECEIPTS AND EXPENDITURES
(Page 2, FEC FORM 3)

NAME OF CANDIDATE OR COMMITTEE		REPORT COVERING THE PERIOD	
FRIENDS OF DONALD STEWART		FROM: 4/1/79	TO: 6/30/79
RECEIPTS		Column A This Period	Column B Calendar Year To Date
14. Contributions from Individuals (including contributions in-kind):			
(a) Itemized (Use Schedule A)	\$ 93,140.15		
(b) Unitemized	\$ 19,497.00		
(c) Sales and collections method above List by event on item Schedule D is <u>68,385.00</u>			
(d) Subtotal of contributions from individuals	\$ 113,627.15	\$ 213,300.15	
15. Transfers from Political Committees:			
(a) Funds from affiliated authorized committee (itemize on Schedule A regardless of amount)	\$ 27,050.00		
(b) Funds from other committees (itemize on Schedule A regardless of amount)	\$		
(c) Contributions in-kind from political committees (itemize on Schedule A regardless of amount)	\$		
(d) Subtotal of transfers in and contributions in-kind from political committees	\$ 27,050.00	\$ 50,600.00	
16. Other Income:			
(a) Itemized (Use Schedule A)	\$		
(b) Unitemized	\$		
(c) Subtotal of other income	\$ 0.00	\$ 0.00	
17. Loans and Loan Repayments Received:			
(a) Itemized (Use Schedule A)	\$ 22,000.00		
(b) Unitemized	\$		
(c) Subtotal of loans and loan repayments received	\$ 22,000.00	\$ 22,000.00	
18. Refunds, Rebates, Returns of Deposits:			
(a) Itemized (Use Schedule A)	\$ 499.28		
(b) Unitemized	\$ 97.97		
(c) Subtotal of refunds, rebates, returns of deposits	\$ 597.25	\$ 2,093.63	
19. Total Receipts	\$ 163,274.40	\$ 288,993.78	
EXPENDITURES			
20. Operating Expenditures:			
(a) Itemized (Use Schedule B)	\$ 83,133.73		
(b) Unitemized	\$ 230.21		
(c) Subtotal of operating expenditures	\$ 83,363.94	\$ 142,504.31	
21. Loans, Loan Repayments, and Contribution Refunds Made:			
(a) Itemized (Use Schedule B)	\$ 112,500.00		
(b) Unitemized	\$		
(c) Subtotal of loans and loan repayments made and contribution refunds	\$ 112,500.00	\$ 177,390.00	
22. Transfers Out to Political Committees:			
(a) To affiliated authorized committee (itemize on Schedule B regardless of amount)	\$		
(b) To other committees (itemize on Schedule B regardless of amount)	\$		
(c) Contributions in-kind to other committees (itemize on Schedule B regardless of amount)	\$		
(d) Subtotal of transfers out	\$	\$	
23. Independent Expenditures (Use Schedule E)	\$	\$	
24. Coordinated Expenditures Made by Political Committees (2 U.S.C. 441e-d) (itemize on Schedule F)	\$	\$	
25. Total Expenditures	\$ 166,128.98	\$ 290,019.31	
RECEIPTS AND EXPENDITURES NET OF TRANSFERS TO AND FROM AFFILIATED COMMITTEES			
26. Total Receipts (from line 19)	\$		
27. Transfers In (from line 15)	\$		
28. Net Receipts (Subtract line 27 from line 26)	\$		
29. Total Expenditures (from line 25)	\$		
30. Transfers Out (from line 22)	\$		
31. Net Expenditures (Subtract line 30 from line 29)	\$		

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DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13
 of FEC FORM 3

(Use Separate Schedule for each numbered line)

(Indicate Primary or General Election for each Entry)

Name of Candidate and Committee in Full

FRIENDS OF DONALD STEWART

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payments To Date	Outstanding Balance at Close of This Period
Donald W. Stewart 325 E. 6th Street Anniston, AL. 36201	7/11/78	70,000	65,000	5,000
	7/18/78	15,000	15,000	-0-
	7/25/78	15,000	15,000	-0-
<input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other				

NATURE OF OBLIGATION (Details of Debt)

Candidate's Personal Loan to Committee

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payments To Date	Outstanding Balance at Close of This Period
Donald W. Stewart 325 E. 6th Street Anniston, AL. 36201	9/18/78	50,000	50,000	-0-
<input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other				

NATURE OF OBLIGATION (Details of Debt)

Candidate's Personal Loan to Committee

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payments To Date	Outstanding Balance at Close of This Period
Donald W. Stewart 325 E. 6th Street Anniston, AL. 36201	5/13/79	22,000	-0-	22,000
<input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other				

NATURE OF OBLIGATION (Details of Debt)

Candidate's Personal Loan to Committee

SUBTOTALS (the period the page is on) \$172,000 \$ 145,000 \$ 27,000

TOTAL (the period last page the line number only) \$263,550 \$ 211,550 \$ 52,000

Carry outstanding balance only to appropriate line of summary

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ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind,
 Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
 of FEC FORM 3

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full

Friends of Donald Stewart

Full Name, Mailing Address and ZIP Code

Donald W. Stewart
 325 E. 6th Street
 Anniston, Alabama 36201

Principal Place of Business

Candidate

Date (month,
 day, year)

5/11/79

Amount of each Receipt
 this Period

\$22,000.00

Receipt for

Primary General Other

Check if Contributor is self-employed

Appropriate Year To Date \$

Full Name, Mailing Address and ZIP Code

Principal Place of Business

Date (month,
 day, year)

Amount of each Receipt
 this Period

Receipt for

Primary General Other

Check if Contributor is self-employed

Appropriate Year To Date \$

Full Name, Mailing Address and ZIP Code

Principal Place of Business

Date (month,
 day, year)

Amount of each Receipt
 this Period

Receipt for

Primary General Other

Check if Contributor is self-employed

Appropriate Year To Date \$

Full Name, Mailing Address and ZIP Code

Principal Place of Business

Date (month,
 day, year)

Amount of each Receipt
 this Period

Receipt for

Primary General Other

Check if Contributor is self-employed

Appropriate Year To Date \$

Full Name, Mailing Address and ZIP Code

Principal Place of Business

Date (month,
 day, year)

Amount of each Receipt
 this Period

Receipt for

Primary General Other

Check if Contributor is self-employed

Appropriate Year To Date \$

Full Name, Mailing Address and ZIP Code

Principal Place of Business

Date (month,
 day, year)

Amount of each Receipt
 this Period

Receipt for

Primary General Other

Check if Contributor is self-employed

Appropriate Year To Date \$

Full Name, Mailing Address and ZIP Code

Principal Place of Business

Date (month,
 day, year)

Amount of each Receipt
 this Period

SUBTOTAL of receipts this page (addition)

\$ 22,000.00

TOTAL this period (last page this line number only)

\$ 22,000.00

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Cauman

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JOHNSON, BROWN, RAMSEY, WATSON & CLASSE

ATTORNEYS AT LAW

1933 MONTGOMERY HIGHWAY, SUITE 200
BIRMINGHAM, ALABAMA 35209

DAVID CROMWELL JOHNSON
QUENTIN G. BROWN, JR.
EDWARD I. RAMSEY
MARTHA CAMPBELL WATSON
JOHN G. CLASSE

AREA CODE 205
839-0044

November 20, 1980

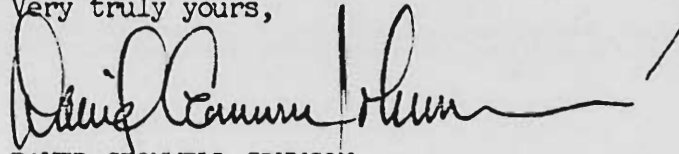
Ms. Anne Cauman
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

Re: James H. Dennis, Sr.
Civil Action No. 80-1086 (D.D.C.)

Dear Ms. Cauman:

Mr. Dennis has no statement to make concerning the allegations of Congressman Dornan except that they are untrue and are based on surmise and conjecture and not on fact.

Very truly yours,



DAVID CROMWELL JOHNSON

DCJ/lc

cc: James H. Dennis, Sr.

80 NOV 24 P 3: 11

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Ex. 30

JOHNSON, BROWN, RAMSEY, WATSON & CLASSE

ATTORNEYS AT LAW

1933 MONTGOMERY HIGHWAY, SUITE 220
BIRMINGHAM, ALABAMA 35209

DAVID CROMWELL JOHNSON
QUENTIN G. BROWN, JR.
EDWARD L. RAMSEY
MARTHA CAMPBELL WATSON
JOHN G. CLASSE

AREA CODE 205
939-0044

November 20, 1980

Charles N. Steele
General Counsel
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

Re: MUR 1329, 1331, 1332
James H. Dennis, Sr.

Dear Mr. Steele:

I hereby authorize and empower the Honorable David Cromwell Johnson, 1933 Montgomery Highway, Suite 220, Birmingham, Alabama 35209, telephone: (205) 939-0044, to act as my counsel with respect to the above-styled matters and to receive any notification or communications from the Commission with respect thereto.

Very truly yours,

JAMES H. DENNIS, SR.

JTD/lid

cc: Anne Caugan
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

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80 NOV 24 P 1: 09

JOHNSON, BROWN, RAMSEY, WATSON & CLASSE

ATTORNEYS AT LAW

1933 MONTGOMERY HIGHWAY, SUITE 220

BIRMINGHAM, ALABAMA 35209

DAVID CROMWELL JOHNSON
QUENTIN G. BROWN, JR.
EDWARD L. RAMSEY
MARTHA CAMPBELL WATSON
JOHN G. CLASSE

AREA CODE 205
939-0044

November 20, 1980

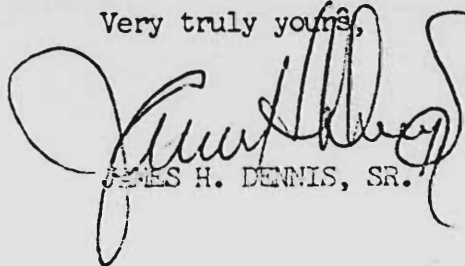
Charles N. Steele
General Counsel
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

Re: James H. Dennis, Sr.
Civil Action No. 80-1086

Dear Mr. Steele:

I hereby authorize and empower the Honorable David Cromwell Johnson, 1933 Montgomery Highway, Suite 220, Birmingham, Alabama 35209, telephone: (205) 939-0044, to act as my counsel with respect to the above-styled matters and to receive any notification or communications from the Commission with respect thereto.

Very truly yours,



JAMES H. DENNIS, SR.

JED/ld

cc: Patricia F. Bak
Federal Election Commission

81740291229

JOHNSON. BROWN. RAMSEY. WATSON & CLASSE

ATTORNEYS AT LAW

1933 MONTGOMERY HIGHWAY, SUITE 220

BIRMINGHAM, ALABAMA 35209

DAVID CROMWELL JOHNSON
QUENTIN G. BROWN, JR.
EDWARD L. RAMSEY
MARTHA CAMPBELL WATSON
JOHN G. CLASSE

AREA CODE 205
939-0044

November 20, 1980

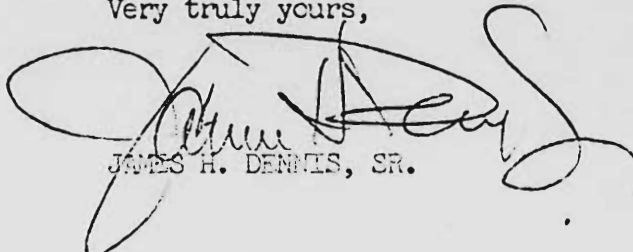
Charles N. Steele
General Counsel
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

Re: MUR 1329, 1331, 1332
James H. Dennis, Sr.

Dear Mr. Steele:

I hereby authorize and empower the Honorable David Cromwell Johnson, 1933 Montgomery Highway, Suite 220, Birmingham, Alabama 35209, telephone: (205) 939-0044, to act as my counsel with respect to the above-styled matters and to receive any notification or communications from the Commission with respect thereto.

Very truly yours,



JAMES H. DENNIS, SR.

JHD/ld

cc: Anne Cauman
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

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JOHNSON, BROWN, RAMSEY, WATSON & CLASSE

20 NOV 24 P 1: 09

ATTORNEYS AT LAW

1933 MONTGOMERY HIGHWAY, SUITE 220

BIRMINGHAM, ALABAMA 35209

DAVID CROMWELL JOHNSON
QUENTIN G. BROWN, JR.
EDWARD L. RAMSEY
MANTHA CAMPBELL WATSON
JOHN G. CLASSE

AREA CODE 906
939-0044

November 20, 1980

Charles N. Steele
General Counsel
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

Re: James H. Dennis, Sr.
Civil Action No. 80-1086

Dear Mr. Steele:

I hereby authorize and empower the Honorable David Cromwell Johnson, 1933 Montgomery Highway, Suite 220, Birmingham, Alabama 35209, telephone: (205) 939-0044, to act as my counsel with respect to the above-styled matters and to receive any notification or communications from the Commission with respect thereto.

Very truly yours,

JAMES H. DENNIS, SR.

JHD/ljd

cc: Patricia F. Bak
Federal Election Commission

31040201231
COPY



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Stanley R. Caidin, Esq.
Caidin, Kalman, Sampson & Marpet
9454 Wilshire Blvd.
Suite 209
Beverly Hills, California 90212

Re: MUR 1332 [merged in MURS
1329 and 1331]

Dear Mr. Caidin:

On November 6, 1980, the Commission notified you of a complaint alleging that you had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on _____, 1981, determined that on the basis of the information in the complaint and information provided by the respondents, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by you. Accordingly, the Commission closed its files in these matters. These matters will become a part of the public record within 30 days.

If you have any questions, please contact Anne Cauman, the attorney assigned to these matters, at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

Attachment 3

8100201000



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John W. Vardaman, Jr., Esq.
Williams & Connolly
839 - 17th Street, N.W.
Washington, D.C. 20006

Re: MURs 1329 and 1331
[merged with MUR 1332]

Dear Mr. Vardaman:

On November 3 and November 7, 1980, the Commission notified your clients, Senator Donald Stewart, James H. Stewart, Jr., and Friends of Donald Stewart, of complaints alleging that they had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on _____, 1981, determined that on the basis of the information in the complaints and information provided by the respondents, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by your clients. Accordingly, the Commission closed its files in these matters. These matters will become a part of the public record within 30 days.

If you have any questions, please contact Anne Cauman, the attorney assigned to these matters, at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

3170103



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David Cromwell Johnson, Esq.
Johnson, Brown, Ramsey,
Watson & Classe
1933 Montgomery Highway
Suite 220
Birmingham, Alabama 35209

Re: MURs 1329, 1331 and 1332

Dear Mr. Johnson:

On November 6 and 7, 1980, the Commission notified your client, Mr. James H. Dennis, Sr., of complaints alleging that he had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on _____, 1981, determined that on the basis of the information in the complaints and information provided by the respondents, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by your client. Accordingly, the Commission closed its files in these matters. These matters will become a part of the public record within 30 days.

If you have any questions, please contact Anne Cauman, the attorney assigned to these matters at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

31740271214

Letter to Jules G. Radcliff
Page 2

The Commission has closed its files in these matters. These matters will become a part of the public record within 30 days. If you have any questions, please contact Anne Cauman, the attorney assigned to these matters, at (202) 523-4529.

Sincerely,

Charles N. Steele
General Counsel

31040271275



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Robert K. Dornan
United States House of Representatives
332 Cannon House Office Building
Washington, D.C. 20515

Re: MURs 1329, 1331 and 1332

Dear Congressman Dornan:

The Federal Election Commission has reviewed the allegations of your complaints dated October 31, November 3, and November 4, 1980, and determined that on the basis of the information provided in your complaints and information provided by the Respondents there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended, has been committed.

Accordingly, the Commission has decided to close the files in these matters. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of these actions. See 2 U.S.C. § 437g(a)(8).

Should additional information come to your attention which you believe establishes a violation of the Act, you may file a complaint pursuant to the requirements set forth in 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.4.

Sincerely,

Charles N. Steele
General Counsel

3174721237



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: Files

FROM: Anne Cauman *CC*

SUBJECT: MURs 1329, 1331 and 1332
Letter and newspaper articles obtained
from public libraries

The attached newspaper articles and the letter from the Birmingham Public Library were obtained in March and April 1981, from public libraries in response to requests for specific articles mentioned in the complaints:

Articles by Will Thorne from the Santa Monica Evening Outlook were obtained from the Santa Monica Public Library.

The article by Peggy Roberson from the Alabama Journal was obtained from the Montgomery County Public Library.

The article by Andrew Kilpatrick from The Birmingham News was obtained from the Library of Congress.

31049291233



BIRMINGHAM PUBLIC LIBRARY

23 March 1981

Leta Holley
1325 K Street, N.W.
Washington, D.C.

Dear Ms. Holley,

I checked the Birmingham News and the Birmingham Post Herald index for an article on Donald Stewart dated 9 August 1979. There was no entry for Donald Stewart in the index.

I then went and pulled the microfilm and read the papers for the dates 8-10 August 1979 for an article and there was no article for that date in the Birmingham Post-Herald or the Birmingham News.

There was an article on 3 August 1979 and 17 August 1979 there was one. The subject was Health Care. Do you want either of these articles? I will be happy to copy either or both if you want them.

Sincerely,

Yvonne Crumpler

Yvonne Crumpler
Tutwiler Collection
of Southern History and Literature

2020 PARK PLACE, BIRMINGHAM, ALABAMA 35203

CENTRAL LIBRARY (205) 254-2551

GEORGE R. STEWART,
Director

C. DANIEL WILSON, JR.,
Associate Director Central Library

JACK F. BULOW,
Associate Director Extension Services

J. NORFLEETE DAY,
Associate Director Technical Services

81740291239

Jan. 10 1974

price hike steepest since '74

Dornan, Peck dispute gift of campaign funds

By WILL THORNE
Evening Outlook Staff Writer

Rep. Robert K. Dornan this week publicly asked whether his chief re-election opponent, Democrat Carey Peck, had accepted \$13,000 in illegal campaign contributions two years ago. Peck denied any wrongdoing.

The exchange was the first blow in a return match between Dornan and Peck over the 27th Congressional District seat.

It came as Peck, the son of actor Gregory Peck, formally announced his candidacy to nearly 500 supporters Wednesday night. Flanking him on the stage were Los Angeles Mayor Tom Bradley, Santa Monica Mayor John Bambrick, county Supervisor Yvonne Burke and actor Troy Donahue.

In an advertisement prepared for publication in both the Evening Outlook and Torrance's South Bay Daily Breeze, Dornan accused Peck of having accepted the money from James H. Dennis, a Birmingham, Ala., coal supply salesman who was sentenced to four years in prison for defrauding a San Francisco firm.

The advertisement, scheduled to appear Wednesday, only hours before Peck formally announced his candidacy for the Democratic congressional nomination, was rejected by both newspapers on grounds some portions of it may have been legally actionable.

"We conferred with our attorneys and decided to reject the ad," said Dennis Morefield, managing editor of the Evening Outlook.

Dornan charged that the money, listed as having been given by 13 different

Turn To Page A-5 Column 1

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Dornan, Peck dispute

Continued From Page A-1

Alabama residents, all came from Dennis, in violation of federal law prohibiting one individual from giving more than \$1,000 in any one election race.

"This money, 'laundered' in the form of cashier's checks, was given in the name of 13 individuals and deposited into your campaign account during the final days of your campaign against me (in 1978) and the three weeks following that election," Dornan said in the advertisement.

Peck, who came within two percentage points of unseating Dornan two years ago, counter-charged that the flamboyant Republican congressman was attempting to smear him and threatened libel action.

He said Dornan, a 46-year-old former TV talk show host known for his no-holds-barred campaigning, was making charges that were "hysterical and an early attempt to throw mud.

"This is the cheapest sort of attack," he said.

Peck, a 30-year-old former U.S. Senate aide, said the money had been returned after he and his father discovered that Dennis had been indicted — and eventually convicted and sentenced to four years in prison — on charges of having bilked a San Francisco financial firm, IteI Corp., of \$997,000.

He said his suspicions were also heightened when he saw Birmingham newspaper clippings in which it was reported that Dennis had contributed \$22,000 illegally to the campaign of U.S. Sen. Donald Stewart, for whom the elder Peck campaigned.

Dennis was fined \$18,000 by the Federal Elections Commission (FEC) for the Stewart contributions.

"On the basis of our suspicions that it (the \$13,000 given to the Peck campaign) might be illegal, we returned the money," he said.

Peck said there had been no attempt at that time to ascertain from Dennis whether the money was illegal.

The funds were returned through his own attorney to Dennis' attorney after the two lawyers had worked out a formula under which the \$13,000 would be reapportioned out among the original donors, he said.

Peck said he first had met Dennis during Stewart's campaign, when Dennis was attached to Stewart's campaign staff.

"My father campaigned for Sen. Stewart," he said. "He had a tough campaign. My father went down there and raised money for him.

"Stewart said he was very grateful and Dennis was there, and he said he was very thankful."

Peck said Dennis had provided the result of his father's success to raise "about \$10,000" in Alabama for the younger Peck's campaign.

"It was a direct return," said Peck.

He said the Pecks first discovered the accusations against Dennis in both the fraud case and the charge of illegal contributions through a clipping service the elder Peck maintains.

Peck said he had immediately obtained a personal bank loan of \$9,000 in order to pay back the funds.

"I'm not proud of the incident, but I'm proud of the way we handled it," he said.

In a letter written to Peck, originally designed to be included in the ad, Dornan asked, "If you can't control your campaign, how could you possibly run a congressional office?"

In comments to this reporter, Dornan particularly questioned why Peck had, in returning the Dennis donations, sent the entire sum to Dennis.

"Why didn't he send 13 individual checks back?" he said.

The congressman also said he believes the FEC, which oversees federal elections, is "exercising selective outrage.

"They are hassling the living hell out of conservative PACs (political action committees), where some of the unions are getting away with outrageous violations," he said.

"I can only state emphatically that if this money (\$13,000) had arrived in my campaign, there would have been a typhoon of activity attempting to return it," he said.

As an example, said Dornan, one potential giver had approached his campaign staff with only \$300 in cash — cash donations are illegal — and it had not been accepted in that form.

"We escorted him to the bank immediately to have the money put into a check," he said. "If a single cashier's check had come in, we could not have touched it."

In the announcement Wednesday night of his candidacy, Peck said although the U.S. faces important international problems, he believes the most important problems are domestic ones.

He cited "an economy that's turning sour," "a high rate of unemployment, especially among women and the minorities," and senior citizens.

He also criticized what he said was a new wave of "religious rhetoric" and "bedroom legislation" from the "right-wing."

1 4 1 6 1 9 1 2 4 1

The Santa Monica rent control...
The City Council...
contact with the City...
Ritterbach said...
The Santa Monica rent control...
amendment prohibits the conversion...
of any rental units to condominiums

Public...
ruling says...
insurance...
Tand TV...

Peck fund of \$13,000 analyzed

By WILL THORNE
Evening Outlook Staff Writer



A total of \$13,000 in contributions, made over the space of a month in the autumn of 1978 to the campaign of Santa Monica congressional candidate Carey Peck, has become one of the issues of the return election match between Peck and Rep. Robert K. Dornan this year.

The issue, which might normally be thought to be the most headline-catching one of the Peck-Dornan contest, had not flared up fully for two reasons.

First, although it has been raised by Dornan at a series of speeches he has made in the Santa Monica-Westchester (27th) district since mid-December, those talks have been largely unattended by newspaper reporters and have gone unreported. And Peck has himself chosen to dismiss Dornan's charges as unworthy of answer.

Secondly, although Dornan has attempted to carry his charges to a larger public audience, full-page advertisements offered by his campaigners early this year to the Evening Outlook and the Torrance-based South Bay Daily Breeze were rejected on advice of attorneys as potentially libelous.

In an extensive investigation of circumstances surrounding the contributions, the Evening Outlook has been able to determine that:

- The contributions were made in violation of federal law which states that no single individual may contribute more than \$1,000 to any one campaign, or may contribute corporate funds.

- The \$13,000 came from a Birmingham, Ala., coal salesman who has since been sentenced to four years in prison for defrauding a San Francisco firm. The contributor, James H. Dennis Sr., also illegally contributed \$22,000 to the re-election campaign of U.S. Sen. Donald Stewart, D-Ala.

- Peck returned the \$13,000 to Dennis in June 1979 without having had any formal notification that the contributions had been illegal.

- Dennis quickly...

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Peck campaign funds

Continued From Page A-1

... to both Peck and Stewart while using the names of others, at least sometimes without their knowledge, and that Dennis absolved Stewart and Peck of any wrongdoing.

— There is no evidence that Peck, the 30-year-old son of actor Gregory Peck and the man who came within 2 percentage points of upsetting Dorman in 1978, had any knowledge of the illegal contributions were illegal.

— The Federal Election Commission acted more as a referee in the case of the \$13,000 contributed to Peck and \$12,000 contributed to Stewart than a judicial body, accepting Dennis' quick confession and absolution of the two candidates and making this the basis of its official findings.

— The commission, although assessing Dennis a \$36,000 penalty, later decreased that sum to \$18,000 at Dennis' bidding, had allowed him several extensions of deadline to pay, and to date has not yet enforced payment.

As told to Evening Outlook reporters by those who played a part, the whole matter might have never occurred had not Stewart had a particularly tough re-election battle in 1978.

Called on his friends

Because he did have, Stewart called on all the friends and supporters he felt might be of help to him and one of these was Gregory Peck.

"My father went down there and raised money for him," is the way the younger Peck tells it today. "Stewart said he was very thankful and Dennis was there, and he said he was very thankful."

The upshot of this was, Peck went on, that Dennis promised to raise "about \$10,000" for the upcoming Peck campaign in California, an offer which was accepted for what it seemed to be.

"It was a direct return," said Peck. Peck said the 13 cashiers' checks — each for \$1,000 — had been inspected as they came into his headquarters and found to have been good ("That was real money and those were real people," he said), although later admitting campaign workers had relied on Dennis' then-good name and word.

"That is the accepted procedure," he

each individual's name — honest to God," the story quoted Dennis.

(The discrepancy between "\$12,000" and "\$13,000" which exists in news clippings and official communications regarding the contributions exists because only \$12,000 of the total of \$13,000 was actually illegal. Because Dennis could legally give \$1,000, the status of this amount was that of a legal contribution.)

The News' staff writer, Andrew Kilpatrick, portrayed Dennis as a man who had money and was generous with it with people whom he admires; who had given \$10,000 to the city of Birmingham and another \$10,000 to a charity project sponsored by the Birmingham Post-Herald.

"If I like somebody or some cause, I give to it," Dennis was quoted.

As for Peck, wrote Kilpatrick, Dennis recounted having made the donation because "he and Peck have been friends for the last two years."

"Dennis also said he knows Gregory Peck and that he (Dennis) and Gregory Peck have invested money in a Broadway play, 'Sweeney Todd,'" said the article.

The Kilpatrick article was widely read. Copies of it soon reached the FEC in Washington. And similarly, they reached Carey Peck.

"My father has a clipping service and they reached us through that," said Peck. "We still didn't know that the contributions were illegal, but we thought they might be. The suspicion was there."

"The decision was simply made to get rid of the money, to return it without waiting to see if these allegations were true or not."

Peck turned the job over to his attorney, Jules Radcliffe, who together with Dennis' attorney worked out a formula for returning the money. It would all go to Dennis, who would be responsible for returning it to whatever source from which it came.

Required by law

Unlike Sen. Stewart, whose campaign treasurer had outlined his problems over Dennis' contributions in a May 15 letter to the FEC, Peck entered the re-



REP. ROBERT K. DORMAN
... raised the issue



JAMES H. DENNIS SR.
... contributed to Peck



CAREY PECK
... returned gift

Salter's letter appeared in part to contradict Peck's story of a voluntary return of the funds, but it may also have been a turn of the phrase and the fact is hard to pin down.

Salter, ever protective of Dennis, didn't recall exactly but he reported that "James hadn't meant to bother anybody," and believed the initiative probably had been Dennis'.

'Bet a nickel'

"Knowing James, I would bet a nickel to a doughnut that he'd written (to Peck)," he said.

Peck thought Salter might have been referring to a Dennis reply to the Peck initiative — and Peck attorney Radcliffe thought Salter just happened to say it that way without very much reason at all.

"I don't know," said Radcliffe. "Maybe he's using the word 'notify' as a term-of-art, I suppose."

This was not something which troubled the FEC.

"The contributions had been refunded. Dennis had admitted full responsibility," said Sharon Snyder, an FEC information officer. "The commission did not feel it was necessary to continue the matter."

Stewart was now out of it. Peck was out of it. The contributors in whose names Dennis had made the donations

faces him if the appeal he now has before the federal courts fails.

Meantime, despite having been cleared as far as the FEC was concerned, the case of the \$13,000 in contributions continued to haunt Carey Peck.

By mid-December the man he hopes to unseat, Rep. Dorman, was beginning to refer to them in speeches he was making around the 27th Congressional District.

"He's been going around saying I should be in jail," said Peck.

But the meeting remained unreported in newspapers, and the Dorman comments did not receive wide circulation. What did Peck plan to do to counter them? Nothing apparently.

"They're just libelous statements," he shrugged.

The real Dorman punch was to have come on Feb. 9, the day Peck was due to formally announce his 1980 campaign for Dorman's seat.

Dorman scheduled advertisements in both the Evening Outlook and Terrace's South Bay Daily Breeze in which he publicly asked why Peck had accepted the \$13,000.

Charge by Dorman

Dorman charged the money all came from Dennis, making it illegal, and that it was corporate funds from Dennis' firm, making it doubly illegal.

"This money, 'haunted' in the form

Peck, learning of the ads only hours before they were to have been published, charged Dorman, a 48-year-old former TV talk show host known for his no-holds-barred campaigning, with attempting to smear him and threatened libel action.

"This is the cheapest sort of attack," he said.

Chronology of events

He then recounted his chronology of events — his father's campaigning in Alabama for Stewart, Dennis' offer to raise money in return, seeing the newspaper clippings from Birmingham for the first time.

Peck said he then immediately obtained a personal bank loan of \$1,000 — without a co-signer, a statement confirmed by City National Bank at Beverly Hills — in order to pay back the Dennis funds, and turned the matter over to attorney Radcliffe.

"I'm not proud of the incident, but I'm proud of the way we handled it," he said.

The Dorman thrust was blunted when both the Evening Outlook and the Daily Breeze rejected the advertisements on grounds some portions of them may have been legally actionable.

"That is the accepted procedure," he said. "He (Dennis) was referred to us and he had very high recommendations and, of course, at this time he was under no suspicion."

That lasted six months. By mid-April, Birmingham newspapers were carrying the first stories questioning Dennis contributions to Sen. Stewart; by May 8 Dennis had confessed to making illegal contributions of corporate funds, and by May 9 his attorney J. Stephen Salter, was asking the FEC to meet and discuss penalties.

Suspicion of fraud

The stories were made spicier because Dennis was under investigation on suspicion of fraud at the time. He was eventually named in a 10-count federal grand jury indictment July 6 which accused him of defrauding San Francisco's Intel Corp. of \$997,000.

(The outcome of this later that year was that he was found guilty of only one of the 10 counts and sentenced to four years in prison, a sentence which he is now appealing.)

It was not, however, until May 10 that the name of Carey Peck came into the affair — and even then it came into it unofficially.

On that date, the Birmingham News carried a story quoting James Dennis as having admitted that he "gave \$12,000 in other people's names to the campaign of California's Carey Peck."

"I thought you could give \$1,000 in

letter to the FEC, Peck and the return on his regular expense report — all that was required of him by law.

There was little made of the contributions to Peck, either by the Alabama papers or the FEC.

"The story was Stewart," said one reporter who covered the incidents. "Peck was just a few paragraphs added."

Similarly, with a conciliation agreement being drawn up around the Stewart contributions already in the making, the FEC merely added the details of the Peck contributions. Dennis was to sign the agreement in August and his penalty was to be for both together.

Since the commission had received no word from Peck, however, its members were worried about the return of the \$13,000 and on Aug. 9 the commission ordered a letter written to Peck's campaign office notifying him of the possibility the funds were illegal and asking their return.

The letter was never sent, because on Aug. 13 the commission received a letter from Dennis' attorney, Salter, which was dated Aug. 8 and which reported the illegal \$12,000 (\$1,000 of the \$13,000 was legal, because it had actually come from Dennis) had been already returned.

"Mr. Dennis has previously notified the Peck Campaign regarding these matters and approximately one and one half months ago received a full return of those contributions." It read

names Dennis had made the donations were out of it. It remained only for the commission to deal with Dennis.

Conciliation agreement

On Sept. 6, Dennis signed a conciliation agreement in which he admitted making the illegal contributions, took full responsibility, and agreed to pay a penalty of \$26,000, which was to cover the contributions to both Peck and Stewart.

Almost immediately Dennis, acting through attorney Salter, began negotiating. He asked for a reduction in the penalty to \$18,000 and won his request.

On Sept. 12, attorney Salter wrote William C. Oldaker, the FEC's general counsel, to ask that a 30-day deadline for payment be relaxed.

Salter pointed out that Dennis was in other trouble — he faced charges of defrauding a San Francisco financial firm, Intel Corp., and of making a false statement on loan applications — and asked for consideration.

"The government's actions in these (other) matters consumes the bulk of both mine and my client's time and energies. Let alone his resources...." pleaded Salter.

"We are now beginning our fourth week of trial. Obviously, this has impaired his financial circumstances and his ability to make progress in finalizing the settlement herein."

Asked for full payment

The FEC asked for full payment on time, but agreed to consider a further delay if that were "not possible."

On Oct. 16 Dennis sent the the commission a \$2,000 check with a hand-written note in which he promised the balance in 30 to 60 days.

"I will send additional monies as I can spare them," he promised.

The commission gave Dennis an additional 30 days to pay — and threatened "civil action" if he didn't.

In mid-December Charles N. Steele had succeeded Oldaker as the FEC's counsel, and on Dec. 14 he wrote demanding full payment from Dennis. He didn't get it.

"I do not believe Mr. (Dennis') financial condition has improved substantially since my previous correspondence," wrote attorney Salter. "Under the circumstances, I have stopped payment on the \$2,000 check previously forwarded to you."

There the matter still stood last month. At the FEC, Mr. Snyder said no payment has yet been made and she knows of no new deadline. Salter has been discharged from Dennis' service.

"This money, however, in the form of cashier's checks, was given in the name of 13 individuals and deposited in your campaign account during the final days of your campaign against me (in 1978) and the three weeks following that election," said the ad.

L.A. school board election

Continued From Page A-1

against mandatory busing, and Alberto Juarez Jr., who finished second in the primary.

The election of Berman, the front-runner by virtue of his 65 percent plurality in the primary election last November, would give avowed conservatives opposed to cross-town busing a clear board majority for the first time since the start of the court-ordered integration program.

The election of Juarez, who carries about 35 percent of the enrollment in the sprawling district.

Berman has insisted that "a candidate's color and religion should be irrelevant," while Juarez has warned voters not to elect "a professional anti-buser" with "latent racist" views.

In addition, both have claimed they would do the most to improve public education — with Berman calling for a renewed emphasis on the teaching of reading and other basic subjects and Juarez urging a crackdown on campus drug abuse and violence.

Berman, 34, who will give up his job as an attorney for the group Bustop if elected, is supported by school board President Roberta Weisbach and members Bobbi Flecker and Richard Ferraro. A Republican candidate for Congress in 1978, he has also gained campaign support from Lt. Gov. Mike Curb and other GOP officials.

Juarez, 33, president of the city Board of Civil Service Commissioners who quit his job as manager of a law firm

love local legal action.

"We conferred with our attorneys and decided to reject the ads," said Dennis Morefield, managing editor of the Evening Outlook.

There the issue stands.

that specialness in immigration cases to campaign for the seat, is supported by board members Kathleen Brown Rice, John Greenwood and Rita Walters. He has also been endorsed by Mayor Tom Bradley and William Robertson, the county labor chief.

Also before voters on the ballot are four noncontroversial ballot measures.

WLA DEMOCRAT FILES INTENT TO RUN AGAINST BERMAN

Assemblyman Howard Berman, the Beverly Hills-Westwood Democrat who has been locked in a long struggle for the Assembly speakership, was presented with his first Democratic primary opponent Monday.

The opponent is William J. Kurl, a West Los Angeles resident and health sciences teacher at California State University Los Angeles, who unsuccessfully ran against Berman in 1974.

Besides Kurl, others filing declarations of candidacy in Santa Monica Bay Area races were Assemblywoman Gwen Moore, D-Calver City, Marina del Rey, and a Republican challenger, Duke Dolgarian, a student and resident of South Los Angeles.

The filing period opened last week and will close at 5 p.m. Wednesday.

In order to run for state legislative offices or Los Angeles County judicial posts in June, all prospective candidates must file declarations with the Los Angeles County registrar-recorder's office.

PUBLIC S

United Press
Los Angeles
Bobbi Flecker is Superintendent of the public to day of corporal punishment.

Corporal punishment Monday in the city and junior high schools.

"I volunteered I took my swab," I was a worthwhile.

She added that a static supporter of) but it "has the strong teachers and ads community at large.

The board shall public in 1975 last request of the Uni Angeles, which no labor contract will Mrs. Flecker job bers of the board / corporal punishment psychologists and Liberties Union of educational."

Prison I

Continued From) the inmates' temp intended an end to food and more visit

But the rebels w with revenge than) They riled administrators where the infamous "witcher" — was A "death squad" made knives, clubs went from cell to cell and raping, serving

Authorities said: firm there was a) said while some of his revenge, others valed.

DORNAN CHARGES PAIR RECEIVED ILLEGAL FUNDS

Evening Outlook News Service

WASHINGTON — Rep. Robert Dornan charged on the House floor Monday that his Democratic opponent in the 1978 election and a U.S. senator have received illegal contributions in corporate funds from an Alabama businessman.

After opening references to an FBI investigation of alleged congressional bribe-taking, Dornan, R-Santa Monica, Westchester, complained the Federal Election Commission (FEC) has not investigated the illegal contributions he alleges.

"So, while scandal is in the air, we should include in our investigations the lack of activity or interest on the part of the FEC to investigate not only PACs (political campaign committees) and incumbent but challengers also."

Dornan said the checks he accused Stewart of receiving were sequentially numbered except for a gap for checks he accused Peck of receiving.

He said he will ask for FEC audits of Peck's campaign funds. (Peck is challenging Dornan again this year.)

"Rather, I will demand them," Dornan said.

Dornan said the contributions, made by Birmingham coal supply salesman James H. Dennis Sr., were part of \$997,000 that "was embezzled from San Francisco the year before."

"That's right," Dornan said. "Almost \$1 million stolen by a 38-year-old con man who then tried to replace me in Congress with an inexperienced 28-year-old son of a

Override predicted

Robbins rips anti-busing bill

SACRAMENTO (UPI) — Sen. Alan Robbins says presidential politics prompted Gov. Edmund G. Brown Jr. to veto a bill that would have made it tougher for courts to order busing of students to achieve racial integration.

—Brown, in taking the action Monday,

He is hoping to appear as a hero to pro-busing political contributors in the East.

Brown, a Democratic presidential hopeful, said he followed the advice of Legislative Counsel Brian Gregory, who said the measure was unconstitutional.

Robbins' bill would federal rules, re-segregation cases in inter-racially desegregated schools, sending busing to...

It was not, however, until May 10 that the name of Carey Peck came into the affair — and even then it came into it unofficially.

On that date, the Birmingham News carried a story quoting James Dennis as having admitted that he "gave \$12,000 in other people's names to the campaign of California's Carey Peck."

"I thought you could give \$1,000 in

was dated Aug. 8 and which reported the illegal \$12,000 (\$1,000 of the \$13,000 was legal, because it had actually come from Dennis) had been already returned.

"Mr. Dennis has previously notified the Peck Campaign regarding these matters and approximately one and one-half months ago received a full return of those contributions," it read.

DORNAN CHARGES PAIR RECEIVED ILLEGAL FUNDS

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WASHINGTON — Rep. Robert Dornan charged on the House floor Monday that his Democratic opponent in the 1978 election and a U.S. senator have received illegal contributions in corporate funds from an Alabama businessman.

After opening references to an FBI investigation of alleged congressional bribe-taking, Dornan, R-Santa Monica, Westchester, complained the Federal Election Commission (FEC) has not investigated the illegal contributions he alleges.

"So, while scandal is in the air, we should include in our investigations the lack of activity or interest on the part of the FEC to investigate not only PACs (political campaign committees) and incumbents but challengers also," Dornan told the House.

"My opponent, young Carey Peck, in the '78 general election race, it turns out, accepted 18 \$1,000 illegal corporate contributions, all in sequentially numbered cashier's checks.

"A member of the other body (Sen. Donald Stewart, D-Ala.), it appears, received 22 illegal corporate contributions in cashier's checks drawn from the same bank."

Dornan said the checks he accused Stewart of receiving were sequentially numbered except for a gap for checks he accused Peck of receiving.

He said he will ask for FEC audits of Peck's campaign funds. (Peck is challenging Dornan again this year.)

"Rather, I will demand them," Dornan said.

Dornan said the contributions, made by Birmingham coal supply salesman James H. Dennis Sr., were part of \$207,000 that "was embezzled from San Francisco the year before."

"That's right," Dornan said. "Almost \$1 million stolen by a 28-year-old con man who then tried to replace me in Congress with an inexperienced 28-year-old son of a multi-millionaire movie star (Gregory Peck)."

"Now if the majority leader (Rep. Jim Wright, D-Texas) is going to come to my district, as Peck has announced, to try to defeat me, then the minority leader had better prepare for a fight as tough as the Alamo, with my playing Davy Crockett, and a different outcome," Dornan said.

Dornan said he will make "a series of disclosures even more interesting."

both mine and my client's time and energies, let alone his resources...." pleaded Salter.

"We are now beginning our fourth week of trial. Obviously, this has impaired his financial circumstances and his ability to make progress in finalizing the settlement herein."

Asked for full payment

The FEC asked for full payment on time, but agreed to consider a further delay if that were "not possible."

On Oct. 16 Dennis sent the commission a \$2,000 check with a hand-written note in which he promised the balance in 30 to 60 days.

"I will send additional monies as I can spare them," he promised.

The commission gave Dennis an additional 30 days to pay — and threatened "civil action" if he didn't.

In mid-December Charles N. Steele had succeeded Oldham as the FEC's counsel, and on Dec. 14 he wrote demanding full payment from Dennis. He didn't get it.

"I do not believe his (Dennis') financial condition has improved substantially since my previous correspondence," wrote attorney Salter. "Under the circumstances, I have stopped payment on the \$2,000 check previously forwarded to you."

"There the matter still stood last month. At the FEC, Ms. Snyder said no payment has yet been made and she knows of no new deadline. Salter has been discharged from Dennis' service. Dennis was making no comments.

"I do not have any statements to make about any donations," he told the Evening Outlook, in a telephone conversation from his Birmingham home. "The records are public, the FEC has them, whatever the records show will be statement enough for you to print."

On Jan. 30 Dennis entered federal prison in Atlanta, Ga., to start serving a six-month sentence on his conviction for making false statements on loan applications.

A four-year term for bliking Red still

Bartman has insisted that "a candidate's color and religion should be irrelevant," while James has warned voters not to elect "a professional anti-buser" with "latent racist" views.

In addition, both have claimed they would do the most to improve public education — with Bartman calling for a renewed emphasis on the teaching of reading and other basic subjects and James urging a crackdown on campus drug abuse and violence.

Bartman, 34, who will give up his job as an attorney for the group Bustop II elected, is supported by school board President Roberts Weintraub and members Bobbi Fiedler and Richard Ferraro. A Republican candidate for Congress in 1976, he has also gained campaign support from Lt. Gov. Mike Curb and other GOP officials.

James, 28, president of the city Board of Civil Service Commissioners who quit his job as manager of a law firm

Beverly Hills-Westwood Democrat who has been locked in a long struggle for the Assembly speakership, was presented with his first Democratic primary opponent Monday.

The opponent is William J. Kurd, a West Los Angeles resident and health sciences teacher at California State University Los Angeles, who unsuccessfully ran against Barman in 1974.

Besides Kurd, others filing declarations of candidacy in Santa Monica Bay Area races were Assemblywoman Gwen Moore, D-Silver City, Marina del Rey, and a Republican challenger, Duke Dalgarian, a student and resident of South Los Angeles.

The filing period opened last week and will close at 5 p.m. Wednesday.

In order to run for state legislative offices or Los Angeles County judicial posts in June, all prospective candidates must file declarations with the Los Angeles County registrar-Recorder's office.

Liberties Union

Prison

Continued From the inmates' tab

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Override predicted

Robbins rips anti-busing bill

SACRAMENTO (UPI) — Sen. Alan Robbins says presidential politics prompted Gov. Edmund G. Brown Jr. to veto a bill that would have made it tougher for courts to order busing of students to achieve racial integration.

Brown, in taking the action Monday, said the Robbins measure violated Proposition 1 — the ballot measure approved by voters in November — and was unconstitutional.

"The governor's veto of SB1224 shows a contempt for the voters of California who in November voted almost 70 percent against forced busing of school children," said Robbins, D-Van Nuys, who pledged to seek a legislative override of the veto.

"The governor is playing desperate presidential politics by vetoing this bill in the face of overwhelming California voter sentiment against forced busing.

He is hoping to appear as a hero to pro-busing political contributors in the East."

Brown, a Democratic presidential hopeful, said he followed the advice of Legislative Counsel Elton Gregory, who said the measure was unconstitutional.

Brown also said:

"When the voters approved Proposition 1 last November, they modified the California Constitution to require that California courts follow only federal law in school desegregation cases. This bill directly violates Proposition 1 by attempting to depart from federal law as set forth in recent rulings of the United States Supreme Court."

The governor was referring to the high court's judgment last year — after Prop. 1 was drafted — that local school districts have the burden of proof in desegregation cases.

Robbins' bill of

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STANLEY A. JOHNSON

By Inquirer

U.S. Navy



Prince

ALABAMA JOURNAL

Sen. Stewart 'Bothered' By Inquiry Reports

PSC May Vote On Power Hike

31040291347

*Annie
Cauiman*

ALABAMA JOURNAL



State Panel for Power
Leading To 1970
Power Rate Hike

strategic and political issues" of the post-war period.

It will be Carter's first trip abroad since the last economic summit in Tokyo a year ago.

He will go first to Rome for meetings Friday with Italian Prime Minister Francesco Cossiga and other officials and for an audience with Pope John Paul II at the Vatican on Sunday.

Before returning home, Carter will go to Copenhagen on Tuesday to meet with the "troika" of the European Community. The troika meet with Carter's foreign advisers, and then the president will meet with the European Community's executive secretary, Jacques Delors, on Wednesday.

After a stopover in London, Carter will fly to Paris on Thursday. He will meet with French President Francois Mitterrand and other officials, and then will fly to Madrid on Saturday to meet with Spanish Prime Minister Felipe Gonzalez.

Carter will then fly to Rome on Sunday for his audience with Pope John Paul II. He will return to Washington on Monday.

Carter's trip is expected to be a success, as he will meet with the leaders of the major industrial nations and discuss the world's economic and political situation.

The trip is also expected to be a success, as it will show the world that the United States is committed to international cooperation and peace.

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range of personal and business checks.

Dornak has visited Dornak in the Federal Correctional Institute at Terre Haute and later interceded with prison authorities to get him a furlough on his 60th birthday, said Dornak, and he's going to continue to help him.

The federal agency by the Public Integrity Section of the Department of Justice may have been set in motion by Dornak's full-page advertisement in April, headlined in red ink, calling attention to the Pennsylvania telephone company's illegal telephone connections.

Data

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he port also said Gen. Guderian, Zahirzad has been appointed commander of land forces and the Islamic republic government, said Gen. Ahmad Fardouni, chief of staff of the Islamic republic.

The Islamic republic has been reported to be sending troops to the Persian Gulf, according to Iranian officials.

Iranian officials also reported that the Islamic republic has been sending troops to the Persian Gulf, according to Iranian officials.

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by completed an audit of the county commission.

The money was repaid to the county commission of 11 members, seven of whom were elected in the November election.

The audit revealed that the county commission had spent \$100,000 more than it had received in the fiscal year ending in 1977.

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Other funds had to be repaid to the county because several vendors were paid in excess of invoiced amounts and one vendor was paid twice, according to the audit.

The audit also noted several areas of internal control which need the commission's attention.

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Terrorists Die In Embassy Raid

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TOWN & COUNTRY



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Leta Holley
1325 K St. NW 4th Floor
Washington, D.C. 20463

page 1
July 7, 1979
The Birmingham News

Dennis, 6 others indicted in probe of business deals

BY ANDREW KILPATRICK
News staff writer

James H. Dennis, the controversial Birmingham coal supply salesman, and six other people were indicted by a Birmingham federal grand jury Friday on charges ranging from fraud to making false statements for loans.

The others indicted were: Doyce Alon Ballenger, a Sumiton coal operator; Herman T. Mulvehill, president of Cups Coal Co., Inc., in Trafford; Charles R. Henson, president of Henson Truck Sales, Inc. in Birmingham; Michael K. Terebecki, an attorney; James Anthony Shadix, of Birmingham, who works for Dennis, and Max Gurley, a Sumiton tool salesman who once worked for Dennis. Dennis is named in nine of the ten counts of the indictment.

MULVEHILL is the man that Birmingham coal broker Louis Bethune has blamed for failing to deliver coal for a \$45 million contract Bethune had

Three-story complex. News staff writers Mark C. Winne, Andrew Kilpatrick, Michael Globetti and Tommy Black.

"If you don't get going after you've seen the judge's piece of paper, you're going to the nut (jail)," police Sgt. Doug McBeck told the small white gathering, while handing out photostat copies of Barber's injunction.

The court order was heeded without

stunt jackets and caps, and had robes in their cars.

The truck caravan began near a bar about three blocks from Jerry's store, and police and a Birmingham News car began following the motorcade when they left the bar's lot. Several blocks later, police pulled over a blue truck from which they say a gun was fired at an Eastwood residence.

(See Klan, Page 9)



DENNIS

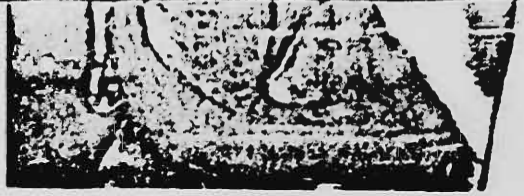
fraud. Itel' into paying \$105,000 for another drill.

The indictment says the drill never was Henson's property and that Mulvehill and Henson converted the Itel payment for the equipment to their own use.

COUNT FIVE CHARGES that Dennis and attorney Terebecki defrauded Itel by selling them an Alabama oil reprocessing plant which neither man owned. The indictment says the men collected \$225,000 from the scheme.

Count six alleges that Dennis got \$225,000 from Itel for a Chicago Pae-

(See Dennis, Page 9)



WHITE MAN ARRESTED FRIDAY NIGHT IN KINGSTON AREA. Police allege that a number of those arrested are members of the Ku Klux Klan.

'Domestic summit' for fresh ideas for energy

WASHINGTON (AP) — President Carter, searching for fresh domestic policies, closeted himself with eight of the nation's governors as aides worked on options for a new energy program.

The governors' overnight visit to Camp David, Md., the presidential retreat where Carter has secluded himself since Tuesday, was the latest development in a series of meetings aides say will run "well into next week."

The "domestic summit" follows by several days a bleak, bluntly worded internal memorandum that warned Carter his administration was facing "the worst of times."

Searching for solutions to his problems, Carter canceled a weekend appearance before a meeting of the National Governors Association and, instead, summoned the bipartisan delegation for a meeting late Friday.

Today the governors were flying to the association's summer meeting in Louisville, Ky., as were Vice President Walter F. Mondale and first lady Rosalynn Carter, whom the president sent as his replacements.

THE SPEECH cancellation was Carter's second in two days. A nation-

ally televised address on energy scheduled for Thursday night was scrubbed and without explanation scrubbed Wednesday.

With Carter at Camp David, it seemed to underscore the potential impact of his decisions on energy and economic matters, were several lieutenants from his 1976 campaign.

On hand at one point or another were Charles Kirbo, an Atlanta attorney; Carter confidant; Mondale; secretary Jody Powell; media adviser Gerald Ralston; political adviser Hamilton Jordan; and pollster P. Caddell.

Also with the president was domestic affairs adviser Stuart Eizenstat, who last week told his boss the energy crisis could do to administration what the Vietnam had done to others.

"YOU ADDRESS... enormous credit and management problems" in the Department of Energy, "which equate public perception those which St. Defense had during Vietnam (not fairly or not)." Eizenstat wrote memo obtained by the Washington Post and which he confirmed to the paper.

Masaya fight may be decisive for Somoza

MANAGUA, Nicaragua (AP) Gov. Somoza might have of a military

Inside

FOR ALABAMA: Showers and thunderstorms over the state through Sunday, more numerous during the afternoons. Locally heavy rainfall mainly central and north portions. Lows tonight upper 60s to low 70s, highs Sunday mid 80s to lower 90s. Complete weather report, Page 5

Task force on fuel plan

says it is criminal attempt of the court for more than three people to gather for any illegal purpose within a half-mile of the scenes of Thursday night's confrontations between blacks and whites.

Judge Barber expanded an earlier order against people congregating, using force or threats or profane language, throwing rocks or other objects to damage or harass Jerry's Convent Shop at 4930 10th Ave. North.

He prohibited that type activity in a half-mile radius of the store and also of Jerry's Stop and Shop at 4500 10th Ave. North where Bonita Carter was killed June 22.

THE JUDGE issued the more extensive order against disruptive activities after hearing testimony from several Birmingham police officers about the racial violence that erupted Thursday after black pickets at Jerry's Convent Shop were dislodged by white at the scene.

Asked by Barber if the situation was one threatening bodily harm, Capt. Jessie Sprayberry said, "There was very definite danger of bodily harm." And Lt. John Morris said, "If police had not acted swiftly and with enough force it would have been very bad."

Barber said, "It is evident to the court from testimony that illegal acts, including acts of actual violence, have been committed by groups and individuals."

He declared the assembling of any group in the one-mile Kingston area in excess of three persons for any purpose that is illegal will be in direct violation of the orders of this court.

The judge said anyone violating the orders "will be in criminal contempt of this court and (such action) will be the basis of punitive orders by this court."

BARBER SAID, "I plead with the good citizens of Birmingham and Jefferson County to be circumspect in their activities. If there are any groups (involved) I plead with them to refrain from inciting their members to any unlawful activities.

"We've come too far along the road to good relations in the last two decades to regress now.

He said it is "deplorable" when such disruptive and dangerous events are "brought about by a minority of people

street and people who seek to make their protests or their objections to protests in the street will be punished."

The initial restraining order issued by Judge Barber on June 28 was in response to a petition from Jerry Huff, owner of both the Jerry's stores in the Kingston area.

Huff said he had closed his store where the shooting of Miss Carter and one of his employees took place but demonstrators had moved to his store at 4930 10th Ave. North and were disrupting the peace and his business.

In the new and more extensive restraining order issued Friday, the judge included the City of Birmingham at its request as a party to the injunction petition.

Justice official watching racial situation here

News Washington Bureau

An official of the Justice Department's Community Relations Service was in Birmingham Friday following the outbreak of racial violence Thursday night in the Kingston community.

Ozell Sutton, of the Community Relations Service office in Atlanta, said a member of his staff went to Birmingham to look at "how to prevent further violence."

The Justice Department will take a more in-depth look at the Birmingham situation on Monday, Sutton said, and will work on longer term solutions to the problem.

Sutton said his office already was looking at Birmingham because of the upcoming trial of Tommy Lee Hines, the mentally retarded black man whose earlier trial on rape charges sparked violence in Decatur.

WHILE THE trouble Thursday night was not related to the Hines trial, Sutton said, "it's part of a climate that's building, and that we are trying to address."

The office had begun planning for "a possible occurrence of tension" in Birmingham, he said.

"Oftentimes, other conflicts will occur in a situation that is already primed," he said.

dent and his aides have said.

The increased crude oil prices, which will be felt for months on the wholesale

Dennis

(Continued from Page 1)

matic model 650 drill when Dennis never owned the drill.

Count seven says that Dennis and Shadix aided and abetted one another in a scheme in making a false statement on a loan application to the First National Bank of Birmingham, Fairfield branch, on March 10, 1978. Count eight claims that Dennis and Gurley also made a false statement on a loan application at the same bank.

Count nine alleges that Dennis and Mulvehill made a false statement on a loan application on March 16, 1978, to the First Alabama Bank of Birmingham.

And count 10 charges Dennis alone with making a false statement on a loan application in 1976 to the Bank of the Southeast in Birmingham. The indictment claims Dennis used a boat as collateral for a loan when he "well knew the boat was destroyed and no such collateral existed."

The indictment of Dennis has nothing to do with Dennis' acknowledged illegal campaign contributions of \$22,000 to Sen. Donald Stewart.

Dennis has said he gave Stewart's campaign \$22,000 in \$1,000 lots using names of people who did not themselves contribute to Stewart.

DENNIS IS a flamboyant 28-year-old who first emerged publicly as a puzzling figure in the investigation of the state's coal industry. On national television last spring he said he had bribed some federal officials for favors to the coal industry.

The television program did not air the names that Dennis claimed he

paid. The program will increase at a 16 percent annual rate the central bank said. Consumer debt rose 10 percent in 1978.

bribed but they were former Republican Rep. Sam Steiger of Arizona and Thomas S. Kleppe, Secretary of the Interior under President Gerald Ford.

Both men have vigorously denied they ever took any money from Dennis.

Morgan woman dies in two-car collision on county highway

A Morgan County woman has been identified by state troopers as the only fatality in a two-car collision on a Morgan County highway Friday night.

She was the only overnight highway fatality reported by troopers.

Troopers said Judy M. Maples, 26, Somerville, died in an accident at 8:01 p. m. Friday about a mile east of Priceville on Morgan County 60.

She was a passenger in a car struck head on by a second car that ran off the highway and then pulled back onto the road and into the path of the oncoming car containing Miss Maples, said troopers.

Dawson Memorial slates musical drama

Dawson Memorial Baptist Church's chapel choir will present "Celebrate Life," a musical drama by Beryl Red, at 7:30 p.m. Sunday.

The musical drama presents the life of Christ as seen through the eyes of the authors of the gospels.

CHECK THE ADS!
CLIP THE
COUPONS!
SAVE MONEY!

The Birmingham News

Phone 871-1178
STOPS 45
TERMINES
Dexter
PROFESSIONAL EXTERMINATORS
Suggested by Future Grand Jurors

CHECK THE ADS!
CLIP THE
COUPONS!
SAVE MONEY!

The Birmingham News

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *MWE*
FROM: MARJORIE W. EMMONS / JODY CUSTER *Jc*
DATE: APRIL 20, 1981
SUBJECT: MURs 1329, 1331, 1332 - Interim Report #1,
signed April 16, 1981; Received in OCS,
4-16-81, 5:46

The above-named document was circulated to the Commission on a 24 hour no-objection basis at 2:00, April 17, 1981.

There were no objections to the Interim Report at the time of the deadline.

31040221052



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *MWE*
FROM: MARJORIE W. EMMONS / JODY CUSTER *JC*
DATE: APRIL 20, 1981
SUBJECT: COMMENTS REGARDING MURs 1329, 1331, 1332

Attached is a copy of Commissioner Reiche's
vote sheet with comments regarding MURs 1329, 1331, 1332.

ATTACHMENT:
Copy of Vote Sheet

31040221253

April 16, 1981

MEMOANDUM TO: Marjorie W. Emmons
FROM: Elissa T. Garr
SUBJECT: MURs 1329, 1331 and 1332

Please have the attached Interim Report distributed
to the Commission on PINK PAPER. Thank you.

31040291254

SENSITIVE
BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

In the Matter of) 81 APR 16 P 5: 46
)
James H. Stewart, Jr.)
Senator Donald Stewart)
Friends of Donald Stewart)
James H. Dennis, Sr. (MUR 1329))
)
Senator Donald Stewart)
Friends of Donald Stewart)
James H. Dennis, Sr.)
Carey Peck) MURS 1329, 1331 and 1332
Carey Peck for Congress (MUR 1331))
)
James H. Dennis, Sr.)
Carey Peck)
Carey Peck for Congress)
Stanley Caidin)
Mike Gordon)
Terry Pullen (MUR 1332))


INTERIM REPORT #1

The report on these MURs will not be completed by Friday, April 17, 1981, due to the complexity of these MURs. The MURs involve over fifteen possible violations by nine respondents. Detailed responses from a number of respondents and the lengthy record in MUR 970 must be taken into account in analyzing these matters. Complicating factors include the fact that much of the evidence is in the form of newspaper articles where the source of the articles and their factual sufficiency must be taken into account. Moreover, in many instances the record includes several contradictory versions of the facts involved in an alleged violation; in more than one instance, there are contradictory accounts by the same respondent. Thus, credibility of evidence is a major factor to be analyzed.

31040271255

We expect to have the completed report to the
Commission within 30 days.

16 Apr 1981
Date


Charles N. Steele
General Counsel

31040291256



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 24, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Robert K. Dornan
United States House of Representatives
332 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Dornan:

The Commission has received your letter requesting an opportunity to answer questions or otherwise offer parole evidence in connection with your recent complaints. My office has since been in touch with Mr. Brian Young of your congressional staff and has received further written material from you with regard to these complaints.

Your willingness to assist us in this matter is appreciated. If it appears appropriate in the future to take your oral statement or deposition we will contact you. If you have any further written evidence you wish to submit, please feel free to do so.

Sincerely,

61010?71?57

1329 <i>AK</i>		SENDER: Complete items 1, 2, and 3. Add your address in the reverse.		RETURN TO: space on reverse	
1. The following service is requested (check one): <input type="checkbox"/> Show to whom and date delivered <input type="checkbox"/> Show to whom, date, and address of delivery <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom, date, and address of delivery \$ (CONSULT POSTMASTER FOR FEES)					
2. ARTICLE ADDRESSED TO: The Honorable Robert K. Dornan U.S. House of Representatives 332 Cannon House Office Bldg. Wash DC, 20515					
REGISTERED NO.	CERTIFIED NO.	INSURED NO.			
	945527				
(Always obtain signature of addressee or agent)					
I have received the article described above.					
SIGNATURE		<input type="checkbox"/> Address <input type="checkbox"/> Authorized agent			
<i>R. Seabro</i>					
DATE OF DELIVERY					
5. ADDRESS (Complete only for return to sender)					
6. UNABLE TO DELIVER BECAUSE OF: (Check one)					
<input type="checkbox"/> ADDRESSEE'S INITIALS <input type="checkbox"/> ADDRESSEE'S ADDRESS <input type="checkbox"/> ADDRESSEE'S PHONE NUMBER <input type="checkbox"/> ADDRESSEE'S BUSINESS					

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

3100103
The Honorable Robert K. Dornan
United States House of Representatives
332 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Dornan:

The Commission has received your letter requesting an opportunity to answer questions or otherwise offer parole evidence in connection with your recent complaints. My office has since been in touch with Mr. Brian Young of your congressional staff and has received further written material from you with regard to these complaints.

Your willingness to assist us in this matter is appreciated. If it appears appropriate in the future to take your oral statement or deposition we will contact you. If you have any further written evidence you wish to submit, please feel free to do so.

Sincerely,

Charles N. Steele
General Counsel

AL 3/21/8

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MURS 1329, 1331, and 1332
The Honorable Robert K. Dorman)

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission's Executive Session on March 17, 1981, do hereby certify that the Commission decided by a vote of 5-0 to send to Congressman Dorman the letter attached to the General Counsel's March 11, 1981 report in the above-captioned matters, subject to amendment by deleting the first sentence and adding the following language at the end of the second sentence: "on MURS 1329, 1331, and 1332.

Commissioners Harris, McGarry, Reiche, Thomson, and Tiernan were present at the time of the vote.

Attest:

3/23/81

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

31040291239



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *J*
FROM: MARJORIE W. EMMONS/MARGARET CHANEY *mc*
DATE: MARCH 12, 1981
SUBJECT: OBJECTION - MURs 1329, 1331, and 1332 - Memorandum
to the Commission dated 3-11-81; Received in
OCS 3-11-81, 9:45

The above-named document was circulated on a 24 hour no-objection basis at 11:00, March 11, 1981.

Commissioner Thomson submitted an objection at 12:53, March 11, 1981. Both Commissioner Thomson and Commissioner Tiernan submitted changes to the proposed letter. Copies are attached.

This matter will be placed on the Executive Session for Tuesday, March 17, 1981.

ATTACHMENTS:
Copies of Proposed
Changes

81040221260

March 11, 1981

MEMORANDUM TO: Marjorie W. Emmons
FROM: Elissa T. Garr
SUBJECT: MURs 1329, 1331, 1332

Please have the attached Memo distributed to the Commission on a 24 hour no-objection basis. Thank you.

31040201261



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 11, 1981

MEMORANDUM TO: The Commission
FROM: Charles N. Steele *CNS*
General Counsel
SUBJECT: MURs 1329, 1331 and 1332
Letter to Congressman Dornan

Attached is a proposed letter to Congressman Dornan. It has been re-drafted in accordance with the Commission's instructions given in the Commission meeting of March 10, 1981.

The Office of General Counsel recommends that the attached letter be sent.

Attachment

1. Proposed letter to Congressman Dornan

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01 MAR 11 09:45

SD



FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

MEMORANDUM TO: CHARLES STEELE *mwc*

FROM: MARJORIE W. EMMONS/MARGARET CHANEY

DATE: MARCH 3, 1981

SUBJECT: OBJECTION - MURs 1329, 1331, and 1332 -
Memorandum to the Commission dated 2-26-81,
Received in OCS 2-26-81, 2:39

The above-named document was circulated on a 48
hour vote basis at 2:00, February 27, 1981.

Commissioner Aikens submitted an objection at 12:47,
March 3, 1981.

This matter will be placed on the Executive Session
Agenda for Tuesday, March 10, 1981.

81000201263

February 26, 1981

MEMORANDUM TO: Marjorie W. Emmons
FROM: Elissa T. Garr
SUBJECT: MURs 1329, 1331 and 1332

Please have the attached Memo to the Commission distributed to the Commission on a 48 hour tally basis.

Thank you.

Attachment

cc: Cauman

pakayson:2-26-81

31010221254



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

SUBJECT: MURs 1329, 1331 and 1332
Request by Congressman Dornan to
testify before the Commission

31040291255

Congressman Robert K. Dornan, the complainant in MURs 1329, 1331 and 1332, has requested an opportunity to answer questions or offer parole evidence to the Commission with regard to these matters. (See Attachment 1). Neither the Federal Election Campaign Act of 1971, as amended, nor the Commission's regulations provide complainants, as a matter of right, the opportunity to make an oral presentation to the Commission or its staff in a compliance matter. At the same time, however, the statute would not prevent the Commission from deposing or interviewing even the complainant if the circumstances so warranted. The Commission has relatively broad discretion in determining the scope and procedures for its investigations. See Federal Election Commission v. Illinois Medical Political Action Committee, No. 78-C-1138 (N.D. Ill. 1978); United States v. Morton Salt Co., 338 U.S. 632 (1950); Hannah v. Larche, 363 U.S. 420 (1960).

The present matters do not present circumstances which warrant seeking the deposition or oral statement of Congressman Dornan at this time. The complaints appear to be based on newspaper articles and the statements of James Dennis, not on the personal knowledge of Congressman Dornan. Moreover, should this office recommend deposing Congressman Dornan, it would be after any necessary investigation of the respondents and individuals with personal knowledge of the events in question. ^{1/} Therefore, the Office of General Counsel recommends that the Commission deny Congressman Dornan's request and authorize the sending of the attached letter to Congressman Dornan. (See Attachment 2).

Attachments

1. Letter from Congressman Dornan
2. Proposed letter to Congressman Dornan

^{1/} A report on the merits of these matters is presently being prepared for the Commission.

AC:rd 2/24/68 ST/LET 2/24/68 KAG

file copy



FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

February 26, 1981

MEMORANDUM TO: The Commission

FROM: Charles N. Steele *CSL*
General Counsel

SUBJECT: MURs 1329, 1331 and 1332
Request by Congressman Dornan to
testify before the Commission

81 FEB 26 P 2: 39

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The present matters do not present circumstances which warrant seeking the deposition or oral statement of Congressman Dornan at this time. The complaints appear to be based on newspaper articles and the statements of James Dennis, not on the personal knowledge of Congressman Dornan. Moreover, should this office recommend deposing Congressman Dornan, it would be after any necessary investigation of the respondents and individuals with personal knowledge of the events in question. 1/ Therefore, the Office of General Counsel recommends that the Commission deny Congressman Dornan's request and authorize the sending of the attached letter to Congressman Dornan. (See Attachment 2).

Attachments

1. Letter from Congressman Dornan
2. Proposed letter to Congressman Dornan

1/ A report on the merits of these matters is presently being prepared for the Commission.

HAND DELIVERED

United States
CONGRESSMAN

DEC 19 1980 P 1: 27

CRC-
3610

Robert K. DORNAN



December 19, 1980

Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

Dear Commissioners:

Because of the unique circumstances which preceded my submission of three complaints with the Commission, I am requesting that I be given an opportunity to answer questions regarding these matters in person, or otherwise offer parole evidence to appropriate persons within the Commission.

I simply would like to be accorded the same opportunity apparently granted to others, within the confines of the regulations. If this is not possible, I would appreciate a letter to that effect. The former F.E.C. Commissioner, the Honorable Robert O. Tiernan, will perhaps recall that on February 7, 1980, I inquired about making an oral presentation in these matters after such time as I would file a complaint.

Sincerely,

ROBERT K. DORNAN
Member of Congress

RKD:gcm

DEC 19 4: 53

TELETYPE

Campaign Management: Arnold Steiner & Associates Campaign Treasurer: Mr. Alejandro Valdivia
DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

A copy of our report is filed with and available for purchase from the Federal Election Commission, Washington, D.C. F.E.C. I.D. #086754.

Attachment 1

31040291257

602 3855
ROBERT K. DORNAN
17TH DISTRICT, CALIFORNIA

SCIENCE AND TECHNOLOGY
MERCHANT MARINE AND
FISHERIES

SPECIAL COMMITTEE ON
HOUSE RECORDING

SELECT COMMITTEE ON
AGING

SELECT COMMITTEE ON
NARCOTICS ABUSE
AND CONTROL



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1 JAN 28
Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE:
419 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-4451

DISTRICT OFFICES:
2801 COLORADO AVENUE
SANTA MONICA, CALIFORNIA 90404
(213) 829-8041

6151 WEST CENTURY BOULEVARD
SUITE 1018
LOS ANGELES, CALIFORNIA 90045
(213) 842-8111

1815 VIA EL PRADO
SUITE 207
REDONDO BEACH, CALIFORNIA 90277
(213) 540-2951

January 28, 1981

3100001003
Mr. Charles Steele
General Counsel
Federal Election Commission

Dear Mr. Steele:

Pursuant to a request under the Freedom of Information Act, I recently received several memoranda from the Justice Department which I believe are most pertinent to matters I have previously forwarded to the FEC.

My office inquired as to the propriety of forwarding some of the material to you. Given assurance by your office that I could send this material to the Commission, I hereby forward these three documents.

It appears from two of the memos, a statement by Mr. Craig Donsanto and another concerning a possible referral back to the FEC, that money was apparently "u-turned." Other information, which I have highlighted, pertains to the proper reporting of loans pursuant to the FEC Act.

Sincerely,

Robert K. Dornan

ROBERT K. DORNAN
Member of Congress

RKD/bw
enclosures

PAGE TWO DE HQ 0152 UNCLAS E F T O

LETTERS HAVE BEEN SENT BY THE DOJ TO SENATOR STEWART AND
CONGRESSMAN DORNAN IN THIS REGARD ON SEPTEMBER 12, 1980.

b3

[REDACTED]

AS WFO IS AWARE, THESE WERE REVIEWED AND ANALYZED
BY THE DOJ PRIOR TO THE INTERVIEW OF STEWART ON SEPTEMBER 10,
1980. FURTHER, THE DEPARTMENT IS AWARE THAT INTERVIEW OF
GARRY NEAL DRUMMOND WILL NOT BE CONDUCTED IN LIEU OF THE DOJ'S
DECISION TO TERMINATE THE INVESTIGATION AT THIS TIME.

LOS ANGELES IS ADVISED THAT THE MATTER CONCERNING CARY
PECK'S RECEIPT OF CONDUIT CONTRIBUTIONS MAY BE REFERRED BY THE
DOJ BACK TO THE FEDERAL ELECTION COMMISSION FOR FURTHER
RESOLUTION.

BH AND WFO ARE REQUESTED TO SUBMIT CLOSING LHMS FOR
DISSEMINATION TO THE DOJ.

MOBILE FOR INFORMATION.

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SEPTEMBER 16, 1980

UNCLAS E F T O

ROUTINE

*F152ERR BH LA NO WFSDE HQ_H0152_HSYEER 162104Z SEP 80

FM-DIRECTOR FBI

TO FBI BIRMINGHAM (183-136) ROUTINE

FBI LOS ANGELES (183-1041) ROUTINE

FBI WASHINGTON FIELD ROUTINE

FBI MOBILE ROUTINE

BT

UNCLAS E F T O

JAMES HAROLD DENNIS, SR.; ET AL; RICO; OO: BH (183-136);
{LA 183-1041}; {BUFILE 183-2872}.

DONALD W. STEWART, U. S. SENATOR; ELECTION LAWS; OO: WFO
{56-551}; {BH 56-192}; {MO 56-192}; {BUFILE 54-5471}.

FOR INFORMATION OF RECEIVING DIVISIONS, ON SEPTEMBER 15,
1980, CRAIG DONSANTO, PUBLIC INTEGRITY SECTION, DEPARTMENT OF
JUSTICE (DOJ), ADVISED A REVIEW OF INVESTIGATION IN CAPTIONED
MATTERS CONCERNING SENATOR STEWART AND CONGRESSIONAL CANDIDATE
CARY PECK DISCLOSED NO BASIS FOR FURTHER INVESTIGATION AS THE
MATTERS HAD NO PROSECUTIVE MERIT. HE FURTHER ADVISED SEPARATE

DO NOT TYPE ME BELOW THIS LINE

APPROVED BY <i>BBN/</i>	DATE TWR:CSM (2)	TIME 9/16/80	EXTENSION 5131	TELETYPE 4272
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1 - MR. RUPPRATH

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS CENTER
SEP 17 1980

SEP 17 1980

66SE	JRN	SEP 22 1980
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FM LOS ANGELES (L83-L04) (C) (22)

TO DIRECTOR (L83-2872) PRIORITY

BIRMINGHAM (L83-L20) PRIORITY

MOBILE (56-L92) PRIORITY

BT

UNCLAS E F T O

JAMES HAROLD DENNIS, SR.; ET AL; RICO (C); OO: BIRMINGHAM.

RE BUREAU TELETYPE TO LOS ANGELES, JUNE 18, 1980.

REFERENCED TELETYPE, PER REQUEST OF THE DEPARTMENT,

REQUESTED LOS ANGELES OBTAIN BANK LOAN RECORDS REGARDING CAREY

PECK AND POSSIBLY GREGORY PECK TO ASCERTAIN WHETHER PECK MAY

HAVE VIOLATED TITLE 18, SECTION 1014, U. S. CODE, IN REGARDS

TO REPAYMENT MADE BY PECK TO JAMES HAROLD DENNIS FOR ILLEGAL

CAMPAIGN CONTRIBUTIONS IN THE AMOUNT OF \$13,000 DURING JUNE

1979, WHILE PECK WAS CAMPAIGNING AGAINST CONGRESSMAN ROBERT

K. DORNAN, CALIFORNIA IN 1978.

PURSUANT TO A SUBPOENA ISSUED JUNE 18, 1980, AT LOS

ANGELES AND SERVED ON JUNE 19, 1980 TO CITY NATIONAL BANK,

JUN 22 1980

JUL 14 1980

Exec AD-Adm.	
Exec AD-Inv.	
Exec AD-LES	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Plan. & Insp.	
Rec. Mgmt.	
Tech. Serv.	
Training	
Off. Liaison & Int. Affs.	

21 JUN 80

442

[Handwritten signature]

cc - Jones

83-2872-38

[Handwritten initials]

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6 BEVERLY HILLS, CALIFORNIA, LOAN RECORDS WERE RECEIVED ON
7
8 JUNE 20, 1980, REGARDING THIS MATTER AND REFLECTED THE
9
10 FOLLOWING:

11
12 ON JUNE 1, 1979, CAREY PECK AND HIS WIFE, KATHY PECK,
13
14 APPLIED FOR AN UNSECURED PERSONAL LOAN FOR \$3,000.00. THIS
15
16 LOAN INCLUDED A PAYOFF NOTE FROM A PREVIOUS LOAN WITH OUT-
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18 STANDING BALANCE OF \$5,488.50. THE TOTAL AMOUNT OF THE LOAN
19
20 INCLUSIVE OF THE PREVIOUS LOAN AMOUNTED TO \$8,448.50. THIS
21
22 LOAN WAS REPAYABLE IN 13 PAYMENTS, 12 PAYMENTS OF \$732.18,
23
24 EACH PAYABLE MONTHLY BEGINNING JUNE 16, 1979, UNTIL JUNE 16,
25
26 1980, WHEN A BALLOON PAYMENT OF \$11,835.46 WOULD BE DUE AND
27
28 PAYABLE. THE ANNUAL PERCENTAGE RATE WAS 13.94 WITH FINANCE
29
30 CHARGES OF \$2,173.12. TOTAL SALARY FOR PECK AND HIS WIFE
31
32 INDICATED AS \$38,000 PER YEAR, TOTAL ASSETS \$19,500.

33
34 PURPOSE OF THE LOAN WAS INDICATED AS FOLLOWS: "CERTAIN
35
36 CONTRIBUTIONS RECEIVED DURING PECK'S 1978 UNSUCCESSFUL CON-
37
38 GRESSIONAL CAMPAIGN WERE FOUND TO ORIGINATE WITH THE SAME
39
40 DONOR AND, THEREFORE, VIOLATED THE LAW. TO CORRECT THIS
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42 SITUATION THOSE CONTRIBUTIONS ARE BEING RETURNED. PECK
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ANTICIPATES RECEIVING UP TO \$2,500 DUE HIM FROM HIS CAMPAIGN COMMITTEE WHICH HE WILL APPLY TO THIS LOAN. THIS IS AN ACKNOWLEDGED LIBERAL EXTENTION OF CREDIT.

[REDACTED]

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6 PAGE FIVE (LA L83-L84) UNCLAS E F T O

7 NO FURTHER INVESTIGATIVE ACTION IS BEING TAKEN BY LOS ANGELES
8 REGARDING THIS MATTER AND NO EFFORT WILL BE MADE TO SUBPOENA
9 THE PERSONAL CHECKING ACCOUNT RECORDS OF CAREY PECK. FURTHER-
10 MORE, CONTACT WITH PECK BY LOS ANGELES IS NOT BEING CONSIDERED
11 TO OBTAIN THE LETTER FROM "MR. DENNIS" IN POSSESSION OF GREGORY
12 PECK'S ATTORNEY AS MENTIONED ABOVE.
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6/18/80

UNCLAS E F T O

PRIORITY

FM DIRECTOR FBI (183-2872)

TO FBI LOS ANGELES (183-1041) (22) PRIORITY

FBI BIRMINGHAM (183-128) PRIORITY

FBI MOBILE (56-182) PRIORITY

BT

UNCLAS E F T O

JAMES HAROLD DENNIS, SR.; ET AL; RICO (D); OO: BIRMINGHAM

RELATEL TO THE BUREAU AND RECEIVING DIVISIONS, MAY 6, 1980;

BUTEL TO RECEIVING DIVISIONS, MAY 12, 1980; AND BUTELCAL TO

LOS ANGELES, JUNE 17, 1980.

AS LOS ANGELES (LA) IS AWARE, CAPTIONED SUBJECT HAS MADE CONFLICTING STATEMENTS CONCERNING \$12,000 IN ILLEGAL CAMPAIGN CONTRIBUTIONS MADE TO CONGRESSMAN CARY PECK IN 1978. CONGRESSMAN ROBERT K. DORNAN, CALIFORNIA, PECK'S OPPONENT, HAS REQUESTED FBI INVESTIGATION INTO POSSIBLE CRIMINAL VIOLATIONS ON THE PART OF PECK CONCERNING THIS MATTER AND HAS PERSONALLY SPOKEN WITH THE DIRECTOR AND DEPUTY ASSISTANT ATTORNEY GENERAL

DO NOT TYPE MESSAGE BELOW THIS LINE

APPROVED BY <i>OBR</i>	PREPARED BY <i>TWR:TES (3)</i>	DATE 6/18/80	TELETYPE 5131/6	TELEPHONE 4272
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- 1 - MR. HENNEHAN
- 1 - MR. RUPPRATH

22 JUN 20 1980

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS CENTER

JUN 18 1980

6 JUL 1 1980

PAGE TWO DE HQ 0061 UNCLAS E F T O
JOHN KEENEY. INASMUCH AS DENNIS HAS MADE CONFLICTING STATE-
MENTS, ON JUNE 12, 1980, HE WAS BROUGHT BEFORE A FEDERAL GRAND
JURY, BIRMINGHAM (BH), TO OBTAIN HIS TESTIMONY UNDER OATH. b3

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DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATION MESSAGE FORM

PAGE 3

CONTINUATION SHEET

PAGE THREE DE HQ 0063 UNCLAS E F T O

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20 [REDACTED]

18 [REDACTED]

16 DONSANTO HAS RENDERED THE OPINION THAT THE RETURN OF THE
CASH TO PECK DOES NOT CONSTITUTE A VIOLATION OF ELECTION LAWS
OR ANY OTHER FEDERAL VIOLATION INASMUCH AS THE REFUND OF THE
ILLEGAL CAMPAIGN CONTRIBUTIONS WAS MADE VOLUNTARILY BY PECK.

14 THE REQUEST FOR BANK LOAN RECORDS IS BEING MADE TO ASCER-
TAIN WHETHER PECK MAY HAVE VIOLATED TITLE 18, SECTION 1014,
12 USC. FBIHQ IS NOT AWARE OF ANY SUBSTANTIAL INFORMATION WHICH
WOULD INDICATE SUCH A VIOLATION WOULD BE READILY APPARENT.

10 AT THE REQUEST OF THE DEPARTMENT, LA SHOULD OBTAIN
SUBPOENAS FROM AUSA, LA, EXPEDITIOUSLY IN AN ATTEMPT TO RESOLVE
8 ANY VIOLATION BY JUNE 19, 1980. IT IS SUGGESTED AUSA, LA,
TELEPHONICALLY CONTACT DONSANTO CONCERNING THE MATTER.
6 DONSANTO SPECIFICALLY REQUESTED THAT NO INTERVIEW OF PECK BE
CONDUCTED AND THAT FACTS CONCERNING THE TITLE 18, SECTION 1014,
4 VIOLATION BE PRESENTED TO AUSA, LA, FOR PROSECUTIVE OPINION.

2 [REDACTED]

[REDACTED]

[REDACTED]

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U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

PUBLIC DOCUMENT
OFFICIAL BUSINESS

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Robert K. Dornan
M.C.

U.S. House of Representatives
WASHINGTON, D.C. 20515
PUBLIC DOCUMENT
OFFICIAL BUSINESS

Robert K. Dornan
M.C.

Mr. Charles Steele
General Counsel
Federal Election Commission
Washington, D.C.

STANLEY R. CAIDIN
NEWTON KALMAN
WILLIAM A. SAMPSON, II
STEPHEN C. MARPET

911890

31 JAN 19

CCC 3774

TELEPHONES
(213) 274-2471
(213) 272-8041

CAIDIN, KALMAN, SAMPSON & MARPET
ATTORNEYS AT LAW

DANIEL J. BLOOMGARDEN (1919-1987)

January 15, 1981

Standard Federal Building
9458 Wilshire Boulevard, Suite 209
Beverly Hills, California 90212

Ms. Anne Cauman
Office of General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: Response of Stanley R. Caidin
to Complaint before Federal
Election Commission -
Robert K. Dornan, complainant
No. MUR 1332

Dear Ms. Cauman:

I enclose herewith my response to complaint
in the above matter.

I regret the lengthy delay in transmittal
of this document. Please excuse this delinquency;
however, as you know, I was hospitalized and totally
disabled for a lengthy period of time, and have just
recently returned to my office. This response was
actually prepared last week, but my secretary thereupon
promptly became ill with the flu and she has now re-
turned to the office and is able to transcribe the
response for filing at this time.

Sincerely yours,

Stanley R. Caidin
STANLEY R. CAIDIN

SRC:SK
Enc.

27 : 8 a 81 NOV 11

91040:01230

1 STANLEY R. CAIDIN
2 9454 Wilshire Boulevard
3 Suite 209
4 Beverly Hills, California 90212
5 (213) 274-6971 272-9041

6
7
8 BEFORE THE FEDERAL ELECTION COMMISSION
9

10
11 ROBERT K. DORNAN,
12 Complainant,

13 vs.

14 CAREY PECK FOR CONGRESS;
15 CAREY PECK; TERRY PULLAN;
16 MICHAEL GORDON; and STANLEY
17 CAIDIN,
18 Respondents.

NO. MUR 1332

RESPONSE TO COMPLAINT

19 Respondent Stanley R. Caidin hereby responds to
20 complaint heretofore filed by Robert K. Dornan, wherein
21 respondent has been designated as a party, and does hereby
22 submit the following statement in support of respondent's
23 position that there is no basis for, or cause of, complaint
24 as against this answering respondent and that the Commission
25 should, accordingly, dismiss these proceedings as against
26 respondent:
27
28

I.

PRELIMINARY STATEMENT

1
2 Apparently, this respondent has been designated as a
3 party to these proceedings by virtue, and as a result, of the
4 position which respondent held as Treasurer for Carey Peck
5 during a portion of the time when Mr. Peck was actively
6 campaigning for election to the House of Representatives, up
7 to the time when respondent was replaced by the designation of
8 a replacement and succeeding Treasurer for the candidate.
9 In particular, the complaint related to the acceptance of
10 certain contributions to Mr. Peck, characterized as "illegal
11 contributions" by Mr. Dornan, and reflected in the Report
12 of Receipts and Expenditures prepared and signed by respondent
13 on December 7, 1978, at a time when respondent still appeared
14 of record as Treasurer for the candidate's committee,
15 designated as "Carey Peck for Congree", I.D. No. 073415.
16
17

II.

ROLE OF RESPONDENT WITH
RESPECT TO SUBJECT CONTRIBUTIONS

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21 At the time respondent first became Treasurer for
22 the candidate, a specific procedure had been established by which
23 I was in a position to monitor contributions. I accepted the
24 position as Treasurer concurrently with the assumption of ac-
25 counting responsibility by Mr. Jules Glazer, who at that time
26 occupied a set of offices within my suite. Mr. Glazer maintained
27 a staff of highly skilled and experienced personnel who had
28 done the actual processing of the contributions for numerous

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1 prior campaigns, under a well organized system. All checks were
2 transmitted to our suite for handling through these facilities.
3 Under these conditions, respondent or persons in the immediate
4 proximity, and within the control, of either respondent or
5 Mr. Glazer actually had access to all contributions and the
6 opportunity to review carefully and scrutinize the source of
7 contributions. If any questions with respect to any particular
8 contribution or contributions thus came to the attention of
9 either Mr. Glazer or myself, we would have the opportunity to
10 discuss them directly with the candidate or members of his staff,
11 and I would then be in a position to determine whether these
12 contributions should or should not be accepted.

13 These controls were maintained by me as a matter
14 of policy, and had been used throughout the handling of
15 numerous campaigns, both State and Federal, over the past ten
16 years or more, without problems. At that time, all reports
17 were prepared within my own office and in direct consultation
18 with me, so that I could thereby assume appropriate responsibility
19 in my position as treasurer for such particular campaign or
20 campaigns as might then be active, and wherein I had been
21 designated as treasurer.

22 Some months prior to the signing by me and transmittal
23 of report of December 7, 1978, and prior to my replacement as
24 Treasurer, the foregoing procedure had been terminated. Mr.
25 Glazer and his staff were replaced by the candidate's staff, and
26 campaign contributions were no longer funnelled through my
27 offices. During the period of time when the subject con-
28 tributions were made, these new circumstances were in effect,

OFFICE

1 and the contributions were not deposited through me or Mr.
2 Glazer, or anyone directly associated with my office. At the
3 time Mr. Glazer and his staff were replaced, all campaign
4 contribution matters were handled in their entirety by the
5 candidate's staff and personnel employed by the staff. I was
6 no longer in direct communication with the candidate or his
7 staff, nor was I consulted with respect to the procedures
8 which were adopted or employed in the solicitation and handling
9 of campaign contributions. This situation existed from the time
10 Mr. Glazer's services were discontinued, and I was replaced
11 as Treasurer by Mr. Michael Gordon. It was during this period
12 that I signed the report of December 7, 1978. This report
13 was prepared outside of my office, and was brought to me for
14 signature at or about the time of the required filing date. I
15 reviewed it as best I could under the pressure of time, and
16 saw nothing unusual or questionable about it with respect to
17 its contents. I, therefore, signed the report. I had no
18 knowledge whatsoever with respect to the solicitation or
19 acceptance of the contributions of which Mr. Dornan complains.
20 I was not consulted, nor was I aware of the source of the
21 contributions, the manner in which the contributions were
22 made, handled, accepted or returned thereafter. I can shed
23 no light whatsoever, from any personal experience, upon this
24 matter. The first I knew that there was any problem was when
25 I read about it in the newspapers at a time when Mr. Dornan had
26 made this matter a campaign issue.

27 I state with absolute certainty and without
28 equivocation, that prior to the signing of the report of

1 December 7, 1978, I never heard of James Harold Dennis, Sr.;
2 I had no knowledge whatsoever with respect to his role as a
3 contributor, or otherwise. I had no knowledge of anyone
4 connected with Mr. Dennis, the source of any contributions
5 made by or through him, and based upon the information which
6 was made available to me, to wit, the contents of the report
7 of December 7, 1978, as reviewed by me at that time, I had no
8 reason to believe that any questionable or illegal con-
9 tributions had been accepted or were included within the
10 contents of that report.

11
12
13 III

14 RELATIONSHIP TO COMPLAINANT

15 On or about February 7, 1980, Robert K. Dornan called
16 me at my office to discuss this matter. At that time, I had
17 a very lengthy telephone conversation with Mr. Dornan. I fully
18 apprised him of the circumstances set forth in this answer,
19 and further discussed with him my understanding, limited as
20 it was, as to what I had been told with respect to these con-
21 tributions subsequent to the time that it had become a campaign
22 issue. In this regard, I told Mr. Dornan that it was my
23 understanding, based upon such later information, that some
24 incidental contact had been made through Gregory Peck with
25 Mr. Dennis, and that Mr. Dennis had apparently told Mr. Peck, Sr.
26 that he would like to help his son Carey in the campaign, and
27 would attempt to raise money from local friends of Mr. Dennis.
28 This, of course, is strictly hearsay, and was told to me when

31040201236
1 I made some inquiry after Mr. Dornan had publicly complained
2 about the acceptance of these contributions.

3 Mr. Dornan was most gracious during the course of
4 our conversation. He was extremely friendly and flattering to
5 me. He told me that he was well aware of my good reputation
6 and knew that I would never condone or participate in the
7 acceptance of any questionable contributions. I attach as
8 Exhibit A, copy of letter dated February 11, 1980, which was
9 forwarded to me by Mr. Dornan following our telephone con-
10 versation. I do wish to correct and qualify one or two items
11 in the letter. The use of the word "illegal" in the first
12 sentence is, of course, Mr. Dornan's language. I merely
13 discussed with him my lack of knowledge with respect to the
14 acceptance of the Dennis contribution; and I told him that
15 it was my understanding, based upon subsequent information
16 related to me, that the monies did not come as a surprise
17 and the contributions from Alabama had been expected. This
18 conclusion was based upon subsequent discussion and not upon
19 any information which I had prior to signing the report of
20 December 7, 1978.

21 Under the circumstances, I am extremely surprised
22 that I have been designated as a party to this complaint.
23 Mr. Dornan made it clear that he did not consider me involved
24 in any way in this incident, and as a matter of fact, we
25 terminated our conversation on a most friendly and mutually
26 agreeable basis. I can only conclude that my inclusion as a
27 party to the complaint is an oversight or an error, or that
28 Mr. Dornan's attorneys felt it incumbent upon them to have me

1 named simply because of my role as Treasurer at the time.

2
3
4 IV

5 ROLE OF PECK CAMPAIGN COMMITTEE

6 As I previously pointed out, the candidate's
7 personnel and staff took over and assumed the handling of
8 all contributions as an "in-house" function during the
9 period of time in question. I am personally acquainted with
10 many of the staff members. This acquaintanceship ranges from
11 somewhat casual meetings to personal knowledge of the individuals
12 extending back over a period of years. Although, as I pre-
13 viously indicated, I have no personal knowledge with respect
14 to the details of the Dennis matter, I can only say that knowing
15 these people as I do, I do not believe and cannot accept
16 the allegation that they acted willfully or with intent to
17 violate campaign laws. If they acted without caution, or
18 should have been more meticulous in screening the contributions
19 which they accepted, I can only attribute these circumstances
20 either to inexperience, lack of organizational facilities to
21 handle these problems, and the pressures of attempting to run
22 an active campaign while at the same time attending to matters
23 which should best have been left in the hands of experienced
24 personnel.

310000010007

CONCLUSION

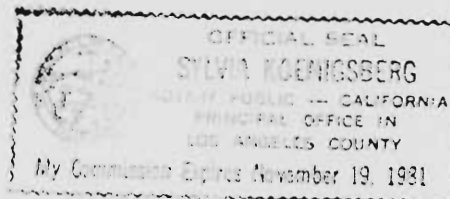
In any event, I respectfully request that no action be taken against respondent; respondent was entirely removed from any role (except for the physical signing of the report) relative to the solicitation or acceptance of campaign contributions. Respondent was not consulted, nor did he make any decisions with respect to such matters, and respondent had no knowledge whatsoever with respect to the matters which gave rise to this complaint.

Respectfully submitted,

Stanley R. Caidin
STANLEY R. CAIDIN

Subscribed and sworn to before me
this 15th day of January, 1981.

Sylvia Rosenberg
Notary Public in and for said
County and State



3170101000

P.O. Box 2022
Santa Monica, CA 90406
February 11, 1980

Mr. Stanley Caidin
Firm of Caidin, Kolman,
Sampson and Marpet
454 Wilshire Blvd.
Suite 209
Beverly Hills, CA 90212

Dear Stan:

I appreciated your taking the time last Thursday, February 7, to discuss the \$13,000 in illegal cashier's checks that came into the Carey Peck campaign in October and November, 1978. Your role as a volunteer campaign treasurer was demanding, to say the least. It is, indeed, difficult to monitor all of the details of political fund-raising, financing and organization. Now a veteran of two of the most expensive congressional campaigns in history, I understand very well the difficulty of keeping straight the fiscal fine points. When you told me that you were "expecting the Alabama money" I was pleased to hear that you didn't expect it to come in the form of cashier's checks all from the same bank and sequentially numbered at that. ("With some gaps" -- a Peck quote.)

Furthermore, I'm obviously not kidding when I tell you I was shocked when you told me that, until our conversation on February 7 last week, you didn't know this money had been embezzled along with \$984,000 other dollars from San Francisco.

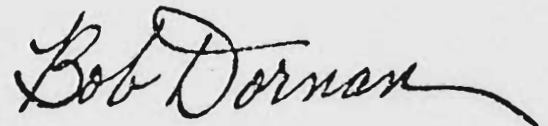
Why were you kept in the dark about this? I'm still not clear on this point. You were surprised when I told you that Peck not only didn't send thank you's to these people -- a time-honored custom that any good treasurer is aware of -- but that he never even verified by telephone that these were real people upon receiving the suspicious sequentially numbered checks.

You have an excellent reputation. I know that you are a gentleman of integrity so I was not surprised to learn that you had no knowledge of the way the illegal \$13,000 was returned. (All monies were sent to the indicted felon rather than to the thirteen individual people whose names appeared on Peck's FEC reports. Strange and irregular.) I did think that it was remarkable that Peck's forms were handled so poorly by whomever was responsible for filling out the details of the financial transactions over your name, ie., different typewriters, total lack of vital information. (See "Mike Henley.") A man's good reputation is worth far more than silver and gold and I obviously think that many people, Peck particularly, owe you direct personal apologies.

Stan, I appreciate your candor in this matter. If I can ever be of assistance to you, please don't hesitate to contact me.

It's great to know that in some Democratic circles I am also seen as someone of integrity.

Best personal regards,



ROBERT K. DORNAN
Member of Congress

EXHIBIT A

81040291290



FROM * *

CAIDIN, KALMAN, SAMPSON & MARPET

Attorneys at Law

GLENDALE FEDERAL BUILDING

9154 WILSHIRE BOULEVARD, SUITE 209

BEVERLY HILLS, CALIFORNIA 90212

TO * *

Ms. Anne Cauman
Office of General Counsel
Federal Election Commission
Washington, D.C. 20463

HAND DELIVERED

United States
CONGRESSMAN

91147

RECEIVED

EXC# 3610

80 DEC 19 P 1: 27

Robert K. DORNAN



December 19, 1980

Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

Dear Commissioners:

Because of the unique circumstances which preceeded my submission of three complaints with the Commission, I am requesting that I be given an opportunity to answer questions regarding these matters in person, or otherwise offer parole evidence to appropriate persons within the Commission.

I simply would like to be accorded the same opportunity apparently granted to others, within the confines of the regulations. If this is not possible, I would appreciate a letter to that effect. The former F.E.C. Commissioner, the Honorable Robert O. Tiernan, will perhaps recall that on February 7, 1980, I inquired about making an oral presentation in these matters after such time as I would file a complaint.

Sincerely,

ROBERT K. DORNAN
Member of Congress

RKD:gcm

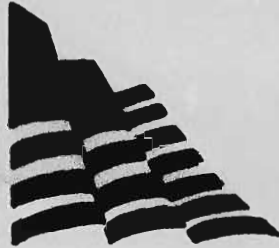
80 DEC 19 P 4: 53

DEC 20 1980

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United States
CONGRESSMAN

**Robert K.
DORNAN**



DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

Federal Election Commission
1325 K St. N.W.
Washington, D.C. 20463

RECEIVED
88 DEC 19 P 1:28
HAND DELIVERED



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 18, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Newton Kalman
Caidin, Kalman, Sampson
and Marpet
Glendale Federal Building
9454 Wilshire Blvd., Suite 209
Beverly Hills, California 90212

Re: MUR 1332

Dear Mr. Kalman:

This is to inform you that the Federal Election Commission has voted to grant your client, Stanley Caidin, an extension of two weeks to respond to the complaint in the above-captioned matter. Accordingly, your client has until December 18, 1980, to demonstrate in writing that no action should be taken against him on the basis of the complaint.

In addition, please be advised that Commission regulations, 11 C.F.R. § 111.23, require that your client himself send a letter indicating that you are representing him. While we understand that under the circumstances Mr. Caidin may not have been able to send such a letter, we would appreciate your seeing that such a letter is provided when possible.

Sincerely,

A handwritten signature in dark ink, appearing to read "Charles N. Steele".

Charles N. Steele
General Counsel

3100201203

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PS Form 3874, Jan. 1975

● **SENDER:** Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
 Show to whom and date delivered.....
 Show to whom, date and address of delivery.....
 RESTRICTED DELIVERY
 Show to whom and date delivered.....
 RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.S.....
 (CONSULT POSTMASTER FOR FEES)

2. **ARTICLE ADDRESSED TO:**
Newton Kalman

3. **ARTICLE DESCRIPTION:**
 REGISTERED NO. | CERTIFIED NO. | INSURED NO.
 | 947605 |
 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE Addressee Authorized agent
L Sierra

4. **DATE OF DELIVERY** | **POSTMARK**
 12 27 81 |

5. **ADDRESS (Complete only if requested)**
 2 : 21d 62070000

6. **UNABLE TO DELIVER BECAUSE:** | **CLERK'S INITIALS**
 |

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1332 *Kalman* ☆ GPO : 1975-288-040

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Newton Kalman
Caidin, Kalman, Sampson
and Marpet
Glendale Federal Building
9454 Wilshire Blvd., Suite 209
Beverly Hills, California 90212

Re: MUP 1332

Dear Mr. Kalman:

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In addition, please be advised that Commission regulations, 11 C.F.R. § 111.23, require that your client himself send a letter indicating that you are representing him. While we understand that under the circumstances Mr. Caidin may not have been able to send such a letter, we would appreciate your seeing that such a letter is provided when possible.

Sincerely,

Charles N. Steele
General Counsel

cc
12/17/80

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Stanley Caidin)

MUR 1332

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission's Executive Session on December 16, 1980, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 1332:

1. Grant Stanley Caidin a two week extension, until December 18, 1980, to respond to the complaint herein;
2. Send the letter attached to the General Counsel's December 8, 1980 report in this matter.

Attest:

12/16/80

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

81010:71296

Thomas H. Hennrich, Jr.
Clerk

cc 3594

Michael L. Murray, Director
Office of Records and Registration

Office of the Clerk
U.S. House of Representatives
Washington, D.C. 20515

December 17, 1980

FROM: Michael L. Murray, Director *MLM*
Office of Records and Registration
TO: Charles N. Steele, General Counsel
RE: Complaint from Honorable Robert K. Dorman

Enclosed please find a letter and four newspaper articles from Honorable Robert K. Dorman, which was received by this office.

Since this document concerns a complaint by Congressman Dorman against his former opponent, Carey Peck, I am forwarding it to your office to handle in a manner consistent with Commission procedures.

Enclosure

31040221227

DEC 17 5:10

**Robert K.
DORNAN**



HAND DELIVERED

December 12, 1980

Federal Election Commission
Washington, D.C.

U.S. HOUSE OF REPRESENTATIVES
1980 DEC 16 AM 11:37

Dear Commissioners:

Attached please find newspaper articles relating to the complaint I filed against Carey Peck on November 4, 1980:

- 1) Santa Monica Evening Outlook, "Dornan, Peck dispute gift of campaign funds," January 10, 1980;
- 2) Beach Cities Daily Breeze, "Dornan opens early attack on Peck in 27th District," January 30, 1980;
- 3) Santa Monica Evening Outlook, "Peck fund of \$13,000 analyzed," February 5, 1980;
- 4) Los Angeles Herald Examiner, "Dornan-Peck," October 26, 1980.

I hope this additional information is helpful.

Sincerely,

Robert K. Dornan
Member of Congress

RKD:bb

31040391298

Dornan, Peck dispute gift of campaign funds

By WILL THORNE
Evening Outlook Staff Writer

Rep. Robert K. Dornan this week publicly asked whether his chief re-election opponent, Democrat Carey Peck, had accepted \$13,000 in illegal campaign contributions two years ago. Peck denied any wrongdoing.

The exchange was the first blow in a return match between Dornan and Peck over the 27th Congressional District seat.

It came as Peck, the son of actor Gregory Peck, formally announced his candidacy to nearly 500 supporters Wednesday night. Flanking him on the stage were Los Angeles Mayor Tom Bradley, Santa Monica Mayor John Bambrick, county Supervisor Yvonne Burke and actor Troy Donahue.

In an advertisement prepared for publication in both the Evening Outlook and Torrance's South Bay Daily Breeze, Dornan accused Peck of having accepted the money from James H. Dennis, a Birmingham, Ala., coal supply salesman who was sentenced to four years in prison for defrauding a San Francisco firm.

The advertisement, scheduled to appear Wednesday, only hours before Peck formally announced his candidacy for the Democratic congressional nomination, was rejected by both newspapers on grounds some portions of it may have been legally actionable.

"We conferred with our attorneys and decided to reject the ad," said Dennis Morefield, managing editor of the Evening Outlook.

Dornan charged that the money, listed as having been given by 13 different

Turn To Page A-5 Column 1

Continued on Page 11

All the money that's all come from in fact was in violation of federal law prohibiting any one individual from giving more than \$1,000 in any one election year.

This money, which had been in the form of pushover checks, was given in the name of 13 individuals and deposited into our campaign account during the final days of our campaign against me in 1971 and the three weeks following that election," Dorman said in the advertisement.

Peck, who came within two percentage points of unseating Dorman two years ago, counter-charged that the flamboyant Republican congressman was attempting to smear him and threatened legal action.

He said Dorman, a 45-year-old former TV talk show host known for his no-holds-barred campaigning, was making charges that were "hysterical and an early attempt to throw mud."

"This is the cheapest sort of attack," he said.

Peck, a 30-year-old former U.S. Senate aide, said the money had been returned after he and his father discovered that Dennis had been indicted — and eventually convicted and sentenced to four years in prison — on charges of having run a San Francisco financial firm, Ite Corp., of \$27,000.

He said his suspicions were also heightened when he saw Birmingham newspaper clippings in which it was reported that Dennis had contributed \$22,000 illegally to the campaign of U.S. Sen. Donald Stewart, for whom the elder Peck campaigned.

Dennis was fined \$18,000 by the Federal Elections Commission (FEC) for the Stewart contributions.

"On the basis of our suspicions that it (the \$13,000 given to the Peck campaign) might be illegal, we returned the money," he said.

Peck said there had been no attempt at that time to ascertain from Dennis whether the money was illegal.

The funds were returned through his own attorney to Dennis' attorney after the two lawyers had worked out a formula under which the \$13,000 would be reapportioned out among the original donors, he said.

Peck said he first had met Dennis during Stewart's campaign, when Dennis was attached to Stewart's campaign staff.

"My father campaigned for Sen. Stewart," he said. "He had a tough campaign. My father went down there and raised money for him."

Stewart was very liberal, and Dennis was there, and he said he was very thankful.

That was Dennis' last political act as a result of his father's death. He was very grateful to me for returning the money.

He said the Peck's first discovery of the accusations against Dennis in the fraud case and the charge of illegal contributions through a clipping service the elder Peck maintains.

Peck said he had immediately obtained a personal bank loan of \$5,000 in order to pay for the money.

"I'm not proud of the incident, but I'm proud of the way we handled it," he said.

In a letter written to Peck, originally designed to be included in the ad, Dorman asked, "If you can't control your campaign, how could you possibly run a congressional office?"

In comments to this reporter, Dorman particularly questioned why Peck had, in returning the Dennis donations, sent the entire sum to Dennis.

"Why didn't he send 13 individual checks back?" he said.

The congressman also said he believes the FEC, which oversees federal elections, is "exercising selective outrage."

"They are hassling the living hell out of conservative PACs (political action committees), where some of the unions are getting away with outrageous violations," he said.

"I can only state emphatically that if this money (\$13,000) had arrived in my campaign, there would have been a typhoon of activity attempting to return it," he said.

As an example, said Dorman, one potential giver had approached his campaign staff with only \$300 in cash — cash donations are illegal — and it had not been accepted in that form.

"We escorted him to the bank immediately to have the money put into a check," he said. "If a single cashier's check had come in, we could not have touched it."

In the announcement Wednesday night of his candidacy, Peck said although the U.S. faces important international problems, he believes the most important problems are domestic ones.

He cited "an economy that's turning sour," "a high rate of unemployment, especially among women and the minorities," and senior citizens.

He also criticized what he said was a new wave of "religious rhetoric" and "bedroom legislation" from the "right-wing."

Torrance, Calif.
Hawthorne-El Segundo
Beacon
(Cir.W.23,000)

JAN 30 1980

Allen's P. C. B. Est. 1888

Dornan opens early attack on Peck in 27th District

By Rich Connell
Political writer

In an unusual, early attack in the 27th Congressional District race, U.S. Rep. Robert K. Dornan is challenging contributions made to Democrat Carey Peck's 1978 campaign.

Dornan, a Republican who was nearly unseated by Peck in the election two years ago, raised the issue in a full-page advertisement in Monday editions of *The Daily Breeze*.

Under the headline, "Congressman Robert K. Dornan has some tough questions for Carey Peck," the ad poses a series of questions about \$13,000 in contributions Peck re-

ceived from Alabama businessman James Dennis.

Dennis was fined \$18,000 by the Federal Elections Commission after he admitted making illegal donations to Peck's campaign and another political campaign in Alabama.

The FEC took no action against Peck, who returned the funds to Dennis in June 1979 when he became suspicious of the donor.

Peck is considered the front-runner for the Democratic nomination, and his victory in the June primary would set the stage for a rematch with Dornan.

The early assault, coming five months before the

primary and 10 months before the general election, indicates Dornan will carry out his promise to "take the gloves off" against Peck this year.

In his ad, Dornan suggests Peck should not have accepted the funds. "If you can't control your campaign, how could you possibly run a congressional office?" the ad asks.

Peck said he had no reason to believe the contributions, which arrived by mail in \$1,000 cashier's checks, were made improperly.

Dennis, 28, was considered a respected businessman at the time the contributions were made,

Peck said. "He had outstanding recommendations."

A flamboyant owner of a mining equipment company in Birmingham, Dennis admittedly violated federal law which puts a \$1,000 limit on individual contributions to candidates for federal office.

Twelve of the \$1,000 checks were donated illegally in the names of Dennis' friends and relatives in Alabama. One of the checks was donated legally in Dennis' name.

Dennis also admitted making more than \$20,000 in illegal contributions to the campaign of U.S. Sen. Donald Stewart.

In a settlement Dennis signed with the FEC, he said the campaign committees, the candidates and the individuals whose names he used did not know what he had done.

Peck said Dennis agreed to raise funds for his campaign after Peck's father, actor Gregory Peck, had met Dennis in Alabama.

The elder Peck had been on a fund-raising swing with U.S. Sen. Alan Cranston, a California Democrat.

Carey Peck said he met Dennis only once in the closing weeks of the campaign when he came to Los Angeles.

The funds began arriving

about a short time later, he said.

It was not until the summer of 1979, when Peck received newspaper clippings about a probe of Dennis' affairs, that Peck became suspicious of the contributions, he said.

At the time, Dennis was the target of a federal grand jury probe of his involvement in a scheme to swindle a California firm out of nearly \$1 million.

Dennis later pleaded guilty to one count of an indictment and was sentenced to 4½ years in prison.

When he learned of Dennis' legal problems, Peck said he took a personal bank loan and returned the money.

Dornan says Peck should have checked the contributions more closely and been suspicious of the fact they arrived as cashier's checks.

Peck and his former campaign treasurer, Stan Caidin, said there was no reason for suspicion because Dennis came highly recommended by Cranston and Stewart.

Peck said he and campaign workers checked with Dennis to verify the names and occupations of the donors. His campaign also checked with some of the donors' businesses, Peck said.

Fred Elland, a spokesman for the FEC in Washington, D.C., said

Peck's campaign apparently received the money not knowing it was donated illegally.

"They took the money in good faith and once they found out it was bad, they returned it," he said. "They are not required to send out investigators on each contributor."

But Dornan, whose aides found out about the contributions after checking Peck's post-election financial statement, says the FEC is "notorious for letting losers off the hook so they can come back the next time."

Peck said the early attack by Dornan shows the incumbent is concerned.

Peck fund of \$13,000 analyzed

Peck campaign funds

... of the ... and ...

The Federal Election Commission ...

The commission, although ...

As told to ...

Called on his friends

Because he did have ...

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The ...

"It was a direct return," said Peck.

Peck said the ...

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Suspicion of fraud

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Each individual's name ...

The discrepancy between ...

The News' staff writer ...

... of the ...

... of the ...

In an extensive investigation ...

The ...

The ...

Peck returned the ...

Dennis quickly admitted having

Turn To Page 4-C (Column 1)

REP. ROBERT K. DENMAN
... raised the issue.

JAMES H. DENNIS SR.
... contributed to Perk

CARLEY PERK
... returned gift

force him if the appeal he now has before the federal courts fails.

Meanwhile, despite having been cleared as far as the FEC was concerned, the case of the \$10,000 in contributions mentioned to name Carley Perk.

By mid-December the case he hopes to contest, Rep. Denman was beginning to refer to them in speeches he was making around the 27th Congressional District.

"What's been going around saying I should be in jail," said Perk.

But the funding remained unreported in newspapers, and the Dennis committee did not receive wide circulation. What did Perk plan to do to counter them? Nothing, apparently.

"They're just libelous statements," he shrugged.

The real Denman punch was to have come on Jan. 9, the day Perk was due to formally announce his 1970 campaign for Denman's seat.

Denman scheduled advertisements in both the Evening Outlook and Times-Tribune's South Bay Daily News in which he publicly asked why Perk had accepted the \$10,000.

Charge by Denman

Denman charged the money all came from Dennis, making it illegal and that it was corporate funds from Dennis' firm, making it doubly illegal.

"This money, furnished in the form of cashiers' checks, was given to the name of 13 individuals and deposited in your campaign account during the final days of your campaign against me (in 1968) and the three weeks following that election," said the ads.

Perk, knowing of the ads only hours before they were to have been published, charged Denman, a 62-year-old former TV talk show host known for his colorful-haired campaigning, with attempting to smear him and threatened legal action.

"This is the cheapest sort of attack," he said.

Chronology of events

He then reviewed his chronology of events — his father's contribution in Alabama for Sen. Dan Jenkins after to make money in return, using his newspaper clippings from Birmingham for the first time.

Perk said had then immediately obtained a personal bank loan of \$20,000 — without a co-signer, a statement confirmed by City National Bank of Beverly Hills — in order to pay back the Dennis loans, and turned the matter over to attorney Tom Lita.

"I'm not proud of the situation, but I'm proud of the way we handled it," he said.

The Dennis threat was blunted when both the Evening Outlook and the Daily News rejected the advertisements on grounds some portions of them may have been legally defensible.

"We conferred with our members and decided to reject the ads," said Dennis Macfield, managing editor of the Evening Outlook.

There the issue stands.

3

DORNAN CHARGES PAIR RECEIVED ILLEGAL FUNDS

By Associated Press Staff

WASHINGTON, Feb. 10 (AP)—The Federal Election Commission today announced that it has charged two men with receiving illegal funds for the 1978 campaign of Sen. James H. Dornan.

The men, identified as James H. Dornan and James H. Dornan, were charged with receiving funds from the Federal Election Commission in violation of the law.

"In what amounts to the old, we should expect to see investigations the lack of honesty or integrity on the part of the FBI to investigate a man's political campaign contributions and to determine his character also," Dornan told the press.

"My opponent, young Caroy Beck, in the '78 general election race, it turns out, accepted 15 \$1,000 illegal corporate contributions, all in expertly numbered cashier's checks."

"A number of the same body (Sen. Harold Stassen, D-Me.) if I recall, received 15 illegal corporate contributions in cashier's checks drawn from the same bank."

Dornan said the charges are an attempt to prevent the party from receiving funds for the 1978 campaign.

"I am sure that the charges are an attempt to prevent the party from receiving funds for the 1978 campaign."

Dornan said the charges were made by the campaign and were part of 100,000 that was employed from San Francisco the year before.

"That's right," Dornan said. "Almost \$1 million spent by a 25-year-old man who then tried to replace me in Congress with an organization of 15-year-old men of a 100-millionaire movie star (George Peck)." Dornan said.

"Now if the majority leader (Rep. Jim Wright, D-Texas) is going to come to my support, as I have announced, to try to defeat me, then the majority leader had better prepare for a fight as tough as the Alamo, with my playing David Goliath and a different outcome," Dornan said.

Dornan said he will make "a serious checkmate even more interesting."

CAMPAIGN 1980



Dornan-Peck

*This was one debate that would
have been hard to sleep through*

By Linda Breakstone
Herald Examiner staff writer

The race between incumbent GOP Rep. Robert Dornan and Democratic challenger Carey Peck escalated into a war yesterday in their first — and probably last — debate, with Dornan rehashing charges that Peck went "disco dancing" with and accepted an illegal \$13,000 contribution from a felon.

"Watch what happens when the FBI investigation is restarted (into the contribution)," Dornan warned. He later grilled Peck about another contribution, from the Teamsters, for which Peck was fined recently by the Federal Election Commission.

"Look at the guilty look on your face, look at your mouth tighten," Dornan shouted when Peck refused to

answer his query about the second contribution to be investigated from his 1978 campaign against Dornan. Peck then accused the Republican congressman of helping shoot down the B-1 bomber with his "antics" on the floor of the House.

"Part of his contribution to the (B-1) debate was bringing a four-foot model of the B-1 on the House floor and flying it around the chamber and one of his famous comments was that there were KGB agents in the gallery."

Peck said that kind of "hyperbole cost the B-1 more votes than it gained."

Dornan countered Peck "wouldn't know Stealth (a radar-proof bomber) from Shinola."

Then each candidate, scrambling to appear tight-fisted, accused his foe of being inclined toward unnecessary spending of public money.

The donnybrook occurred in a tiny studio at the studios of KABC radio from midnight to 2:30 a.m. yesterday, the only time Dornan would agree to debate.

But things didn't really get hot until a Peck commercial was played in the midst of the debate. It highlighted Dornan's visit to Peck's imprisoned contributor.

Peck went on to accuse that Dornan "met together with the convict in prison and talked and concocted this story."

Quoting an erroneous newspaper account, Peck expanded on the allegation, but was interrupted by talk show host Ray Briem, who reminded Peck that a later story in the same newspaper showed that Dornan was accompanied by a U.S. attorney and an FBI agent.

Dornan jumped in: "The jig is up, Carey. You went with him to Chasens, he slept at your father's house, you went disco dancing with him, you took his filthy money that was stolen, using your father's home, and you're back in contact with him now."

The felon, a convicted rapist, is James Dennis, an Alabama mining executive who in 1978 gave Peck 13 \$1,000 cashier's checks, all reportedly from different individuals, which subsequently proved to be stolen money contributed solely by Dennis. Peck later returned the money.

A 1978 contribution from organized labor to Peck surfaced this week when the FEC fined Peck because he didn't return it fast enough when it was learned the money was drawn from the wrong Teamsters account.

In the Dennis case, a Justice Department investigation concluded no wrongdoing on Peck's part, although Dornan maintains FBI agents told him the inquiry was "shut down" for political reasons and could be reopened should the Republicans win the White House.

Corman-Fiedler

Off the bus, onto the economy

The acrid contest between Rep. James Corman and the GOP's Los Angeles school board member Bobbi Fiedler finally has seen busing abandoned as the great issue in the fight for the San Fernando Valley seat. It's on to the economy, as Corman bases his attack on well-timed revelations that the school board let a financial mess go unchecked in the schools.

Fiedler accuses Corman of spawning the accusations and using his "political cronies" to berate the board. She steps up her economic punch in television spots — not mentioning busing — and slick pamphlets, which depict the IRS 1040 form and claim Corman "is ranked the ninth biggest all-time spender in Congress." Corman promises he'll get tougher with Fiedler.

— Linda Breakstone

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE
FROM: MARJORIE W. EMMONS *mwe*
DATE: DECEMBER 10, 1980
SUBJECT: OBJECTION TO OGC REPORT ON MUR 1332
circulated on a 48-hour vote basis
at 4:00 p.m. on December 8, 1980

The above-named report has been objected to and placed on the agenda for the Executive Session of Tuesday, December 16, 1980.

The objection was submitted by Commissioner Friedersdorf at 2:31 p.m. on December 10, 1980.

21010:91307



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE
FROM: MARJORIE W. EMMONS/MARGARET CHANEY
DATE: DECEMBER 10, 1980
SUBJECT: MUR No. 1332

Attached is a copy of Commissioner Aikens' vote sheet with comments regarding the above-named MUR.

ATTACHMENT:
Copy of Vote Sheet

31040271309

December 8, 1980

MEMORANDUM TO: Marjorie W. Emmons
FROM: Jane Colgrove
SUBJECT: MUR 1332

Please have the attached Memo to the Commission on MUR 1332 distributed on a 48 hour tally basis.

Thank you.

31010101009



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

80 DEC 8 P 2: 25

December 8, 1980

MEMORANDUM TO: Marjorie W. Emmons
FROM: Jane Colgrove *gc*
SUBJECT: MUR 1332

Please have the attached Memo to the Commission on MUR 1332 distributed on a 48 hour tally basis.

Thank you.

31040201310



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20543

80 DEC 8 P 2: 25

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel *CNS*

RE: MUR 1332
Request for Extension of Time

On November 6, 1980, the Office of General Counsel mailed to Mr. Stanley Caidin notice of a complaint filed by Congressman Robert Dornan. On November 25, a request for a "reasonable" extension of the initial 15 day response period of 2 U.S.C. § 437g(a)(1) was received from respondent Stanley Caidin. See Attachment 1.

Mr. Caidin is in the hospital and is apparently about to undergo surgery. Under the circumstances, the Office of General Counsel recommends that Mr. Caidin be granted a two week extension. As his office received notification on November 19, 1980, his response would then be due at the Commission on December 18, 1980.

Recommendation

1. Grant Stanley Caidin a two week extension, until December 18, 1980, to respond to the complaint herein;
2. Send the attached letter.

Attachments:

1. Letter from Mr. Caidin's counsel
2. Proposed letter to N. Kalman

31740:71511

STANLEY R. CAIDIN
NEWTON KALMAN
WILLIAM A. SAMPSON, II
STEPHEN C. MARPET

Cauman

9105

80 NOV 25 9 40 AM '80
FBI
(213) 872-8041

**CAIDIN, KALMAN, SAMPSON & MARPET
ATTORNEYS AT LAW**

DANIEL J. BLOOMGARDEN (1916-1987)

November 21, 1980

*Shuttle Federal Building
9454 Wilshire Boulevard, Suite 209
Beverly Hills, California 90212*

Federal Election Commission
Washington, DC 20463

Attention: Anne Cauman

Re: MUR 1332

Dear Ms. Cauman:

In the above-captioned matter, I called Mr. Scott Thomas at your office this morning and advised him:

(1) The Commission's records should be corrected to reflect that his name is spelled "CAIDIN", and his correct address is the address shown on the letterhead of his law firm, to wit, 9454 Wilshire Boulevard, Suite 209, Beverly Hills, California 90212.

(2) Mr. Caidin has been hospitalized at Saint John's Hospital in Santa Monica, California since approximately November 12, 1980. I understand at this time there is a strong probability that Mr. Caidin will require surgery immediately for a herniated disc. He is in great pain, and I do not wish particularly to have to discuss MUR 1332 with him until after his surgery.

(3) Your communication was not delivered to this law firm until November 19, 1980, and prior to said delivery, we had no knowledge of the Federal Election Commission's letter dated November 6, 1980.

(4) The undersigned will represent Mr. Caidin, as counsel, at least until Mr. Caidin is well enough to communicate in his own behalf with respect to matters involving MUR 1332.

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GENERAL COUNSEL

Attachment 1

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LAW OFFICES
OF
CAIDIN, KALMAN, SAMPSON & MARPET

Federal Election Commission
Attention: Anne Cauman
November 21, 1980
Page Two

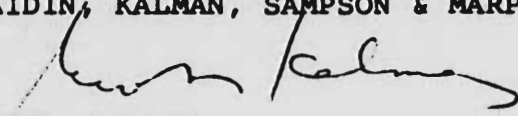
By reason of the foregoing, I respectfully request, for good cause, that the Federal Election Commission extend the time for Mr. Caidin, or his counsel, to respond to your November 6, 1980 letter for a reasonable period of time.

Please direct all further communications concerning MUR 1332 to the undersigned.

Please be assured that your courtesy and kind cooperation are greatly appreciated.

Very truly yours,

CAIDIN, KALMAN, SAMPSON & MARPET



NEWTON KALMAN

NK/mk

CERTIFIED
RETURN RECEIPT REQUESTED

31740291313



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Newton Kalman
Caidin, Kalman, Sampson
and Marpet
Glendale Federal Building
9454 Wilshire Blvd., Suite 209
Beverly Hills, California 90212

Re: MUR 1332

Dear Mr. Kalman:

This is to inform you that the Federal Election Commission has voted to grant your client, Stanley Caidin, an extension of two weeks to respond to the complaint in the above-captioned matter. Accordingly, your client has until December 18, 1980, to demonstrate in writing that no action should be taken against him on the basis of the complaint.

In addition, please be advised that Commission regulations, 11 C.F.R. § 111.23, require that your client himself send a letter indicating that you are representing him. While we understand that under the circumstances Mr. Caidin may not have been able to send such a letter, we would appreciate your seeing that such a letter is provided when possible.

Sincerely,

Charles N. Steele
General Counsel

Attachment 2

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LEWIS, D'AMATO, BRISBOIS & BISGAARD

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GEORGE G. D'AMATO
CHRISTOPHER P. BISGAARD
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WILLIAM F. GREENHALGH
JEFFREY A. SWEDO
STEVEN MARK LEVY
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NANCY N. POTTER

LAWYERS

FIVE PARK-SUITE 300
261 SOUTH FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90012
TELEPHONE (213) 628-7777

CABLE ADDRESS: "FIVE PARK"
TELEX: 184508

December 4, 1980

30 DEC 9 11:18

GCOW

Ms. Anne Cauman
Office of General Counsel
Federal Election Commission
Washington, D. C. 20463

Re: MUR 1331 and MUR 1332

Dear Ms. Cauman:

Within this same package are responses by Carey Peck, Terry Pullan, Michael Gordon, and Carey Peck For Congress to the complaints in MURs 1331 and 1332. Mr. Pullan returned from his vacation a few days after my telephone conversation with you on November 20, 1980, so we were able to include his response. However, Mr. Stanley Caidin, who was the Committee's treasurer until January 29, 1979, is still undergoing treatment for a medical problem and was not able to participate in the preparation of these responses. I am advised that he fully intends to respond to the complaint in MUR 1332 and will do so just as soon as his condition permits, possibly in the very near future.

I trust this will not create a problem for, or adversely affect, the other respondents. As the within materials demonstrate, the charges in the two complaints are unfounded. I am informed that Mr. Caidin, when he is able to respond, will state, in addition to whatever else he feels is important, that he too had no knowledge whatsoever of the impropriety of Mr. Dennis' contributions.

Since, as you may be aware, Carey Peck lost the election, all of the respondents are hopeful that this matter can be brought to a prompt end and that the Commission will take no further action on it. Toward that end, we are quite willing, of course, to provide you with any other or additional information

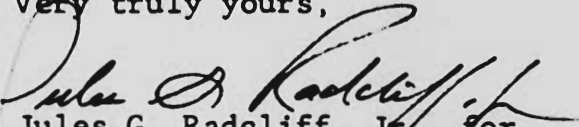
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MEMBER NEW YORK BAR ONLY

Ms. Anne Cauman
December 4, 1980
Page Two

you may need to permit your office to recommend to the Commission that no further action is necessary. Accordingly, as you review these materials, if you have any questions at all, or if you want to discuss any particular item or matter, please feel free to call the undersigned.

Very truly yours,


Jules G. Radcliff, Jr., for
LEWIS, D'AMATO, BRISBOIS & BISGAARD

JGR/mr

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LEWIS, D'AMATO, BRISBOIS & BISGAARD

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LOS ANGELES, CALIFORNIA 90012

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TELEX: 194508

December 4, 1980

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ROY M. BRISBOIS
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STEVEN MARK LEVY
MARY G. WHITAKER
ROBERT A. SCHWARTZ
NANCY N. POTTER

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10 DEC 9 11:18

COMM. COUNSEL

Ms. Anne Cauman
Office of General Counsel
Federal Election Commission
Washington, D. C. 20463

Re: MUR 1331 and MUR 1332

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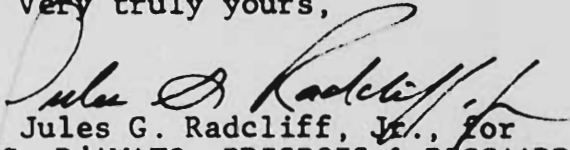
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Ms. Anne Cauman
December 4, 1980
Page Two

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Very truly yours,


Jules G. Radcliff, Jr., for
LEWIS, D'AMATO, BRISBOIS & BISGAARD

JGR/mr

31040201318

LEWIS, D'AMATO, BRISBOIS & BISGAARD

FIVE PARK-SUITE 300
261 SOUTH FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90012

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Ms. Anne Cauman
Office of General Counsel
Federal Election Commission
Washington, D. C. 20463

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LEWIS, D'AMATO, BRISBOIS & BISGAARD

LAWYERS

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LOS ANGELES, CALIFORNIA 90012
TELEPHONE (213) 628-7777

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GENERAL COUNSEL

December 4, 1980

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DAVID H. PARKER
JULIUS G. RADCLIFF, JR.
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JEFFREY A. SWEDO
STEVEN MARK LEVY
MARY G. WHITAKER
ROBERT A. SCHWARTZ
NANCY H. POTTER

MEMBER NEW YORK BAR ONLY

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

Attention: Anne Cauman

Re: MUR 1332

Dear Mr. Steele:

In response to your letters dated November 6, 1980, respondents Carey Peck For Congress, Carey Peck, Terry Pullan, and Michael Gordon, hereby respond to Congressman Robert K. Dornan's complaint dated November 4, 1980. Two additional copies of this response are enclosed, one of which we ask be conformed and marked to indicate its receipt, and then returned to this office in the enclosed, self-addressed, stamped envelope. The second copy is provided for your convenience.

These respondents respectfully submit that no further action should be taken by the Commission on this matter since, as the accompanying affidavits and exhibits demonstrate, respondents have not violated any part of the Federal Election Campaign Act or the Commission's regulations.

1. INTRODUCTION

The complaint filed by Congressman Dornan (hereinafter "Dornan") concerns matters that have not only been investigated by the Federal Election Commission (hereinafter "FEC"), previously in MUR 970, but that have been thoroughly and extensively investigated and reported by the press in the Los Angeles area during the 1980 election campaign (Exhibit "D"). There is not one new charge or allegation that has not already been made by Dornan and, ultimately, proved untrue. The only thing that

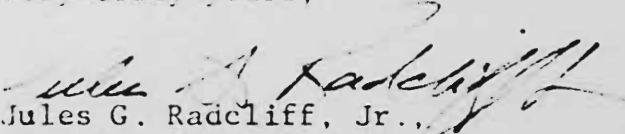
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Mr. Charles H. Steele
December 4, 1980
Page Five

4. CONCLUSION

For all of the foregoing reasons, these respondents respectfully submit that they have overwhelmingly demonstrated that the Commission should take no further action on this matter against any of them on the basis of the within complaint.

Very truly yours,


Jules G. Radcliff, Jr.,
Attorney for Respondents,
Carey Peck For Congress
Carey Peck
Terry Pullan, and
Michael Gordon

JGR/mr
Enclosures

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LEWIS, D'AMATO, BRISBOIS & BISGAARD

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ROBERT F. LEWIS
GEORGE G. D'AMATO
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LOS ANGELES, CALIFORNIA 90012
TELEPHONE (213) 628-7777

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CABLE ADDRESS: "FIVEPARK"
TELEX: 184508

December 4, 1980

MEMBER NEW YORK BAR ONLY

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

Attention: Anne Cauman

Re: MUR 1332

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GENERAL COUNSEL

Mr. Charles N. Steele
December 4, 1980
Page Two

has changed is the forum for the charges.

As the FEC learned during the period between approximately April, 1979, and September, 1979, a man by the name of James H. Dennis, acting alone, without the knowledge of the recipients, and for reasons known only to him, secretly made contributions in the names of others to the election campaigns of Alabama Senator Donald Stewart (\$22,000) and California congressional candidate Carey Peck (hereinafter "Peck") (\$12,000). The names used, the amounts involved, and the date of each contribution were all identified in MUR 970. As these revelations were made known to the Stewart and Peck campaigns the illegal contributions were refunded to Dennis, \$22,000 from Friends Of Donald Stewart on May 11, 1979 (MUR 970, "General Counsel's Report," page 3), and \$13,000 (including \$1,000 contributed by Dennis in his own name) from Carey Peck For Congress on June 14, 1979 (Affidavit of Peck, ¶ 5-8).

The fact that Dennis made all of these contributions without the knowledge of campaign committee recipients or the persons whose names were used is clear. In MUR 970 the FEC learned that none of the persons whose names were used had any knowledge of Dennis' activities, nor had they permitted him to use their names. (MUR 970, "General Counsel's Report," page 4.) Mr. James Stewart, treasurer of Friends Of Donald Stewart, submitted a letter stating that neither Senator Stewart, the Committee, nor the treasurer were aware that the contributions were improper at the time they were received. (MUR 970, "First General Counsel's Report," page 2.) And, similarly, in the Peck campaign neither Peck, the Committee, nor its treasurer were aware of the impropriety of the contributions. (Affidavits of Peck, ¶ 4, Pullan, ¶ 4.)

Aspects of this matter were also investigated, apparently at the urging of Dornan, by the United States Justice Department. At the conclusion of its investigation the Justice Department issued a statement absolving Peck of wrongdoing and laying to rest Dornan's repeated charge during the 1980 campaign that Peck had accepted from Dennis a return of the refunded contributions. (Exhibit "E.")

Overall, the entire matter is an unfortunate example of how a blatantly illegal and thoughtless act of a single individual can both provide grist for the campaign rhetoric mill and tarnish the reputation of a candidate who has worked long and hard on his campaign and has done his best to observe

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Mr. Charles N. Steele
December 4, 1980
Page Three

both the spirit and the letter of the federal election laws. The charges of wrongdoing made by Dornan here were made throughout the 1980 campaign. There is simply no factual basis for any of them; each was investigated and reported upon during the campaign by the press and others, and all were found to be untrue.

2. CIRCUMSTANCES OF THE INCIDENT

The essence of Dornan's complaint is that Peck knew of the illegal nature of Dennis' contributions at the time they were received in 1978, and that when the contributions were refunded in June, 1979, Peck accepted the money right back again from Dennis. Dornan charges, as well, that a personal loan obtained by Peck was improperly reported in that there must have been guarantors, yet their names were not disclosed. It should be noted that all of these charges are based almost completely on hearsay and speculation.

Peck was the Democratic candidate for Congress in the 27th Congressional District in 1978. (Affidavit of Peck, ¶ 1.) On October 31, 1978, he received a contribution in the amount of \$1,000 from Dennis, in Dennis' name. Neither Peck, nor anyone else associated with Peck's campaign, had any knowledge whatsoever that Dennis was also about to make \$12,000 more in contributions to the Peck campaign in the names of other individuals. (Affidavit of Peck, ¶ 4.)

The first time such information--or at least information suggesting such a possibility--came to the attention of the Peck campaign was in the middle of May, 1979, when newspaper reports out of Alabama indicated that Dennis may have made illegal contributions to the campaign of Senator Donald Stewart. These reports were followed almost immediately by others indicating that illegal contributions, in the same fashion, may have been made to the Peck campaign. Peck immediately commenced an investigation into the matter, including a review of all contributions to his 1978 campaign, in an effort to identify any that might have come from Dennis. This effort was aided by newspaper reports that identified the names used by Dennis in making contributions to the Stewart campaign. The names of twelve individuals were identified, and in the first part of June, 1979, both Dennis and his attorney, J. Stephen Salter, confirmed that the contributions had in fact been made by Dennis and that there were no others beyond the twelve.

3104031329

Mr. Charles N. Steele
December 4, 1980
Page Four

(Who were also identified in MUR 970). (Affidavit of Peck, ¶¶ 4-7; Exhibit "F.")

On June 14, 1979 a check in the amount of \$13,000 was delivered to Dennis. This amount represented a refund of the \$12,000 in illegal contributions and the \$1,000 legally contributed by Dennis in his own name. Contrary to Dornan's assertion, the money was never, in any form or amount, returned to Peck, to the Peck campaign, or to anyone associated with the Peck campaign. The Peck campaign has no knowledge whatsoever of what Dennis may have done with the refunded sum. (Affidavit of Peck, ¶¶ 8-10.)

The money used to make the refund to Dennis was made available through a personal loan from Peck to Carey Peck For Congress. Peck himself had obtained the money through a personal loan from City National Bank, in Los Angeles, where he has, in the past, obtained and repaid other personal loans on his own signature. There were no guarantors or other endorsers on the loan. (Affidavit of Peck, ¶ 11.)

3. THE FEC SHOULD TAKE NO FURTHER ACTION ON THIS COMPLAINT

The charges made by Dornan in the within complaint are not only false, but are obviously based only upon hearsay and speculation. Under such circumstances, further action by the Commission is not only entirely unnecessary but unwarranted as well.

As the above explanation and attached affidavits and exhibits demonstrate, no one in the Peck campaign was aware of the illegality of the contributions when they were received, and certainly no one had any knowledge of Dennis' concealed activities in this and the Stewart campaigns. Further, when information came to light suggesting what Dennis had evidently done, the Peck campaign acted promptly, first to confirm the names used by Dennis, and then to refund the contributions to him. The suggestion that Peck's loan was guaranteed or endorsed by other persons is simply false.

Accordingly, there is no factual basis presented which would permit the Commission to conclude that there is any reason to believe that the Federal Election Campaign Act has been violated.

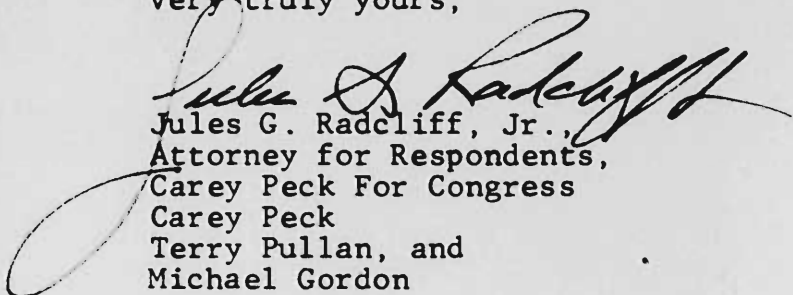
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Mr. Charles N. Steele
December 4, 1980
Page Five

4. CONCLUSION

For all of the foregoing reasons, these respondents respectfully submit that they have overwhelmingly demonstrated that the Commission should take no further action on this matter against any of them on the basis of the within complaint.

Very truly yours,



Jules G. Radcliff, Jr.,
Attorney for Respondents,
Carey Peck For Congress
Carey Peck
Terry Pullan, and
Michael Gordon

JGR/mr
Enclosures

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AFFIDAVIT OF CAREY PECK

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Carey Peck, being first duly sworn, hereby state and declare as follows:

1. I am a resident of Los Angeles, California and was the democratic candidate for congress in the 27th congressional district in the 1978 election. Carey Peck For Congress is, and in 1978 was, my principal authorized campaign committee.

2. The following statements are based upon my personal knowledge and, if called upon to do so, I would and could competently testify to same.

3. I have read the complaint filed against me and against my committee by Dornan. I am aware of the charges therein, all of which appear to be based upon the assumption that either I or someone with my committee was aware of the illegal nature of the contributions made by Dennis at the time they were made, and that Dennis returned to me the full amount of the contributions refunded to him by my committee. These charges were made by Dornan in the 1980 election campaign and were thoroughly investigated by both the local newspapers and the United States Justice Department. There is absolutely no truth to them whatsoever.

4. Dennis made a contribution to my 1978 election campaign in the amount of \$1,000, which was received by my committee on October 31, 1978. As we later learned and

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1 confirmed for the first time in early June, 1979, Dennis also,
2 on October 31, 1978, began making contributions to my campaign
3 in the names of other individuals, the last of which was
4 received on November 25, 1978, in the additional total sum of
5 \$12,000. I was not aware of the illegal nature or actual
6 source of these other contributions at the time they were
7 received, or at any time thereafter until approximately June,
8 1979. To my knowledge no one else in or even remotely connected
9 with my campaign had any such knowledge.

10 5. In or about the second week of May, 1979,
11 clippings from newspapers in Alabama were brought to my attention,
12 indicating that Dennis was accused of making illegal contri-
13 butions to the campaign of Senator Donald Stewart. Within days,
14 additional clippings indicated that the same type of contri-
15 butions may have been made to my campaign.

16 6. I immediately began investigating this matter and,
17 together with my campaign staff, we began reviewing our 1978
18 contributor lists in an effort to identify any contributions
19 that may have been connected with or made by Dennis. We were
20 aided in this search by the newspaper articles that listed the
21 names used by Dennis. Ultimately, we identified twelve possible
22 suspect contributions.

23 7. On, or perhaps just prior to, June 13, 1979
24 Dennis and his attorney, J. Stephen Salter, confirmed that
25 Dennis was in fact the source of the identified twelve contri-
26 butions, and that there were no others.

27 8. On June 14, 1979 Dennis was refunded both his
28 own legal contribution and the illegal contributions made in

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1 the names of others, in the total amount of \$13,000, in a check
2 from Carey Peck For Congress. The refund was handled by my
3 attorney, Jules G. Radcliff, Jr., and I was not present or
4 personally involved at any point.

5 9. It is my understanding that sometime after
6 leaving Mr. Radcliff's office, Dennis cashed the check at a
7 bank in Los Angeles. Neither I nor anyone else from my
8 committee was with Dennis at that time. Why he cashed the
9 check when and where he did is a mystery to me.

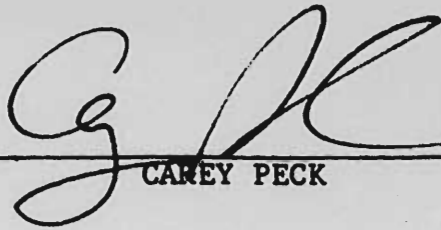
10 10. I did not accept back from Dennis, at any time,
11 or in any form whatsoever, all or any portion of the refunded
12 contributions or any other sums at all. Nor, to my knowledge,
13 were any such funds ever returned to my committee, or to anyone
14 even remotely connected with my campaign. Dornan's charge on
15 this point is not only wholly untrue but, to my knowledge, was
16 thoroughly investigated by the United States Justice Department,
17 which issued a statement on September 19, 1980 indicating that
18 there was no substantiation to the charge.

19 11. The money used by Carey Peck For Congress to
20 refund the illegal contributions to Dennis was made available
21 through a personal loan from me to said committee. I had
22 previously obtained the money through a personal loan from
23 City National Bank, in Los Angeles, where I have, in the past,
24 obtained and repaid other personal loans on my own signature,
25 alone. The loan involved in this instance was on my own
26 signature, alone, and there were no guarantors or other
27 endorsers.

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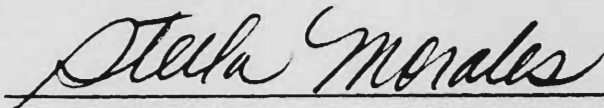
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CAREY PECK

Subscribed and sworn to before me
on December 3, 1980, at Los Angeles,
California.





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Exhibit B

AFFIDAVIT OF TERRY PULLAN

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Terry Pullan, being first duly sworn, hereby state and declare as follows:

1. I am a resident of Los Angeles, California and was the campaign manager of the Carey Peck For Congress committee in both the 1978 and 1980 election campaigns.

2. The following statements are based upon my personal knowledge and, if called upon to do so, I would and could competently testify to same.

3. I have read the complaint filed against me by Dornan, and I am aware of the charges therein, all of which pertain to the illegal contributions made by Dennis to the Peck and Senator Stewart election campaigns in 1978.

4. I was not aware of the illegal nature or actual source of the contributions made by Dennis at the time they were received by the Committee. Such facts first came to my attention in the latter part of May, 1979, or early part of June, 1979. To my knowledge, no one else in or even remotely connected with the campaign had any such knowledge until then.

5. On June 14, 1979 the Committee refunded \$13,000 to Dennis, returning to him both his contribution in his own name (\$1,000) and the other contributions in the names of others.

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1 6. To my knowledge Dennis never returned that
2 refund, or any other money, to Carey Peck or to anyone else
3 even remotely connected with the campaign. I personally
4 never accepted any such money, nor do I have any idea as to
5 what Dennis may have done with the refunded amount.

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9 TERRY PULLAN

10 Subscribed and sworn to before me on
11 December 4, 1980, at Los Angeles,
12 California.

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Exhibit C

AFFIDAVIT OF MICHAEL GORDON

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Michael Gordon, being first duly sworn, hereby state and declare as follows:

1. I am a resident of Los Angeles, California, and was the treasurer of Carey Peck For Congress during the 1980 election campaign. I assumed said position on January 29, 1979, and I still serve in said capacity.

2. The following statements are based upon my personal knowledge and, if called upon to do so, I would and could competently testify to same.

3. I have read the complaint filed against me by Dornan, and I am aware of the charges therein, all of which pertain to the illegal contributions made by Dennis to the Peck and Senator Stewart election campaigns in 1978.

4. Inasmuch as I was not involved with the Peck campaign in any capacity whatsoever prior to January 29, 1979, I have no personal knowledge of any of the matters that may have occurred prior to said date.

5. Information concerning the illegal contributions made by Dennis to the 1978 Peck campaign first came to my attention in the latter part of May, 1979, and early part of June, 1979, after clippings from Alabama newspapers had come to the attention of the Peck campaign, indicating that Dennis may have made illegal contributions to the campaigns of both

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1 Senator Donald Stewart and Carey Peck. I assisted in the
2 review of contributions to the Peck campaign in 1978 in an
3 effort to identify any contributions that may have been
4 connected with or made by Dennis. In conducting said search,
5 we were aided by the Alabama newspaper accounts that identified
6 the names of individuals in whose names Dennis had made contri-
7 butions to Senator Stewart's campaign.

8 6. In or about the second week in June, 1979, both
9 Dennis and his attorney, J. Stephen Salter, confirmed that
10 Dennis was in fact the source of twelve contributions besides
11 his own to the Peck campaign, and confirmed the identities of
12 those twelve contributions. Dennis and his attorney also
13 confirmed that Dennis had made no other contributions to the
14 Peck campaign.

15 7. On June 14, 1979 Carey Peck For Congress refunded
16 to Dennis the total amount of his contributions, both legal
17 (one in his own name, in the amount of \$1,000) and illegal,
18 in the total amount of \$13,000.

19 8. Neither I, nor, to my knowledge, anyone else in
20 or even remotely connected with the Peck campaign ever received
21 back from Dennis, directly or indirectly, in any form whatsoever,
22 all or any part of the contributions that had been refunded to
23 him. It is my understanding that this charge was investigated
24 by the United States Justice Department, which issued a state-
25 ment to the effect that it was completely false.

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Michael Gordon
MICHAEL GORDON

Subscribed and sworn to before me
on December 4, 1980, at Los Angeles,
California.

Jane Tani



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Daley Brezen April 9/1978
\$13,000 donation issue persists

Dornan: Peck is under investigation

**By Rich Connell
Political writer**

Struggling to overcome recent criticism of his campaign activities, Congressman Robert K. Dornan today claimed his opponent, Carey Peck, is under investigation by federal authorities.

At a Los Angeles press conference which Dornan earlier described as one of the most important of his political career, the 27th District Republican said, "The bottom line is Peck is being investigated and I am not."

Dornan released a two-volume "investigative report" conducted by his office which he claimed shows Peck's "ABSCAM mentality" stemming from a 1978 campaign contribution.

The fiery congressman was pressed hard by reporters to provide substantiation of an investigation. But he could only respond that FBI agents had told him the probe was under way.

Dornan also suggested the unwil-

lingness of federal authorities to confirm or deny an investigation indicates one exists.

After coming under close questioning about his own handling of the matter, Dornan abruptly cut off the press conference.

His charges are tied to Peck's campaign in 1978, when he came close to unseating the incumbent. Alabama businessman James Dennis gave Peck \$13,000 in cashiers checks.

Dennis, who later was convicted of swindling a California company of nearly \$1 million, had personally donated all of the money in other individuals' names — a violation of the \$1,000 limit on congressional contributions.

Peck claims he had no reason to be suspicious of the donations at the time they were made. Several months later when he began to suspect Dennis, he returned all of the money.

The congressman now is focusing on a prison interview he had with Dennis in which the convict said he gave the money back to Peck in

cash.

Dornan has come under fire for his contacts with Dennis and prison officials. Dennis served six-months in Alabama federal prison and is now free pending an appeal.

Dornan had several phone conversations with Dennis and met with the convict in prison at the same time he was urging Dennis to issue damaging statements against Peck.

Dornan admits his office contacted prison officials to seek improved treatment for Dennis. Today Dornan tried to focus the controversy back on Peck, claiming "a fool would have been suspicious" of the Dennis donations when they were made in November 1978.

Although the press conference may not have had the effect Dornan intended, there was substantiation of one of the congressman's allegations Thursday.

An FBI agent's report was made public that for the first time confirmed Dornan's claims that Dennis told him he had covertly given the \$13,000 back to Peck in cash after it was returned by the candidate.

An FBI agent, Willis M. Deffenbaugh, was present during the meeting in prison. In a FBI memo, Deffenbaugh said Dennis told the congressman he had come to Los Angeles in June 1979. He explained that he met with Peck at Peck's attorney's office and that after cashing the refund check, he "merely handed the \$13,000 cash over to Peck."

Peck has vehemently denied the allegation and claims he did not even meet with Dennis during that trip. Dennis now also denies giving the cash back to Peck.

Dennis now says he made the allegation because Dornan had promised to arrange for him to receive better treatment in prison.

After his release from prison, the convict claims, he told Dornan he would not go through with the deal.

Dornan has denied doing anything improper or making any deals with Dennis. At his press conference today, Dornan said, "I made no promises."

Report due Friday

EO 9-6/7-80

Dornan charges 'huge fraud'

Evening Outlook News Services

Rep. Robert K. Dornan of Santa Monica said Friday he has prepared an "investigative" report exposing "the largest case of campaign fraud in history" and refuting charges he improperly helped a federal prisoner

in exchange for damaging statements against his Democratic opponent, Carey Peck.

"The charges that I attempted to help a federal prisoner, who is one of the most cunning frauds ever born, is an act of desperation by a junior Ala-

bama senator who is under investigation for accepting thousands of dollars in illegal campaign contributions," Dornan told UPI in a telephone interview from Washington.

Dornan also repeated his charge that a Los Angeles Times report published Friday morning, which indicated Dornan had acknowledged helping the prisoner, was inaccurate.

Dornan blasts story

Continued From Page A-1

petrated massive campaign fraud in at least two states.

At a news conference Thursday in Birmingham, Ala., Sen. Donald Stewart, D-Ala., played two tape recordings which he said showed Dornan had tried to help Dennis in hopes the convict would publicly damage Stewart and Peck.

"The tapes show Dornan tried to get Dennis and the FEC (Federal Elections Commission) to smear Peck," Stewart was quoted in the Friday edition of the Birmingham News.

Stewart said one tape recording was of a conversation between Dennis and a Los Angeles Times reporter in which Dennis says Dornan wants him to keep the campaign contribution issue alive.

Dennis, a coal equipment broker who was convicted of fraud, was serving a six-month prison sentence in the Talledega, Ala., federal correctional institution when Dornan's office allegedly contacted authorities to gain favors for the prisoner.

Dornan said while he was in Israel on congressional business a young staffer in his Washington office contacted the director of the federal prison system and the prison warden urging that the convict get a furlough to attend his brother's funeral.

Dennis was granted the furlough, but Warden Robert Verdyne said the decision was not influenced by the congressman.

"I never did anything to help this prisoner," Dornan said. "My staffer was moved by compassion and if I was there I would have done the same thing."

Peck's disputed campaign contributions have become a dominant issue in the 1980 election, but the

controversy dates back to 1978, when Peck narrowly lost the congressional race to Dornan.

The controversy involves a \$13,000 campaign contribution Dennis made to Peck. Peck says he returned the money when he discovered it was an illegal donation.

Federal law limits contributions to \$1,000 from each individual.

Dornan said Dennis told him in April he cashed the check and gave Peck the money in cash. Peck denies the statement, and Dennis has denied it in recent statements.

Stewart said the other tape played at the news conference was of a conversation between Dornan and Dennis' lawyer in which Dornan says since he helped Dennis get a leave from prison and a transfer from a federal prison in Atlanta to one in Alabama, Dennis was expected to keep the campaign issue going.

Stewart, facing a runoff in his bid to be renominated by his party, called Dornan a "desperate" man.

"He's had his seat a long time and he's fearful of losing it," Stewart said.

Stewart concedes that Dennis, in other people's names, illegally contributed \$22,000 to his 1978 campaign. Reports to the Federal Election Commission indicate Stewart loaned his campaign committee \$22,000 to repay Dennis after finding out the contributions were illegal.

In his release of the two tapes, made by Dennis' attorney, Richard Groenendyke, Stewart said he and his campaign had "got caught up in the aftermath" of Dornan's attempts to "smear" Peck.

In Santa Monica Friday Peck defended the Los Angeles Times story and said its author, veteran political reporter Kenneth Reich, "is beyond reproach."

The newspaper reported Dornan contacted federal prison authorities to get better treatment for convict James H. Dennis in hopes he would publicly accuse congressional hopeful Peck, son of actor Gregory Peck, of accepting illegal campaign contributions.

The congressman said he would release his 191-page "investigative report" next Friday in Los Angeles. He said the information was compiled over the last 18 months and would support his claims that Dennis per-

turn To Page A-4

Column 5

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Dornan Acknowledges He Attempted to Aid Convict

Hoped Inmate Would Accuse Political Foe of Accepting Illegal Gift

By **KENNETH REICH**
Times Political Writer

Rep. Robert K. Dornan (R-Santa Monica) has acknowledged that he contacted federal prison authorities to get better treatment for an inmate he was hoping would publicly accuse Dornan's campaign opponent, Democrat Carey Peck, of accepting illegal cash contributions.

Dornan, in a Times interview, said he had been playing "a cat-and-mouse game" with James H. Dennis, convicted of fraud in Alabama and serving six months in federal prison at the time, after Dennis indicated to him that he had damaging information on Peck.

However, Dornan said that after three months of telephone exchanges with Dennis and one meeting with him in the Talledega, Ala., federal correctional institution April 30, he had informed him July 22, after his release from prison, that he no longer wished to deal with him.

"I said, 'James, I don't think I want you out in California,'" Dornan recalled. "I don't know whether you can be trusted."

Contacts With Penal Officials

The two-term congressman said that his contacts with the director of the federal prison system, Norman A. Carlson, and Talledega warden Robert Verdyne had been in the nature of questioning Dennis' classification when he was in prison and, through a staff assistant, arguing that he get a furlough to attend his brother's funeral.

He said he had not been seeking special treatment for Dennis but rather only fair treatment that the prisoner deserved.

Both Verdyne and a spokesman for Carlson told The Times that Dornan had been in contact. Verdyne said that the furlough Dennis received and the prisoner's classification both were his (Verdyne's) decisions and that the congressman had not influenced him one way or another.



Robert Dornan

Dornan's talks with Dennis and his statements about them are the latest developments in a controversy that has come to dominate the contest between Dornan and Peck, son of actor Gregory Peck, in the 27th Congressional District, on the West Side of Los Angeles.

Two years ago, when Dornan narrowly defeated Peck, Peck reported receiving \$13,000 in campaign contributions through Dennis, then a Birmingham, Ala., businessman whom Gregory Peck had met at an Alabama political fund-raising dinner.

Several months later, it was disclosed that the donations were illegal, that they had not come in \$1,000 amounts from 13 separate people as originally stated by Dennis but rather all from Dennis himself. Federal law prohibits a congressional candidate from receiving more than \$1,000 from an individual.

Carey Peck has stated that when he discovered that he took out a \$13,000 loan and that his attorney handled a check for that amount to Dennis in Los Angeles on June 14, 1979, that concerning all the money involved.

Dornan, who has raised questions
Please Turn to Page 14, Col. 1

DORNAN TRIED TO AID INMATE

Continued from Third Page

about the \$13,000 in newspaper advertisements, campaign pronouncements and speeches on the floor of Congress, now is claiming that Dennis informed him when he met him in the Talledega prison that when he got the \$13,000 Peck check, he promptly cashed it at Peck's bank and returned the money in cash to Peck.

Peck vehemently denies this, and in recent comments Dennis, too, denies it. He says that Dornan tried to get him to make this accusation but that he refused.

Dornan's wife, Sally, and a staff member who accompanied Dornan to Talledega, Brian Young, collaborate the congressman's statement that Dennis told him at their prison meeting that he had returned the money to Peck in cash.

But the FBI and the U.S. attorney's office in Birmingham, which also had observers at the Dornan-Dennis meeting in the Talledega prison, refuse to confirm or deny that this was said and have declined all comment on anything that was said.

U.S. Attorney J. R. Brooks, in Birmingham, refused Dornan's request to be allowed to testify before the grand jury looking into allegations involving Dennis because he said he believed the congressman had a political motive.

Dornan has accused Brooks, the U.S. Justice Department and the Federal Election Commission of being involved in a cover-up of the matter.

Peck's Challenge to Congressman

Peck, meanwhile, told The Times that since Dornan had raised on the floor of the House the question of whether he got the \$13,000 back from Dennis, Dornan ought to substantiate the charge if he can.

"He's made very serious charges, and questions have been raised and not one of them has ever been substantiated," the Democratic challenger said in an interview. "We do have hard proof that the payment back was made (to Dennis). There is no proof, not even circumstantial, that it ever came back to me."

Peck said he was particularly concerned because two tape recordings of telephone conversations between Dornan and Dennis' attorney, Richard Groenendyke of Birmingham, indicate in his view that Dornan may have entered into an improper deal with Dennis. The conversations were taped by Groenendyke.

The tape recordings were played for Dornan in the course of The Times interview, and the congressman said he was "happy" with them "because I think it clears me in tapes."

On one tape, Dornan is heard to tell Groenendyke, at the beginning of a conversation last June 13.

"I made a promise to Dennis that if he helped me I'd help him and I am trying to keep my end of the promise for selfish reasons as well as humanitarian reasons."

Later in the same conversation, telling of his contacts with Justice Department, FBI and prison officials, Dornan remarks:

"I am using my rights as an incumbent to defend my derrière and my seat, and, in the course of it, I pick up some friendships and acquaintances that can get nothing special for Dennis but get him the cutting edge of everything that's fair then I am certainly going to do that to keep him disposed to back up the things he's already told me."

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A moment later in the conversation, he tells Groenendyke that he is sending along to Groenendyke's law partner, Steve Salter, a copy of a letter he sent June 10 to Carlson, the director of federal prisons.

In this letter, sent to Carlson's home in suburban Burke, Va., rather than to his Washington office, Dornan told the prison director:

"I very much appreciate the personal courtesies you extended to me and the time you spent in the matter of James H. Dennis Sr. My purpose in calling was to make sure that Mr. Dennis would be receiving all the statutory 'good time' to which he was entitled.

"It has come to my attention that Mr. Dennis has been reclassified to the status of 'community custody.' It appears that his previous classification was not the proper one in light of his offense.

"I was most impressed with your interest and diligence in this matter. If I may be of assistance to you in my congressional capacity, please don't hesitate to call on me."

The letter appears on Dornan's official congressional stationery, and in The Times interview he confirmed he had sent it.

Prisoner Classification Issue

However, he added that he now believes he had nothing to do with any changes in Dennis' classification. He said Carlson told him he had checked out his questions but that action on both the furlough and classification had already been taken.

In Washington, a Carlson spokesman acknowledged he had received Dornan's letter, but he could not comment extensively on Carlson's dealings with the congressman because, he said, the federal prison director was out of the country.

Dornan explained in the interview that he had undertaken both the conversations with Groenendyke and the approaches to prison officials in hopes of "drawing Dennis out." He said he had suspected at the time that Groenendyke was taping him.

Asked what specifically he meant by making the statement that if Dennis helped him, he would help Dennis, Dornan replied: "I have to play a cat-and-mouse game partially."

But, the congressman said, he finally wearied of dealing with Dennis because, he said, Dennis would never tell journalists what Dornan claimed he had told him at the Talledega prison meeting about returning the cash to Peck.

On July 22, Dornan said, he told Dennis on the telephone, "I think I'm going to dump out of the whole thing now. . . . In essence, don't call me, I'll call you."

But in a telephone interview, Dennis contended that it was he who had informed Dornan that day that he wanted to back out of a deal he claimed the two had made.

"The deal was this," Dennis said. "I would let him run wild if he wanted to, to make a few accusations (against Peck) . . . and then after the primary election, I would come out to California and hold a press conference. Very truthfully, at one time I considered doing that, but you do a lot of things when you're locked up to try to better your position."

As for Peck, Dennis said, "I never did give the money back to Carey. As far as I am concerned, Carey Peck is probably one of the most ethical and honest men I've ever met."

SALES

Los Angeles, CA
(Los Angeles Co.)
Los Angeles Times
(Cir. D. 1,057,611)
(Cir. S. 1,344,660)

SEP 7 1980

Allen's P. C. B. Est. 1888

An Apology Is in Order

^{P 75}
The very least that Robert K. Dornan owes Carey Peck is a public apology. The Republican representative of the 27th District has been insinuating for months that his Democratic opponent may have taken an illegal cash contribution in the first contest between them two years ago.

Dornan can't prove it, but that hasn't kept him from assailing Peck's integrity in the Congressional Record, in newspaper advertisements and in campaign statements.

It is possible to explain, but not condone, Dornan's dirty politics. He almost lost his seat to Peck in a close election in 1978, and faces another tough challenge from him in November.

Dornan's attempt to smear his opponent involves a former convict for whom he tried to get better treatment in prison in the hope that the inmate would come to California after his release and accuse Peck of a serious violation of election laws.

The felon, James H. Dennis, was serving a six-month sentence for fraud earlier this year while Dornan was in telephone contact with him, and was even visited by Dornan at the federal correctional institution in Talladega, Ala. The record shows that Dornan tried to use his influence with the director of the federal prison system in behalf of Dennis, in the expectation that the convict would charge Peck with accepting an illicit contribution of \$13,000.

Dennis had met Peck's father, actor Gregory Peck, at a fund-raising dinner in Alabama two years ago, and did send the young congressional

candidate 13 checks for \$1,000 each, and said the money had come from 13 different contributors. (Federal law places a \$1,000 limit on the amount that a candidate can accept from an individual.)

When Peck found out that all the money was from Dennis himself, he saw to it that a check for the full \$13,000 was sent back to the Alabamian. But Dornan has been alleging that Peck later took the money in cash from Dennis.

Peck denies it vehemently, and Dennis now also denies that there is the slightest truth to the story. The best that can be said for Dornan is that he was too gullible and too eager to malign his opponent.

While behind bars, Dennis did contact Dornan, and apparently did tell him that he had made the illegal payment to Peck, but he now explains that he did it only to get the representative's aid in obtaining more prison privileges for himself.

Dornan now admits that after three months of conversations with Dennis he finally began to suspect that the convict was not trustworthy, and broke off the relationship.

But, despite his own doubts as to Dennis' credibility, Dornan has continued to allude to the felon's accusations in his election advertising and statements.

Even if the charges had been true, it would have been irresponsible of Dornan to rely, as he did, solely on the word of a man serving time for fraud.

Dornan's conduct has been reprehensible, and it strengthens our opinion that the voters in the 27th District should reject him in November in favor of Peck.

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Exhibit E

Peck Cleared of Taking Illegal Donations

Justice Department Ends Investigation; Dornan Has 'Peculiar' Day

By HENNETH REICH
Times Political Writer

The U.S. Justice Department cleared Democratic congressional candidate Carey Peck of charges that he violated federal election laws Friday, saying an investigation had been completed that showed "no evidence that federal criminal law has been violated."

The department spoke out just hours after Peck's opponent, Rep. Robert K. Dornan (R-Santa Monica), had accused Peck of lying and scheming and told reporters at a Los Angeles news conference Friday morning that Peck "is undergoing a federal criminal investigation."

Word that this was not so came in a letter delivered Friday afternoon to Dornan's Washington, D.C., office from Phillip B. Heymann, assistant attorney general in the Justice Department's criminal division.

He said there had been an investigation into charges, much aired by Dornan, that both Peck and U.S. Sen. Donald Stewart, (D-Ala.), had

taken illegal covert cash contributions, but that the inquiry was over now and both men were cleared.

A short time later, a subdued Dornan told The Times in a telephone interview that he was going to drop the matter for the rest of his campaign battle with Peck in the 27th District on the West Side of Los Angeles.

"Peck is the most reprehensible liar I've ever met in politics for a man of his age," Dornan said. "(But) the bitterness is over, the investigation is over. He's exonerated by Phillip Heymann's unit and I'm finished with it until Nov. 5 (the day after the election). Don't worry, there won't be any more sparks from this campaign. I'm walking precincts for the next 53 days."

Peck, however, responded that he felt Dornan had behaved so badly in the matter that he intended to make it a major campaign issue.

Dornan called Friday's fast Justice Department response to his statement "the most peculiar day of my life" and he insisted that the in-

vestigation into his opponent had been stopped between the time he said it was going on in the morning and the time the Heymann letter was delivered in the afternoon.

But Dornan seemed at a loss to explain why, if that were so, he himself had stated in a letter to FBI Director William H. Webster eight days before that he had been informed the Peck investigation was over. Dornan himself had given that Sept. 4 letter to a Times reporter in Washington, D.C., on Thursday.

Dornan said he still intends to file a complaint against Peck relating to his charges that Peck took illegal cash before the Federal Election Commission after the election. But he said he would not bring up the matter again before then.

"I wanted an investigation," he said. "I'm relieved. I'm going to run a totally positive campaign on the issue as I always have. . . . Peck has always been negative."

Commenting on Dornan's statement, Peck, however, told The Times: "Please Turn to Page 12, Col. 1"

SEP 13 1980

Allen's P. C. B. Est. 1888

Part II—Sat., Sept. 13, 1980 Los Angeles Times *

JUSTICE DEPARTMENT CLEARS PECK

Continued from First Page

Times that he found it "unbelievable."

"It is self-serving and frankly it sounds to me that he's trying to get away from the statement he made just this morning, accusing me of wrongdoing and attacking my family as well," Peck said.

"Now that his attacks have been proved scurrilous and his allegations denied by the Justice Department, he's desperately trying to put a good light on it," Peck continued. "It isn't possible, and the ethical questions that I mentioned before—his aid to a federal convict in hopes that he would make false statements against me—remain, and I think he's opened himself up for legal action as well."

This was a reference to Dornan's acknowledgement recently that he had contacted federal prison authorities to get better treatment for an inmate he was hoping would publicly accuse Peck of covertly accepting \$13,000 in illegal cash from him.

The convict, James H. Dennis, did apparently make such a charge in a meeting with Dornan on April 30 in

the Talladega federal prison. But the ensuing investigation by the Justice Department and the FBI was the one that was declared Friday to have cleared Peck.

Dennis, too, has since declared he was not telling the truth in making the charge. Dennis said he made the statements as part of a deal with Dornan to get Dornan's help to better his prison status. Dornan has denied there was such a deal.

Peck said Friday evening that he considers Dornan's statements in the entire matter "ludicrous."

"He has spent what must be hundreds of hours of his time and his staff's time pursuing this matter," Peck said. "He has used his office and he has made statements on the floor of the House of Representatives against my campaign, myself and my family, and now he's trying to deny the whole thing."

"When he said this morning that I'm under investigation, and it takes exactly six hours for the Justice Department to put the lie to that, one sees where he is."

U.S. absolves Peck in campaign fund probe

Dornan to drop matter against foe — for now

By Mike Qualls
Herald Examiner politics editor

The U.S. Justice Department yesterday ended its investigation into Alabama businessman James Dennis' illegal political contributions to Southland congressional candidate Carey Peck and Alabama U.S. Sen. Donald Stewart and announced that "no criminality" could be found.

The department announced the end of the probe yesterday afternoon, about five hours after Rep. Robert Dornan, R-Santa Monica, had accused Peck, his Democratic general election opponent and the son of actor Gregory Peck, of "knowingly" receiving \$13,000 in illegal contributions from Dennis in 1978.

Dornan leveled that charge at a Los Angeles news conference yesterday morning after releasing an FBI memorandum Thursday night containing allegations by Dennis that Peck had solicited and received the \$13,000 from Dennis in violation of federal law that prohibits individuals from giving more

than \$1,000, and then tried to cover it up.

The memo — the contents of which have since been denied by Dennis — was obtained by Dornan from the Justice Department through the Freedom of Information Act. It details FBI agent Willis Deffenbaugh's report of an April 30 meeting between Dornan and Dennis at an Alabama federal prison where the latter was incarcerated for defrauding a San Francisco-based corporation out of \$997,000.

During his news conference yesterday, Dornan also released two thick volumes — one containing 187 pages chronologically detailing his allegations, and the other a 228-page report containing 109 documents intended to back them up. At the news conference, Dornan lashed out at Peck, ridiculing his denial of any wrongdoing and saying that "a fool would have been suspicious" about the \$13,000 given to his campaign in 1978 in the form of 13 \$1,000 cashiers checks. In that 1978 campaign, incumbent Dornan narrowly beat Peck for the 27th Congressional District seat.



Robert Dornan
Ridiculed opponent's denials
(which covers the coastal area from Santa Monica to the Palos Verdes Peninsula).

Dornan also disclosed during his meeting yesterday with reporters that the FBI was investigating Dennis' contributions. When Justice Department spokesman John Russell was asked to verify that claim late yesterday, he replied, "The Criminal Division advises today that the matter is now closed. This afternoon, that decision was made."

Dornan/A-12, Col. 3

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Dornan

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Dornan/A-12, Col. 3

"This morning I thought I was going to the pokey," Peck joked late yesterday after hearing the news. "Now, it looks like Mr. Dornan may be going."

Referring to Dornan's allegations and comments during his news conference yesterday morning, Peck said, "It was a scurrilous and unjustified attack. He doesn't have a fact with him and is campaigning on smears."

"We're considering legal action," Peck declared.

A subdued Dornan reacted to the Justice Department statement by saying he intends to drop his allegations "for 53 days," until the Nov. 4 election, "and then I will file formal complaints with the Federal Election Commission (FEC) against both Peck and Stewart."

(The FEC had justified not investigating Peck previously because no one had ever filed a complaint.)

Dornan went on to call Peck a "reprehensible liar" and vowed to "ignore him" and not to make any joint appearances with Peck, such as candidate forums, during the balance of the fall campaign.

"I will not touch him during the rest of the campaign with a 100-foot pole," added Dornan, who explained, "I feel he's unprincipled."

The Dornan-Peck feud over the \$13,000 has been going on for the past year, and recently became the major issue of the campaign.

Peck has admitted receiving \$13,000 in 13 separate \$1,000 cashiers checks in 1978. But he maintains that he never suspected any impropriety because he believed the money was flowing in as a result of contacts his father made when the elder Peck accompanied U.S. Sen. Alan Cranston to Alabama in 1978 to campaign for Stewart.

Peck also insists that he returned the money last year after learning that, instead of coming from 13 different donors, it all had been given by Dennis, a Birmingham, Ala., coal mining equipment broker.

Dennis subsequently admitted to federal authorities that he used the names of 12 other persons to donate the entire \$13,000 to Peck.

Dennis also admitted using the same technique to donate \$22,000 to the Stewart campaign, and last Sept. 6 agreed to pay \$18,000 in civil penalties to the FEC.

While readily admitting the receipt of the \$13,000, Peck has steadfastly denied any wrongdoing. But Dornan challenged his opponent's account of the episode and suggested that the FEC, the agency charged with investigating campaign irregularities, tried to cover up "criminal misconduct" by Peck and engaged in a "whitewash" of Gregory Peck's involvement in the affair.

FEC records show that the agency closed its books on the contribution after Peck borrowed \$13,000 — from City National Bank where he had a line of credit established, Peck later said — and returned the money to Dennis last June 14.

But Dornan alleged that Peck "merely went through the motions" of returning the \$13,000 to Dennis, and that the money "never left California."

Dornan based that allegation — that Dennis cashed the check and handed the currency back to Peck in Los Angeles on June 14, 1978 — solely on his conversation with Dennis, which FBI agent Deffenbaugh reported in the memo obtained and released Thursday night by the congressman.

Peck had steadfastly denied the allegations contained in the memo, saying that Dennis, a convicted con man, was an "unworthy" witness and suggesting that Dornan had been trying to make a deal with the businessman. Dornan, in turn, heatedly denied that allegation.

San Pedro, CA
(Los Angeles Co.)
News Pilot
(Cir. D. 14,361)

SEP 13 1980

Allen's P.C.B. 1.0.1888

Peck is cleared

No evidence to back charges Demo hopeful violated campaign laws

By Rich Connell
Political writer

The U.S. Justice Department on Friday cleared 27th Congressional District candidate Carey Peck of any illegal actions in connection with contributions to his 1978 campaign.

A spokesman for the department said "we looked into the matter, but it has been closed."

In a letter delivered late in the day to Rep. Robert K. Dornan, Peck's Republican opponent, a high-ranking Justice Department official said a "thorough inquiry" had been conducted into allegations that Peck and Sen. Donald Stewart, D-Ala., may have violated federal law.

"We conclude (there is) no evidence that federal criminal law has been violated," wrote Phillip B. Heymann, assistant attorney general of the criminal division.

The announcement came on the heels of a press conference earlier in the day where Dornan said Peck was the target of

an FBI investigation.

After the Justice Department announcement, Dornan said it confirmed an investigation has been under way and that he was vindicated.

Peck said it showed Dornan's charge was a "total lie" and claimed the congressman had "opened himself up for legal action."

The contributions in question were made to the Peck and Stewart campaigns late in the 1978 campaign by Alabama businessman James Dennis.

Dennis sent Peck 13 \$1,000 cashiers checks, 12 of which were in other names. It turned out Dennis, who was later convicted of coming a California firm, had donated all the money himself, a violation of federal campaign laws.

Peck said he did not know the funds were donated illegally and took a bank loan to return all of the funds when he became suspicious of Dennis in June 1979.

Dornan has continued to press the issue,

investigating the transaction and claiming Peck should have been suspicious.

But the congressman's efforts to damage Peck have backfired politically and questions have been raised about Dornan's involvement with Dennis.

Dornan's office had sought improved treatment of Dennis, who was serving a prison term, at the same time Dornan was urging Dennis to issue damaging statements about Peck.

Dornan even met with Dennis in prison in April. It was at that meeting that Dennis told Dornan he had come to Los Angeles to get his money back from Peck, but cashed the check and gave the cash back to Peck.

Peck has strongly denied the charge, and Dennis also now denies giving the cash back to Peck.

Dennis said he made the charge initially in hopes of getting aid from Dornan for better prison treatment. Dornan has denied making any deals with Dennis or prison officials.

After the Justice Department announce-

ment, Peck called Dornan's attacks "totally unsubstantiated and scurrilous" and "without any backup whatsoever."

Dornan claimed the timing of the Justice Department announcement — on the day of his press conference — "makes this more than highly suspect."

He blasted Stewart, who has been forced into a runoff in Alabama partly because of coverage of the Dennis affair, may have applied pressure in Washington D.C., where the announcement was made.

Stewart was also cleared in the Justice Department statement Friday.

In any case, Dornan vowed late Friday that he would "not breathe another word" about the contributions during the remainder of the campaign, though he will seek a Federal Elections Commission probe after the election.

He had been saying he would drop the matter after his press conference, during which he gave out two large volumes of an "investigative report" on the incident.

Torrance, Calif.
 (Los Angeles co.)
 Manhattan Beach
 Messenger
 (Cir. W.)

SEP 17 1980

Allen's P. C. B. Est. 1888

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P-75

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Delivered Friday, Sept. 12

Dear Congressman Dornan:

Based on information, the Public Integrity section of this division, in conjunction with the FBI, has conducted a thorough inquiry into allegation that Sen. Donald Stewart of Alabama and congressional candidate Carey Peck of California may have violated federal criminal law.

That inquiry, including the obtaining of analyses of documents from the FEC, and Sen. Stewart has been completed. We conclude no evidence that federal criminal law has been violated. Thank you for your concern and cooperation in this matter.

Phillip B. Heymann, assistant attorney general, criminal division

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GROENENDYKE AND SALTER
ATTORNEYS AT LAW
SUITE 806, TITLE BUILDING
2030 3RD AVENUE, NORTH
BIRMINGHAM, ALABAMA 35203

RICHARD A. GROENENDYKE, JR.
J. STEPHEN SALTER

AREA CODE 205
TELEPHONE 251-6666

June 13, 1979

Mr. Cary Peck
1019 5th Street
Building #10
Santa Monica, California 90403

Re: James H. Dennis, Sr.

Dear Mr. Peck:

At the instruction of our client, Mr. James H. Dennis, Sr., we are herewith enclosing his letter of this date which is self-explanatory. If we can be of assistance in any way, do not hesitate to call upon us.

Sincerely,

GROENENDYKE AND SALTER

J. Stephen Salter/mc
J. Stephen Salter

JSS/mc
Encl.

31710271354

Mr. Cary Peck
1019 5th Street
Building #10
Santa Monica, California 90403

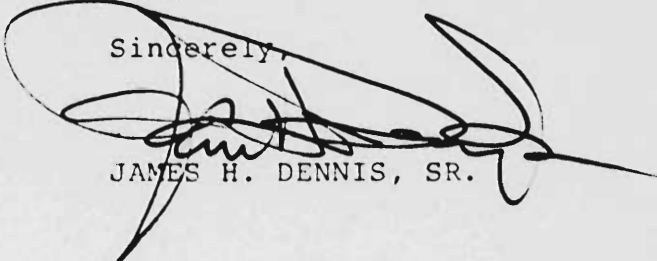
Dear Mr. Peck:

In response to our recent communications, this is to advise that I supplied the funds for the contributions made to your campaign election committee in the names of the following individuals for the amounts listed:

Richard Morehart	\$1,000.00
Roy J. Ledbetter	\$1,000.00
Charlie Mike Chancey	\$1,000.00
Gary M. Dennis	\$1,000.00
Terry Henley	\$1,000.00
James Chancey	\$1,000.00
Johnny Desmond	\$1,000.00
Max Gurley	\$1,000.00
Wayne Moore	\$1,000.00
Andy Shadix	\$1,000.00
Mike Henley	\$1,000.00
Robbie Chancey	\$1,000.00

I would request these funds be returned to me since I am now aware same could be contrary to the regulations governing campaign contributions. I know neither you nor your committee were aware of my funding of these contributions and I am sorry for any problems this has caused.

Sincerely,


JAMES H. DENNIS, SR.

JHD, Sr.

31040201355

LEWIS, D'AMATO, BRISBOIS & BISGAARD

ROBERT F. LEWIS
GEORGE G. D'AMATO
CHRISTOPHER P. BISGAARD
ROY M. BRISBOIS
R. GAYLORD SMITH
DAVID S. PARKER
JULIUS G. RADCLIFF, JR.
DAVID E. REYNOLDS
DUANE C. MUSFELT
JOSEPH M. ANDREWS
RAUL L. MARTINEZ
SCOTT LICHTIG
CONRAD R. ARAGON
ALAN E. GREENBERG
JEFFREY A. TIDUS
M. PATRICIA MARRISON
LAUREN UDDEN
LINDA HULSE
WILLIAM F. GREENHALGH
JEFFREY A. SWEDO
STEVEN MARK LEVY
MARY G. WHITAKER
ROBERT A. SCHWARTZ
NANCY N. POTTER

LAWYERS

FIVE PARK-SUITE 300
261 SOUTH FIGUEROA STREET
LOS ANGELES, CALIFORNIA 90012
TELEPHONE (213) 628-7777

CABLE ADDRESS: "FIVE PARK"
TELEX: 194608

December 4, 1980

MEMBER NEW YORK BAR ONLY

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

Attention: Anne Cauman

Re: MUR 1331

Dear Mr. Steele:

In response to your letter dated November 7, 1980, respondents Carey Peck For Congress and Carey Peck hereby respond to Congressman Robert K. Dornan's complaint dated November 3, 1980. Two additional copies of this response are enclosed, one of which we ask be conformed and marked to indicate its receipt, and then returned to this office in the enclosed, self-addressed, stamped envelope. The second copy is provided for your convenience.

These respondents respectfully submit that no further action should be taken by the Commission on this matter since, as the accompanying affidavit and exhibits demonstrate, respondents have not violated any part of the Federal Election Campaign Act or the Commission's regulations.

1. INTRODUCTION

This complaint is a companion to the complaint in MUR 1332. It concerns generally the same subject matter, although the complaint in this MUR does not specifically name Carey Peck as a respondent. Instead, it appears to be focused only on James H. Dennis.

The subject matter concerns certain illegal contributions that were made by James H. Dennis ("Dennis") in 1978 to the campaign committees of both Senator Donald Stewart and Carey Peck ("Peck"). Insofar as Peck is concerned, Congressman

31040291358

Mr. Charles N. Steele
December 4, 1980
Page Two

Dornan ("Dornan") generally alleges that Peck never actually refunded the illegal contributions to Dennis. Instead, Dornan suggests, Peck's refund check to Dennis was "U-turned. . . right back to Carey Peck in a check exchange charade." (Complaint, page 2.)

The charge is simply false.

2. CIRCUMSTANCES OF THE INCIDENT

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The charge being made by Dornan, which he also attempted to make into a campaign issue in the 1980 election campaign, is that Peck, sometime after learning of the nature of the illegal contributions, made arrangements to have a refund check prepared and delivered to Dennis. However, no sooner was the check delivered to Dennis than he, Dennis, promptly cashed it and returned the full amount, in cash, to Peck. The charge is totally untrue, and was vehemently denied by Peck throughout the campaign. (Affidavit of Peck, ¶ 6.)

However, Dornan, in an effort to obtain substantiation for the charge, met on at least one occasion with Dennis, in prison, which was followed by a statement by Dennis, later retracted, to the effect that such a cash refund had actually taken place. The entire episode was much publicized and, ultimately, Peck was cleared of any such wrongdoing. (See attached clippings from newspaper articles, Exhibit "B.") Ultimately, the United States Justice Department, apparently at the urging of Dornan, conducted its own investigation into this particular allegation. On September 12, 1980, said Department, through Phillip B. Heymann, assistant attorney general in the Justice Department's criminal division, announced that it had conducted a thorough inquiry into the matter and, based upon same, had concluded that there was no substantiation to the charge. (Exhibit "C.")

3. THE FEC SHOULD TAKE NO FURTHER ACTION ON THIS COMPLAINT

The charge being made by Dornan in this complaint is simply and clearly unfounded. It is a continuing bit of campaign rhetoric that was debunked by the Justice Department, that was and is vehemently denied by Peck himself, and that should not have new legitimacy bestowed upon it by the Commission by virtue of this complaint filed under 2 U.S.C. §437g(a)(1).

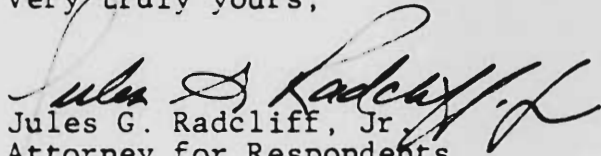
Mr. Charles N. Steele
December 4, 1980
Page Three

There is simply no factual basis presented which would permit the Commission to conclude that there is even the faintest reason to believe that the Federal Election Campaign Act has been violated.

4. CONCLUSION

For all of the foregoing reasons, these respondents respectfully submit that they have clearly demonstrated that the Commission should take no further action on this matter against either Peck or Carey Peck For Congress on the basis of the within complaint.

Very truly yours,


Jules G. Radcliff, Jr.
Attorney for Respondents,
Carey Peck, and
Carey Peck For Congress

JGR/mr
Enclosures

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AFFIDAVIT OF CAREY PECK

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STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Carey Peck, being first duly sworn, hereby state and declare as follows:

1. I am a resident of Los Angeles, California, and was the Democratic candidate for Congress in the 27th Congressional District in the 1978 election. Carey Peck For Congress is, and in 1978 was, my principal authorized campaign committee.

2. The following statements are based upon my personal knowledge and, if called upon to do so, I would and could competently testify to same.

3. I have read the complaint filed against me by Robert K. Dornan. I am aware of the charge therein that James H. Dennis returned to me the sum of \$13,000 after he was given a check in that amount refunding to him certain illegal contributions he had made to my 1978 campaign. The charge is the same that was made by Dornan during the 1980 election campaign and, to my knowledge, was thoroughly investigated both by the local newspapers and by the United States Justice Department.

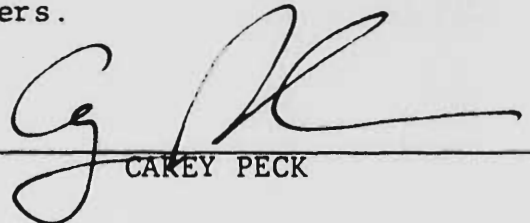
4. On June 14, 1979 Dennis was presented with a check in the amount of \$13,000, representing a refund to him of \$12,000 in illegal contributions made by him in the names of others, together with \$1,000 contributed in his own name. The check was presented to him by my attorney, Jules G. Radcliff, Jr. I was not present at that time and did not,

31010201350


1 of course, personally deliver the check to Dennis.

2 5. It is my understanding that Dennis left Mr.
3 Radcliff's office and, later that same date, cashed the check
4 at a bank in Los Angeles. Neither I nor anyone from my
5 committee had anything to do with Dennis' decision to cash
6 the check as and when he did, nor did I or anyone from my
7 committee accompany him to the bank where the check was cashed.

8 6. At no time, either before or after June 14, 1979,
9 did I accept from Dennis the sum of \$13,000, or any other sum
10 at all, in cash or in any other form, for any reason whatsoever.
11 I have no idea what Dennis did with the money he received when
12 he cashed the check, but I do know that it did not come back
13 to me, it did not go to anyone connected in any way whatsoever
14 with my campaign, and it certainly did not find its way back
15 into my campaign committee's coffers.

16
17 
18 CAREY PECK

19
20 Subscribed and sworn to before me
21 on December 3, 1980, at Los Angeles,
22 California.

23
24 
25



81740271362

Exhibit B

Daily Breeze 9/11/79
U.S.A. 1979
\$13,000 donation issue persists

Dornan: Peck is under investigation

By Rich Connell
Political writer

Struggling to overcome recent criticism of his campaign activities, Congressman Robert K. Dornan today claimed his opponent, Carey Peck, is under investigation by federal authorities.

At a Los Angeles press conference which Dornan earlier described as one of the most important of his political career, the 27th District Republican said, "The bottom line is Peck is being investigated and I am not."

Dornan released a two-volume "investigative report" conducted by his office which he claimed shows Peck's "ABSCAM mentality" stemming from a 1978 campaign contribution.

The fiery congressman was pressed hard by reporters to provide substantiation of an investigation. But he could only respond that FBI agents had told him the probe was under way.

Dornan also suggested the unwill-

ingness of federal authorities to confirm or deny an investigation indicates one exists.

After coming under close questioning about his own handling of the matter, Dornan abruptly cut off the press conference.

His charges are tied to Peck's campaign in 1978, when he came close to unseating the incumbent. Alabama businessman James Dennis gave Peck \$13,000 in cashiers checks.

Dennis, who later was convicted of swindling a California company of nearly \$1 million, had personally donated all of the money in other individuals' names — a violation of the \$1,000 limit on congressional contributions.

Peck claims he had no reason to be suspicious of the donations at the time they were made. Several months later when he began to suspect Dennis, he returned all of the money.

The congressman now is focusing on a prison interview he had with Dennis in which the convict said he gave the money back to Peck in

cash.

Dornan has come under fire for his contacts with Dennis and prison officials. Dennis served six-months in Alabama federal prison and is now free pending an appeal.

Dornan had several phone conversations with Dennis and met with the convict in prison at the same time he was urging Dennis to issue damaging statements against Peck.

Dornan admits his office contacted prison officials to seek improved treatment for Dennis. Today Dornan tried to focus the controversy back on Peck, claiming "a fool would have been suspicious" of the Dennis donations when they were made in November 1978.

Although the press conference may not have had the effect Dornan intended, there was substantiation of one of the congressman's allegations Thursday.

An FBI agent's report was made public that for the first time confirmed Dornan's claims that Dennis told him he had covertly given the \$13,000 back to Peck in cash after it was returned by the candidate.

An FBI agent, Willis M. Doffenbaugh, was present during the meeting in prison. In a FBI memo, Doffenbaugh said Dennis told the congressman he had come to Los Angeles in June 1979. He explained that he met with Peck at Peck's attorney's office and that after cashing the refund check, he "merely handed the \$13,000 cash over to Peck."

Peck has vehemently denied the allegation and claims he did not even meet with Dennis during that trip. Dennis now also denies getting the cash back to Peck.

Dennis now says he made the allegation because Dornan had promised to arrange for him to receive better treatment in prison.

After his release from prison, the convict claims, he told Dornan he would not go through with the deal.

Dornan has denied doing anything improper or making any deals with Dennis. At his press conference today, Dornan said, "I made no promises."

Dornan Acknowledges He Attempted to Aid Convict

Hoped Inmate Would Accuse Political Foe of Accepting Illegal Gift

By **KENNETH REICH**
Times Political Writer

Rep. Robert K. Dornan (R-Santa Monica) has acknowledged that he contacted federal prison authorities to get better treatment for an inmate he was hoping would publicly accuse Dornan's campaign opponent, Democrat Carey Peck, of accepting illegal cash contributions.

Dornan, in a Times interview, said he had been playing "a cat-and-mouse game" with James H. Dennis, convicted of fraud in Alabama and serving six months in federal prison at the time, after Dennis indicated to him that he had damaging information on Peck.

However, Dornan said that after three months of telephone exchanges with Dennis and one meeting with him in the Talledega, Ala., federal correctional institution April 30, he had informed him July 22, after his release from prison, that he no longer wished to deal with him.

"I said, 'James, I don't think I want you out in California,'" Dornan recalled. "I don't know whether you can be trusted."

Contacts With Penal Officials

The two-term congressman said that his contacts with the director of the federal prison system, Norman A. Carlson, and Talledega warden Robert Verdyne had been in the nature of questioning Dennis' classification when he was in prison and, through a staff assistant, urging that he get a furlough to attend his brother's funeral.

He said he had not been seeking special treatment for Dennis but rather only fair treatment that the prisoner deserved.

Both Verdyne and a spokesman for Carlson told The Times that Dornan had been in contact. Verdyne said that the furlough Dennis received and the prisoner's classification both were his (Verdyne's) decisions and that the congressman had not influenced him one way or another.



Robert Dornan

Dornan's talks with Dennis and his statements about them are the latest developments in a controversy that has come to dominate the contest between Dornan and Peck, son of actor Gregory Peck, in the 27th Congressional District, on the West Side of Los Angeles.

Two years ago, when Dornan narrowly defeated Peck, Peck reported receiving \$13,000 in campaign contributions through Dennis, then a Birmingham, Ala., businessman whom Gregory Peck had met at an Alabama political fund-raising dinner.

Several months later, it was disclosed that the donations were illegal, that they had not come in \$1,000 amounts from 13 separate people as originally stated by Dennis but rather all from Dennis himself. Federal law prohibits a congressional candidate from receiving more than \$1,000 from an individual.

Carey Peck has stated that when he discovered this, he took out a \$13,000 loan and that his attorney handed a check for that amount to Dennis in Los Angeles on June 14, 1979, thus returning all the money involved.

Dornan, who has raised questions

Please Turn to Page 14, Col. 1

DORNAN TRIED TO AID INMATE

Continued from Third Page

about the \$13,000 in newspaper advertisements, campaign pronouncements and speeches on the floor of Congress, now is claiming that Dennis informed him when he met him in the Talledega prison that when he got the \$13,000 Peck check, he promptly cashed it at Peck's bank and returned the money in cash to Peck.

Peck vehemently denies this, and in recent comments Dennis, too, denies it. He says that Dornan tried to get him to make this accusation but that he refused.

Dornan's wife, Sally, and a staff member who accompanied Dornan to Talledega, Brian Young, collaborate the congressman's statement that Dennis told him at their prison meeting that he had returned the money to Peck in cash.

But the FBI and the U.S. attorney's office in Birmingham, which also had observers at the Dornan-Dennis meeting in the Talledega prison, refuse to confirm or deny that this was said and have declined all comment on anything that was said.

U.S. Attorney J. R. Brooks, in Birmingham, refused Dornan's request to be allowed to testify before the grand jury looking into allegations involving Dennis because he said he believed the congressman had a political motive.

Dornan has accused Brooks, the U.S. Justice Department and the Federal Election Commission of being involved in a cover-up of the matter.

Peck's Challenge to Congressman

Peck, meanwhile, told The Times that since Dornan had raised on the floor of the House the question of whether he got the \$13,000 back from Dennis, Dornan ought to substantiate the charge if he can.

"He's made very serious charges, and questions have been raised and not one of them has ever been substantiated," the Democratic challenger said in an interview. "We do have hard proof that the payment back was made (to Dennis). There is no proof, not even circumstantial, that it ever came back to me."

Peck said he was particularly concerned because two tape recordings of telephone conversations between Dornan and Dennis' attorney, Richard Groenendyke of Birmingham, indicate in his view that Dornan may have entered into an improper deal with Dennis. The conversations were taped by Groenendyke.

The tape recordings were played for Dornan in the course of The Times interview, and the congressman said he was "happy" with them "because I think it clears me in spades."

On one tape, Dornan is heard to tell Groenendyke, at the beginning of a conversation last June 13:

"I made a promise to Dennis that if he helped me I'd help him and I am trying to keep my end of the promise for selfish reasons as well as humanitarian reasons."

Later in the same conversation, telling of his contacts with Justice Department, FBI and prison officials, Dornan remarks:

"I am using my rights as an incumbent to defend my derriere and my seat, and, if in the course of it, I pick up some friendships and acquaintances that can get nothing special for Dennis but get him the cutting edge of everything that's fair then I am certainly going to do that to keep him disposed to back up the things he's already told me."

A moment later in the conversation, he tells Groenendyke that he is sending along to Groenendyke's law partner, Steve Salter, a copy of a letter he sent June 10 to Carlson, the director of federal prisons.

In this letter, sent to Carlson's home in suburban Burke, Va., rather than to his Washington office, Dornan told the prison director:

"I very much appreciate the personal courtesies you extended to me and the time you spent in the matter of James H. Dennis Sr. My purpose in calling was to make sure that Mr. Dennis would be receiving all the statutory 'good time' to which he was entitled.

"It has come to my attention that Mr. Dennis has been reclassified to the status of 'community custody.' It appears that his previous classification was not the proper one in light of his offense.

"I was most impressed with your interest and diligence in this matter. If I may be of assistance to you in my congressional capacity, please don't hesitate to call on me."

The letter appears on Dornan's official congressional stationery, and in The Times interview he confirmed he had sent it.

Prisoner Classification Issue

However, he added that he now believes he had nothing to do with any changes in Dennis' classification. He said Carlson told him he had checked out his questions but that action on both the furlough and classification had already been taken.

In Washington, a Carlson spokesman acknowledged he had received Dornan's letter, but he could not comment extensively on Carlson's dealings with the congressman because, he said, the federal prison director was out of the country.

Dornan explained in the interview that he had undertaken both the conversations with Groenendyke and the approaches to prison officials in hopes of "drawing Dennis out." He said he had suspected at the time that Groenendyke was taping him.

Asked what specifically he meant by making the statement that if Dennis helped him, he would help Dennis, Dornan replied: "I have to play a cat-and-mouse game partially."

But, the congressman said, he finally wearied of dealing with Dennis because, he said, Dennis would never tell journalists what Dornan claimed he had told him at the Talledega prison meeting about returning the cash to Peck.

On July 22, Dornan said, he told Dennis on the telephone, "I think I'm going to dump out of the whole thing now. . . . In essence, don't call me, I'll call you."

But in a telephone interview, Dennis contended that it was he who had informed Dornan that day that he wanted to back out of a deal he claimed the two had made.

"The deal was this," Dennis said. "I would let him run wild if he wanted to, to make a few accusations (against Peck) . . . and then after the primary election, I would come out to California and hold a press conference. Very truthfully, at one time I considered doing that, but you do a lot of things when you're locked up to try to better your position."

As for Peck, Dennis said, "I never did give the money back to Carey. As far as I am concerned, Carey Peck is probably one of the most ethical and honest men I've ever met."

SALES

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An Apology Is in Order

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^{P 75}
The very least that Robert K. Dornan owes Carey Peck is a public apology. The Republican representative of the 27th District has been insinuating for months that his Democratic opponent may have taken an illegal cash contribution in the first contest between them two years ago.

Dornan can't prove it, but that hasn't kept him from assailing Peck's integrity in the Congressional Record, in newspaper advertisements and in campaign statements.

It is possible to explain, but not condone, Dornan's dirty politics. He almost lost his seat to Peck in a close election in 1978, and faces another tough challenge from him in November.

Dornan's attempt to smear his opponent involves a former convict for whom he tried to get better treatment in prison in the hope that the inmate would come to California after his release and accuse Peck of a serious violation of election laws.

The felon, James H. Dennis, was serving a six-month sentence for fraud earlier this year while Dornan was in telephone contact with him, and was even visited by Dornan at the federal correctional institution in Talladega, Ala. The record shows that Dornan tried to use his influence with the director of the federal prison system in behalf of Dennis, in the expectation that the convict would charge Peck with accepting an illicit contribution of \$13,000.

Dennis had met Peck's father, actor Gregory Peck, at a fund-raising dinner in Alabama two years ago, and did send the young congressional

candidate 13 checks for \$1,000 each, and said the money had come from 13 different contributors. (Federal law places a \$1,000 limit on the amount that a candidate can accept from an individual.)

When Peck found out that all the money was from Dennis himself, he saw to it that a check for the full \$13,000 was sent back to the Alabamian. But Dornan has been alleging that Peck later took the money in cash from Dennis.

Peck denies it vehemently, and Dennis now also denies that there is the slightest truth to the story. The best that can be said for Dornan is that he was too gullible and too eager to malign his opponent.

While behind bars, Dennis did contact Dornan, and apparently did tell him that he had made the illegal payment to Peck, but he now explains that he did it only to get the representative's aid in obtaining more prison privileges for himself.

Dornan now admits that after three months of conversations with Dennis he finally began to suspect that the convict was not trustworthy, and broke off the relationship.

But, despite his own doubts as to Dennis' credibility, Dornan has continued to allude to the felon's accusations in his election advertising and statements.

Even if the charges had been true, it would have been irresponsible of Dornan to rely, as he did, solely on the word of a man serving time for fraud.

Dornan's conduct has been reprehensible, and it strengthens our opinion that the voters in the 27th District should reject him in November in favor of Peck. □

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Peck Cleared of Taking Illegal Donations

Justice Department Ends Investigation; Dornan Has 'Peculiar' Day

By **KENNETH REICH**
Times Political Writer

The U.S. Justice Department cleared Democratic congressional candidate Carey Peck of charges that he violated federal election laws Friday, saying an investigation had been completed that showed "no evidence that federal criminal law has been violated."

The department spoke out just hours after Peck's opponent, Rep. Robert K. Dornan (R-Santa Monica), had accused Peck of lying and scheming and told reporters at a Los Angeles news conference Friday morning that Peck "is undergoing a federal criminal investigation."

Word that this was not so came in a letter delivered Friday afternoon to Dornan's Washington, D.C., office from Phillip B. Heymann, assistant attorney general in the Justice Department's criminal division.

He said there had been an investigation into charges, much aired by Dornan, that both Peck and U.S. Sen. Donald Stewart, (D-Ala.), had

taken illegal covert cash contributions, but that the inquiry was over now and both men were cleared.

A short time later, a subdued Dornan told The Times in a telephone interview that he was going to drop the matter for the rest of his campaign battle with Peck in the 27th District on the West Side of Los Angeles.

"Peck is the most reprehensible liar I've ever met in politics for a man of his age," Dornan said. "(But) the bitterness is over, the investigation is over. He's exonerated by Philip Heymann's unit and I'm finished with it until Nov. 5 (the day after the election). Don't worry, there won't be any more sparks from this campaign. I'm walking precincts for the next 53 days."

Peck, however, responded that he felt Dornan had behaved so badly in the matter that he intended to make it a major campaign issue.

Dornan called Friday's fast Justice Department response to his statement "the most peculiar day of my life" and he insisted that the in-

vestigation into his opponent had been stopped between the time he said it was going on in the morning and the time the Heymann letter was delivered in the afternoon.

But Dornan seemed at a loss to explain why, if that were so, he himself had stated in a letter to FBI Director William H. Webster eight days before that he had been informed the Peck investigation was over. Dornan himself had given that Sept. 4 letter to a Times reporter in Washington, D.C., on Thursday.

Dornan said he still intends to file a complaint against Peck relating to his charges that Peck took illegal cash before the Federal Election Commission after the election. But he said he would not bring up the matter again before then.

"I wanted an investigation," he said. "I'm relieved. I'm going to run a totally positive campaign on the issue as I always have. . . . Peck has always been negative."

Commenting on Dornan's statement, Peck, however, told The

Please Turn to Page 12, Col. 1

SEP 13 1980

Allen's P.C.B. Inc. 1980

Part II—Sat. Sept. 13, 1980 Los Angeles Times *

JUSTICE DEPARTMENT CLEARS PECK

Continued from First Page

Times that he found it "unbelievable."

"It is self-serving and frankly it sounds to me that he's trying to get away from the statement he made just this morning, accusing me of wrongdoing and attacking my family as well," Peck said.

"Now that his attacks have been proved scurrilous and his allegations denied by the Justice Department, he's desperately trying to put a good light on it," Peck continued. "It isn't possible, and the ethical questions that I mentioned before—his aid to a federal convict in hopes that he would make false statements against me—remain, and I think he's opened himself up for legal action as well."

This was a reference to Dornan's acknowledgement recently that he had contacted federal prison authorities to get better treatment for an inmate he was hoping would publicly accuse Peck of covertly accepting \$13,000 in illegal cash from him.

The convict, James H. Dennis, did apparently make such a charge in a meeting with Dornan on April 30 in

the Talladega federal prison. But the ensuing investigation by the Justice Department and the FBI was the one that was declared Friday to have cleared Peck.

Dennis, too, has since declared he was not telling the truth in making the charge. Dennis said he made the statements as part of a deal with Dornan to get Dornan's help to better his prison status. Dornan has denied there was such a deal.

Peck said Friday evening that he considers Dornan's statements in the entire matter "ludicrous."

"He has spent what must be hundreds of hours of his time and his staff's time pursuing this matter," Peck said. "He has used his office and he has made statements on the floor of the House of Representatives against my campaign, myself and my family, and now he's trying to deny the whole thing."

"When he said this morning that I'm under investigation, and it takes exactly six hours for the Justice Department to put the lie to that, one sees where he is."

U.S. absolves Peck in campaign fund probe

Dornan to drop matter against foe — for now

By Mike Qualls
Herald Examiner politics editor

The U.S. Justice Department yesterday ended its investigation into Alabama businessman James Dennis' illegal political contributions to Southland congressional candidate Carey Peck and Alabama U.S. Sen. Donald Stewart and announced that "no criminality" could be found.

The department announced the end of the probe yesterday afternoon, about five hours after Rep. Robert Dornan, R-Santa Monica, had accused Peck, his Democratic general election opponent and the son of actor Gregory Peck, of "knowingly" receiving \$13,000 in illegal contributions from Dennis in 1978.

Dornan leveled that charge at a Los Angeles news conference yesterday morning after releasing an FBI memorandum Thursday night containing allegations by Dennis that Peck had solicited and received the \$13,000 from Dennis in violation of federal law that prohibits individuals from giving more

than \$1,000, and then tried to cover it up.

The memo — the contents of which have since been denied by Dennis — was obtained by Dornan from the Justice Department through the Freedom of Information Act. It details FBI agent Willis Deffenbaugh's report of an April 30 meeting between Dornan and Dennis at an Alabama federal prison where the latter was incarcerated for defrauding a San Francisco-based corporation out of \$997,000.

During his news conference yesterday, Dornan also released two thick volumes — one containing 187 pages chronologically detailing his allegations, and the other a 228-page report containing 109 documents intended to back them up.

At the news conference, Dornan lashed out at Peck, ridiculing his denial of any wrongdoing and saying that "a fool would have been suspicious" about the \$13,000 given to his campaign in 1978 in the form of 13 \$1,000 cashiers checks. In that 1978 campaign, incumbent Dornan narrowly beat Peck for the 27th Congressional District seat



Robert Dornan
Ridiculed opponent's denials
(which covers the coastal area from Santa Monica to the Palos Verdes Peninsula).

Dornan also disclosed during his meeting yesterday with reporters that the FBI was investigating Dennis' contributions.

When Justice Department spokesman John Russell was asked to verify that claim late yesterday, he replied, "The Criminal Division advises today that the matter is now closed. This afternoon, that decision was made."

Dornan/A-12, Col. 3

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"This morning I thought I was going to the pokey," Peck joked late yesterday after hearing the news. "Now, it looks like Mr. Dornan may be going."

Referring to Dornan's allegations and comments during his news conference yesterday morning, Peck said, "It was a scurrilous and unjustified attack. He doesn't have a fact with him and is campaigning on smears."

"We're considering legal action," Peck declared.

A subdued Dornan reacted to the Justice Department statement by saying he intends to drop his allegations "for 53 days," until the Nov. 4 election, "and then I will file formal complaints with the Federal Election Commission (FEC) against both Peck and Stewart."

(The FEC had justified not investigating Peck previously because no one had ever filed a complaint.)

Dornan went on to call Peck a "reprehensive liar" and vowed to "ignore him" and not to make any joint appearances with Peck, such as candidate forums, during the balance of the fall campaign.

"I will not touch him during the rest of the campaign with a 100-foot pole," added Dornan, who explained, "I feel he's unprincipled."

The Dornan-Peck feud over the \$13,000 has been going on for the past year, and recently became the major issue of the campaign.

Peck has admitted receiving \$13,000 in 13 separate \$1,000 cashiers checks in 1978. But he maintains that he never suspected any impropriety because he believed the money was flowing in as a result of contacts his father made when the elder Peck accompanied U.S. Sen. Alan Cranston to Alabama in 1978 to campaign for Stewart.

Peck also insists that he returned the money last year after learning that, instead of coming from 13 different donors, it all had been given by Dennis, a Birmingham, Ala., coal mining equipment broker.

Dennis subsequently admitted to federal authorities that he used the names of 12 other persons to donate the entire \$13,000 to Peck.

Dennis also admitted using the same technique to donate \$22,000 to the Stewart campaign, and last Sept. 6 agreed to pay \$18,000 in civil penalties to the FEC.

While readily admitting the receipt of the \$13,000, Peck has steadfastly denied any wrongdoing. But Dornan challenged his opponent's account of the episode and suggested that the FEC, the agency charged with investigating campaign irregularities, tried to cover up "criminal misconduct" by Peck and engaged in a "whitewash" of Gregory Peck's involvement in the affair.

FEC records show that the agency closed its books on the contribution after Peck borrowed \$13,000 — from City National Bank where he had a line of credit established, Peck later said — and returned the money to Dennis last June 14.

But Dornan alleged that Peck "merely went through the motions" of returning the \$13,000 to Dennis, and that the money "never left California."

Dornan based that allegation — that Dennis cashed the check and handed the currency back to Peck in Los Angeles on June 14, 1978 — solely on his conversation with Dennis, which FBI agent Deffenbaugh reported in the memo obtained and released Thursday night by the congressman.

Peck had steadfastly denied the allegations contained in the memo, saying that Dennis, a convicted con man, was an "unworthy" witness and suggesting that Dornan had been trying to make a deal with the businessman. Dornan, in turn, heatedly denied that allegation.

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San Pedro, CA
(Los Angeles Co.)
News Pilot
(Cir. D. 14,361)

SEP 13 1980

Allen's P. C. B. Est. 1888

Peck is cleared

P. 7.5
No evidence to back charges Demo hopeful violated campaign laws

By Rich Connell
Political writer

The U.S. Justice Department on Friday cleared 27th Congressional District candidate Carey Peck of any illegal actions in connection with contributions to his 1978 campaign.

A spokesman for the department said "we looked into the matter, but it has been closed."

In a letter delivered late in the day to Rep. Robert K. Dornan, Peck's Republican opponent, a high-ranking Justice Department official said a "thorough inquiry" had been conducted into allegations that Peck and Sen. Donald Stewart, D-Ala., may have violated federal law.

"We conclude (there is) no evidence that federal criminal law has been violated," wrote Phillip B. Heymann, assistant attorney general of the criminal division.

The announcement came on the heels of a press conference earlier in the day where Dornan said Peck was the target of

an FBI investigation.

After the Justice Department announcement, Dornan said it confirmed an investigation has been under way and that he was vindicated.

Peck said it showed Dornan's charge was a "total lie" and claimed the congressman had "opened himself up for legal action."

The contributions in question were made to the Peck and Stewart campaigns late in the 1978 campaign by Alabama businessman James Dennis.

Dennis sent Peck 13 \$1,000 cashiers checks, 12 of which were in other names. It turned out Dennis, who was later convicted of conning a California firm, had donated all the money himself, a violation of federal campaign laws.

Peck said he did not know the funds were donated illegally and took a bank loan to return all of the funds when he became suspicious of Dennis in June 1979.

Dornan has continued to press the issue,

investigating the transaction and claiming Peck should have been suspicious.

But the congressman's efforts to damage Peck have backfired politically and questions have been raised about Dornan's involvement with Dennis.

Dornan's office had sought improved treatment of Dennis, who was serving a prison term, at the same time Dornan was urging Dennis to issue damaging statements about Peck.

Dornan even met with Dennis in prison in April. It was at that meeting that Dennis told Dornan he had come to Los Angeles to get his money back from Peck, but cashed the check and gave the cash back to Peck.

Peck has strongly denied the charge, and Dennis also now denies giving the cash back to Peck.

Dennis said he made the charge initially in hopes of getting aid from Dornan for better prison treatment. Dornan has denied making any deals with Dennis or prison officials.

After the Justice Department announce-

ment, Peck called Dornan's attacks "totally unsubstantiated and scurrilous" and "without any backup whatsoever."

Dornan claimed the timing of the Justice Department announcement — on the day of his press conference — "makes this more than highly suspect."

He blasted Stewart, who has been forced into a runoff in Alabama partly because of coverage of the Dennis affair, may have applied pressure in Washington D.C., where the announcement was made.

Stewart was also cleared in the Justice Department statement Friday.

In any case, Dornan vowed late Friday that he would "not breathe another word" about the contributions during the remainder of the campaign, though he will seek a Federal Elections Commission probe after the election.

He had been saying he would drop the matter after his press conference, during which he gave out two large volumes of an "investigative report" on the incident.

Torrance, Calif.
(Los Angeles co.)
Manhattan Beach
Messenger
(Cir. W.)

SEP 17 1980

Allen's P. C. B. Est. 1888

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No evidence to back charges Demo hopeful violated campaign laws

By Rich Connell
Political writer

P-75

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Delivered Friday, Sept. 12

Dear Congressman Dornan:

Based on information, the Public Integrity section of this division, in conjunction with the FBI, has conducted a thorough inquiry into allegation that Sen. Donald Stewart of Alabama and congressional candidate Carey Peck of California may have violated federal criminal law.

That inquiry, including the obtaining of analyses of documents from the FEC, and Sen. Stewart has been completed. We conclude no evidence that federal criminal law has been violated. Thank you for your concern and cooperation in this matter.

Phillip B. Heymann, assistant attorney general, criminal division

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EXPRESS MAIL SERVICE POST OFFICE TO ADDRESSEE

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FROM: Julia C. Calciliff Jr., Esq.
 Lewis, D'Amato, Erlisbois &
 Eisgaard
 261 South Figueroa Street
 Suite 300
 Los Angeles, CA 90012

TO: Mr. Charles N. Steele
 General Counsel
 Federal Election Commission
 Washington, D. C. 20463

Attn.: Ms. Anne Calman

Customer Number, if any:
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Date in	12-17-80
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DESTINATION:	
Date of Delivery:	12-18-80
Time of Delivery:	5:00 P.M.
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Signature of Addressee or Agent:	J.P. Steele
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December 1, 1980

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1325 K Street N.W.
Washington, D. C. 20463

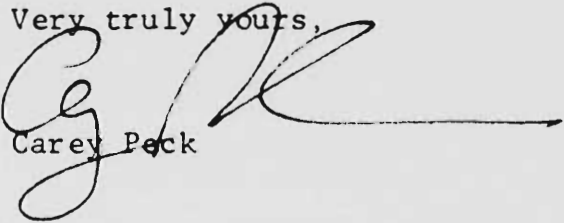
Re: MUR 1331 and MUR 1332

Dear Commissioners:

This is to advise you that I am being represented
in the above-referenced matters by the following attorney:

Jules G. Radcliff, Jr.
Suite 300
261 South Figueroa Street
Los Angeles, California 90012
Telephone No.: (213) 628-7777.

Mr. Radcliff is authorized on my behalf to receive
any and all notifications and other communications from the
Commission pertaining to these matters.

Very truly yours,

Carey Peck

CP/mr

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80 DEC 5 P 1:40

Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20463

911468
~~9114508~~

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CCC # 3488
80 DEC 5 P 1:40

December 1, 1980

Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20463

Re: MUR 1332

Dear Commissioners:

This is to advise you that I am being represented in the above-referenced matter by the following attorney:

Jules G. Radcliff, Jr.
Suite 300
261 South Figueroa Street
Los Angeles, California 90012
Telephone: (213) 628-7777.

Mr. Radcliff is authorized on my behalf to receive any and all notifications and other communications from the Commission pertaining to these matters.

Very truly yours,


Terry Pullan

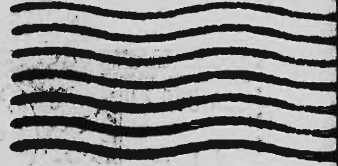
TP/mr

911468

DEC 5 2:37

DEC 5 1980

8101029179



Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20463

80DEC5 P1:40

RECEIVED



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 1, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David Cromwell Johnson, Esq.
Johnson, Brown, Ramsey,
Watson & Classe
1933 Montgomery Highway
Suite 220
Birmingham, Alabama 35209

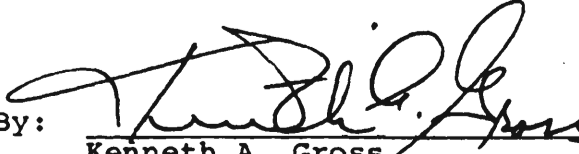
Re: MURs 1329, 1331, 1332

Dear Mr. Johnson:

Enclosed for your information is an attachment to the complaints in these matters previously sent to Mr. Dennis.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

810403

MAR 13 1981

RETURN RECEIPT REQUESTED, REGISTERED, SECURED AND CERTIFIED MAIL

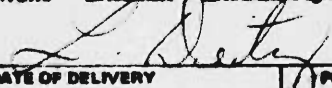
RECEIVED: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
 Show to whom and date delivered.....
 Show to whom, date and address of delivery.....
 RESTRICTED DELIVERY
 Show to whom and date delivered.....
 RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.....
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 David Cromwell Johnson
 1933 Montgomery Highway
 Birmingham, Ala 35209

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. SECURED NO.
 947434

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE Addressee Authorized agent


4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO : 1979-286-848



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 1, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David Cromwell Johnson, Esq.
Johnson, Brown, Ramsey,
Watson & Classe
1933 Montgomery Highway
Suite 220
Birmingham, Alabama 35209

Re: MURs 1329, 1331, 1332

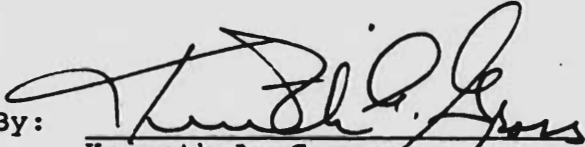
Dear Mr. Johnson:

Enclosed for your information is an attachment to
the complaints in these matters previously sent to
Mr. Dennis.

Sincerely,

Charles N. Steele
General Counsel

By:


Kenneth A. Gross
Associate General Counsel

Enclosure

91010291331



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 1, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David Cromwell Johnson, Esq.
Johnson, Brown, Ramsey,
Watson & Classe
1933 Montgomery Highway
Suite 220
Birmingham, Alabama 35209

Re: MURs 1329, 1331, 1332

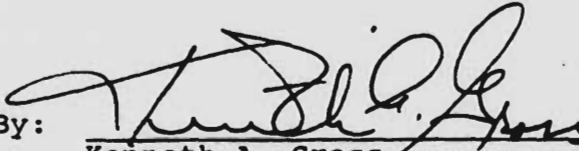
Dear Mr. Johnson:

Enclosed for your information is an attachment to
the complaints in these matters previously sent to
Mr. Dennis.

Sincerely,

Charles N. Steele
General Counsel

By:


Kenneth A. Gross
Associate General Counsel

Enclosure

31710291332



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David Cromwell Johnson, Esq.
Johnson, Brown, Ramsey,
Watson & Classe
1933 Montgomery Highway
Suite 220
Birmingham, Alabama 35209

Re: MURs 1329, 1331, 1332

Dear Mr. Johnson:

Enclosed for your information is an attachment to
the complaints in these matters previously sent to
Mr. Dennis.

Sincerely,

Charles N. Steele
General Counsel

By: _____

Kenneth A. Gross
Associate General Counsel

Enclosure

CAC/25/80

31747271333



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 1, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John W. Vardaman, Jr., Esq.
Williams & Connolly
839 - 17th Street, N.W.
Washington, D.C. 20006

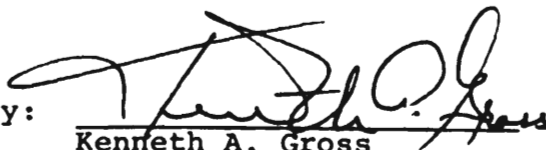
Re: MURs 1329, 1331

Dear Mr. Vardaman:

Enclosed for your information is an attachment to the complaints in these matters.

Sincerely,

Charles N. Steele
General Counsel

By: 
Kenneth A. Gross
Associate General Counsel

810402

MUR 1329, 1331 Caution

RECEIVED: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
 Show to whom and date delivered.....
 Show to whom, date and address of delivery.....
 RESTRICTED DELIVERY
 Show to whom and date delivered.....
 RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.....
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
John W. Vardaman, Jr., Esq.
839-17th St., N.W.
Wash., D.C. 20006

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 947436
 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE Addressee Authorized agent
Mar. Edwards

4. DATE OF DELIVERY POSTMARK
12-2-80

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 1, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John W. Vardaman, Jr., Esq.
Williams & Connolly
839 - 17th Street, N.W.
Washington, D.C. 20006

Re: MURs 1329, 1331

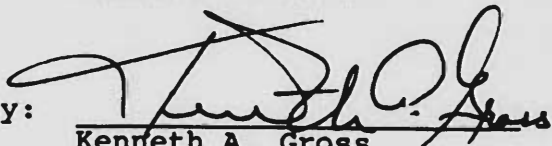
Dear Mr. Vardaman:

Enclosed for your information is an attachment to
the complaints in these matters.

Sincerely,

Charles N. Steele
General Counsel

By:


Kenneth A. Gross
Associate General Counsel

Enclosure

81010201393



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John W. Vardaman, Jr., Esq.
Williams & Connolly
839 - 17th Street, N.W.
Washington, D.C. 20006

Re: MURs 1329, 1331

Dear Mr. Vardaman:

Enclosed for your information is an attachment to
the complaints in these matters.

Sincerely,

Charles N. Steele
General Counsel

By: _____
Kenneth A. Gross
Associate General Counsel

Enclosure

encl ps-180

317710271535



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 1, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jules Radcliff, Esq.
261 South Figueroa St., Suite 300
Los Angeles, California 90012

Re: MURs 1331, 1332

Dear Mr. Radcliff:

Enclosed for your information is an attachment to the complaints in these matters. It is our understanding that you represent Carey Peck and Carey Peck for Congress in MURs 1331 and 1332, that you also represent Mike Gordon and Terry Pullen in MUR 1332 and that you are forwarding letters of representation signed by each respondent.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

3174030137

MUR 1331, 32 Cannon

3174030137

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1. The following service is requested (check one.)
 Show to whom and date delivered.
 Show to whom, date and address of delivery.
 RESTRICTED DELIVERY
 Show to whom and date delivered.
 RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
*Jules Radcliff Esq.
261 So. Figueroa St.
Los Angeles CA 90012*

ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 KSHLhb

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE Addressee Authorized agent
Msa

4. DATE OF DELIVERY POSTMARK
 11:10 AM DEC 23 1980

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

RECEIVED



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 1, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jules Radcliff, Esq.
261 South Figueroa St., Suite 300
Los Angeles, California 90012

Re: MURs 1331, 1332

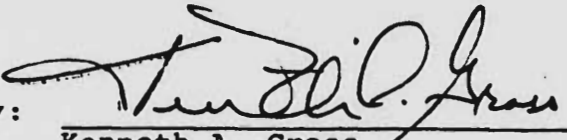
Dear Mr. Radcliff:

Enclosed for your information is an attachment to the complaints in these matters. It is our understanding that you represent Carey Peck and Carey Peck for Congress in MURs 1331 and 1332, that you also represent Mike Gordon and Terry Pullen in MUR 1332 and that you are forwarding letters of representation signed by each respondent.

Sincerely,

Charles N. Steele
General Counsel

By:


Kenneth A. Gross
Associate General Counsel

Enclosure

31010291333



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jules Radcliff, Esq.
261 South Figueroa St., Suite 300
Los Angeles, California 90012

Re: MURs 1331, 1332

Dear Mr. Radcliff:

Enclosed for your information is an attachment to the complaints in these matters. It is our understanding that you represent Carey Peck and Carey Peck for Congress in MURs 1331 and 1332, that you also represent Mike Gordon and Terry Pullen in MUR 1332 and that you are forwarding letters of representation signed by each respondent.

Sincerely,

Charles N. Steele
General Counsel

By: _____

Kenneth A. Gross
Associate General Counsel

Enclosure

cc 11/25/80

31717291337



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 1, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Stanley Caidin
9454 Wilshire Boulevard
Suite 209
Beverly Hills, California 90212

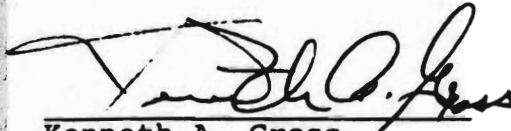
Re: MUR 1332

Dear Mr. Caidin:

Enclosed for your information is an attachment to the complaint previously sent to you in this matter.

Sincerely,

Charles N. Steele
General Counsel


Kenneth A. Gross
Associate General Counsel

MUR 1332 Cannon

Form 3811, Jul. 1979

1. The following service is requested (check one.)

Show to whom and date delivered.....0

Show to whom, date and address of delivery.....0

RESTRICTED DELIVERY

 Show to whom and date delivered.....0

RESTRICTED DELIVERY.

 Show to whom, date, and address of delivery.....0

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

Stanley Caidin
9454 Wilshire Blvd., Suite 209
Beverly Hills, CA 90212

3. ARTICLE DESCRIPTION:


REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	<i>947435</i>	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE Addressee Authorized agent

K. Steele

4. DATE OF DELIVERY: *12/1/80* POSTMARK: 

5. ADDRESS (Complete only if required)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Stanley Caidin
9454 Wilshire Boulevard
Suite 209
Beverly Hills, California 90212

Re: MUR 1332

Dear Mr. Caidin:

Enclosed for your information is an attachment to the complaint previously sent to you in this matter.

Sincerely,

Charles N. Steele
General Counsel

By: _____
Kenneth A. Gross
Associate General Counsel

Enclosure

cc 11/25/00

31010271371

3434

RECEIVED

PARTNERS OF THE FIRM.

Richard I. Berg, C.P.A.
Ira W. Brodsky, C.P.A.
Michael A. Gordon, C.P.A.
Arthur R. Nemiroff, C.P.A.
Eric J. Sterling, C.P.A.

**BERG GORDON BERG
& NEMIROFF**

Certified Public Accountants
9200 Sunset Boulevard, Suite 1000
Los Angeles, California 90069
Tel. (213) 278-9866

640 Newport Center Drive, Suite 220
Newport Beach, California 92660
Tel. (714) 640-9100

911391

November 25, 1980

Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

Re: MUR 1331
MUR 1332

Dear Commissioners;

This is to advise you that the Carey Peck for Congress Committee is represented in the above referenced matter by the following attorney:

Jules G. Radcliff, Jr.
Suite 300
261 South Figueroa Street
Los Angeles, California 90012
Telephone: (213) 628-7777

Mr. Radcliff is authorized on behalf of the said committee to receive any and all notifications and communications from the Commission pertaining to this matter.

Yours very truly,

Michael A. Gordon

Michael A. Gordon, CPA
Treasurer,
Carey Peck for Congress Committee

MAG/vjs
XC: Jules G. Radcliff, Jr.

81040271392

NOV 28 P 3: 55

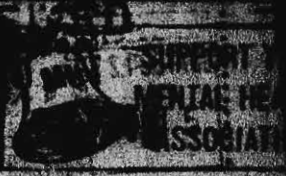
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GORDON BERG
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United States Air Mail
100
Los Angeles, California 90001



Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463



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RECEIVED

80 GORDON BERG
& NEMIROFF

Certified Public Accountants
9200 Sunset Boulevard, Suite 1000
Los Angeles, California 90069
Tel. (213) 278-9866

PARTNERS OF THE FIRM.

Richard I. Berg, C.P.A.
Ira W. Brodsky, C.P.A.
Michael A. Gordon, C.P.A.
Arthur R. Nemiroff, C.P.A.
Eric J. Sterling, C.P.A.

660 Newport Center Drive, Suite 220
Newport Beach, California 92660
Tel. (714) 640-9160

911392

November 25, 1980

Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

Re: MUR 1332

Dear Commissioners;

This is to advise you that I am being represented in the above referenced matter by the following attorney:

Jules G. Radcliff, Jr.
Suite 300
261 South Figueroa Street
Los Angeles, California 90012
Telephone: (213) 628-7777

Mr. Radcliff is authorized on my behalf to receive any and all notifications and other communications from the Commission pertaining to this matter.

Yours very truly,



Michael A. Gordon, CPA

MAG/vjs

XC: Jules G. Radcliff, Jr.

3101021394

10 NOV 28 P 3: 55

RECEIVED
GENERAL INVESTIGATIVE
DIVISION

81040291395



**GORDON, BERG
& NEWMAN**

Qualified Public Accountants
2222 Sunset Boulevard, Suite 2200
Los Angeles, California 90061



**Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463**

STANLEY R. CAIDIN
NEWTON KALMAN
WILLIAM A. SAMPSON, II
STEPHEN C. MARPET

RECEIVED

911865
COC# 3409

80 NOV 25

FBI
REC'D
(213) 272-9041

CAIDIN, KALMAN, SAMPSON & MARPET
ATTORNEYS AT LAW

DANIEL J. BLOOMGARDEN (1919-1967)

November 21, 1980

*Standa Federal Building
9454 Wilshire Boulevard, Suite 209
Beverly Hills, California 90212*

Federal Election Commission
Washington, DC 20463

Attention: Anne Cauman

Re: MUR 1332

Dear Ms. Cauman:

In the above-captioned matter, I called Mr. Scott Thomas at your office this morning and advised him:

(1) The Commission's records should be corrected to reflect that his name is spelled "CAIDIN", and his correct address is the address shown on the letterhead of his law firm, to wit, 9454 Wilshire Boulevard, Suite 209, Beverly Hills, California 90212.

(2) Mr. Caidin has been hospitalized at Saint John's Hospital in Santa Monica, California since approximately November 12, 1980. I understand at this time there is a strong probability that Mr. Caidin will require surgery immediately for a herniated disc. He is in great pain, and I do not wish particularly to have to discuss MUR 1332 with him until after his surgery.

(3) Your communication was not delivered to this law firm until November 19, 1980, and prior to said delivery, we had no knowledge of the Federal Election Commission's letter dated November 6, 1980.

(4) The undersigned will represent Mr. Caidin, as counsel, at least until Mr. Caidin is well enough to communicate in his own behalf with respect to matters involving MUR 1332.

NOV 25 10:10 AM '80

LAW OFFICES
OF
CAIDIN, KALMAN, SAMPSON & MARPET

Federal Election Commission
Attention: Anne Cauman
November 21, 1980
Page Two

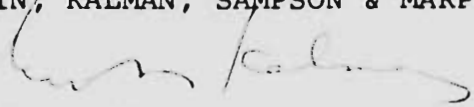
By reason of the foregoing, I respectfully request, for good cause, that the Federal Election Commission extend the time for Mr. Caidin, or his counsel, to respond to your November 6, 1980 letter for a reasonable period of time.

Please direct all further communications concerning MUR 1332 to the undersigned.

Please be assured that your courtesy and kind cooperation are greatly appreciated.

Very truly yours,

CAIDIN, KALMAN, SAMPSON & MARPET



NEWTON KALMAN

NK/mk

CERTIFIED
RETURN RECEIPT REQUESTED

91770301307

LAW OFFICES
OF

CAIDIN, KALMAN, SAMPSON & MARPET

SUITE 209 GLENDALE FEDERAL BUILDING

9454 WILSHIRE BOULEVARD

BEVERLY HILLS CALIFORNIA 90212



Attention: Anne Cauman

Federal Election Commission
Washington,

DC 20463

RETURN RECEIPT REQUESTED

CERTIFIED

No. 507871

MAIL

80 NOV 25 PM 2:13

RECEIVED

CCM

345

United States
CONGRESSMAN

RECEIVED

80 NOV 25 P 4: 03

**Robert K.
DORNAN**



HAND DELIVERED

November 25, 1980

Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

Dear Commissioners:

Per your recent request, I am sending you copies of the following articles:

- "Dornan, Peck Wage Bitter Political Battle" by Rich Connell, DAILY BREEZE, September 8, 1980;
- "Dornan Acknowledges He Attempted to Aid Convict" by Kenneth Reich, LOS ANGELES TIMES, September 5, 1980 (two versions);
- "Convict Told Dornan He Covertly Gave \$13,000 to Peck, FBI Agent Reports" by Kenneth Reich & Robert L. Jackson, LOS ANGELES TIMES, September 12, 1980;
- "The Dornan-Peck Brawl: An FBI Memo Surfaces" by Mike Qualls, HERALD EXAMINER;
- "Dornan, Peck Launch Blitz by Mail" by Bob Baker, LOS ANGELES TIMES, October 24, 1980;
- James Dennis letter to Gregory Peck, May 15, 1980 (please compare with FBI memo previously submitted).

10 NOV 25 P 4: 33

Sincerely,

ROBERT K. DORNAN
Member of Congress

RKD/gcm
enclosures

Paid for by Dornan in '80 Committee

DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

6651001013

Dornan, Peck Launch Blitz by Mail

Flood District With Campaign Literature in Tight Race

By BOB BAKER, Times Staff Writer

Hundreds of thousands of pieces of campaign literature are beginning to flood mailboxes in the 27th Congressional District as the volatile race between Rep. Robert K. Dornan (R-Santa Monica) and Democrat Carey Peck heads into its stretch run.

Both camps agree the race is a virtual dead heat, and both have saved most of their financial resources to launch a blitz of direct-mail and radio advertisements throughout the coastal district.

Peck campaign manager Terry Pullan said about \$150,000 will be spent during the last two weeks, including the mailing of about 500,000 pieces of literature. Dornan campaign consultant Arnold Steinberg declined comment on Dornan's plans, but the congressman is expected to match Peck's effort.

Between them, the two candidates have raised at least \$1 million.

Because both candidates tend to

walk conservative lines on most issues, with the exception of abortion and equal rights for women, most of their energy has gone into challenging the other's credentials to be a congressman.

Dornan's chances of reelection have been dimmed by news reports of his unsuccessful attempts to prove that Peck knowingly accepted an illegal campaign contribution.

But Peck—who has portrayed himself throughout the campaign as the victim of Dornan's hyperbolic tactics—has also raised questions by his conduct.

Peck has portrayed himself as an experienced housing developer, although his experience involves only a single yet-to-be-built project.

In addition, he has knowingly misled reporters about his relations with James H. Dennis, an Alabama mining equipment executive who made the illegal contribution to Peck late in 1978, when Peck came

within 3,500 votes of defeating Dornan.

Peck's indiscretions have received relatively little attention in the race because of the publicity focused on Dornan's behavior, including the congressman's visit to an Alabama prison to interview Dennis.

Peck, 31, who lists himself on the ballot as a "seniors housing consultant" and who has made affordable housing a prime campaign issue, has told voters in the district that he "built" a senior citizens housing complex.

However, the land is vacant.

Peck, a Santa Monica resident, was retained in 1979 by a Moorpark developer who wanted to do business in Santa Monica. Peck spent 11 months successfully seeking the approval by the City Council for a 61-unit complex that is scheduled to break ground next spring with fi-

See BLITZ, Page 2

2 Part II / Friday, October 24, 1980

BLITZ: Dornan, Peck Mail Drive

Continued from First Page

nancing from the state Housing Finance Agency.

That accomplishment is important to Peck because it allows him to counter Dornan's claim that Peck has insufficient experience to be a congressman. With the exception of the housing job, Peck has spent the last three years running full-time for Dornan's seat.

Twice in four days recently, a Times reporter heard Peck tell audiences that he had "built" a housing complex, but in an interview Peck insisted that he has rarely used the word.

He called the suggestion that he is misleading voters "ridiculous" but said he would be careful from now on to use the "developed."

Peck's misstatements about his relationship with Dennis were made earlier in the year in response to full-page newspaper advertisements that Dornan purchased to accuse Peck of knowingly accepting \$13,000 from Dennis—money that proved to be illegal.

Wrong Answers Admitted

Peck now admits that his answers to reporters' questions were wrong or incomplete in order to play down both his relationship with Dennis and the involvement of his father, actor Gregory Peck.

"I admit I have always tried to keep my father out of it. . . . I've always tried to minimize his role," Peck said in a recent interview.

In Peck's initial responses:

—He said the Dennis contribution, consisting of 13 \$1,000 cashier's checks, had been mailed from Alabama. In fact, Gregory Peck hand-carried some of the checks from Alabama to California and Dennis carried others with him when he flew to California shortly afterward.

Dennis' involvement in Peck's campaign began in the fall of 1978, when Gregory Peck, a longtime supporter of Democratic Party causes, was asked by U.S. Sen. Alan Cranston (D-Calif.) to make a public appearance in Alabama on behalf of Donald Stewart, who was in the midst of a successful campaign for the seat vacated by U.S. Sen. James B. Allen.

Gesture of Thanks

In Alabama, Gregory Peck met Dennis, who was working as a Stewart fund-raiser. Peck was impressed by the young, aggressive businessman, who is the same age as Peck's son. As a gesture of thanks, Dennis gave Gregory Peck two \$1,000 cashier's checks—one from himself, one from another individual, he said. Shortly afterward, Dennis gave \$11,000 more.

It was not until 1979 that Dennis admitted to the FEC that he had paid for all the checks, purchasing them in the names of various friends and associates in order to evade the federal law limiting individual contributions to \$1,000.

The Dennis money enabled Peck's nearly broke 1978 campaign to print and mail a sharply worded campaign leaflet criticizing Dornan during the last days of the race.

This year, Dornan, still furious about the text of the mailer, set out to prove that Peck knew the money had been donated in violation of federal law. But Dornan failed, and six weeks ago the Justice Department formally cleared Peck of mishandling campaign finances.

Met for Cocktails

—Peck originally said he had met Dennis "at a shoot-down over coffee." In fact, the two met for cocktails at Gregory Peck's Beverly Hills home in November, 1978, the day Dennis brought the last five checks. Dennis and both Pecks then went to dinner at Chasen's with two executives of ITEL Corp., a San Francisco firm, who had flown from Oakland to Los Angeles earlier in the day at Dennis' request.

Unbeknown to the Pecks, Dennis was in the process of defrauding ITEL of nearly \$1 million, a charge to which he later pleaded guilty in federal court. (He is appealing his four-year prison sentence.)

Dennis had been able to impress the businessmen by boasting that he had a friendship with the Pecks, one of the executives later said.

—Peck also tried to minimize his campaign staff's apparently casual acceptance of the Alabama cashier's checks.

Peck initially said his staff had made an effort to contact some of the individuals whose names Dennis used to mask his illegal donation.

But, Peck admitted later, his campaign did not attempt to make those contacts. His staff simply called Dennis' secretary for details on the donors' occupations, which were required to be reported to the FEC.

The Dornan-Peck brawl: An FBI memo surfaces

Informant says Democrat got \$13,000 illegally

By Mike Qualls
Herald Examiner politics editor

Rep. Robert Dornan, fighting for reelection to Congress against second-time challenger Carey Peck, has released an FBI memorandum containing allegations by an informant that his Democratic opponent solicited and received \$13,000 in illegal campaign funds in 1978.

Dornan, a Republican, released the four-page memo last night after obtaining it from the U.S. Justice Department through the Freedom of Information Act.

The memo details FBI agent Willis Doffenbaugh's report of an April 30 meeting in Alabama between Dornan and James H. Dennis, who allegedly gave the money to Peck.

The public airing of the memo preceded Dornan's release today of two thick volumes purporting to document his claim that Peck illegally accepted the \$13,000 and tried to cover it up.

Dornan released the volumes — one containing 117 pages which purportedly detail his allegations and the other a 278-page report containing 118 documents intended to back them up — at a Los Angeles news conference.

Speaking with reporters, Dornan charged that Peck "knowingly" took the illegal contributions, "claiming that he had would have been expenses."

Dornan also formally declared the Peck controversy to be an "abstract case" based on "an alien mentality."

He also claimed that Deputy Attorney General Phillip H. Brown has told him that the Justice Department advisors — the Public Integrity Unit and the FBI — are investigating the Dennis contributions.

Brown could not be reached for comment on Dornan's claim. When Dornan was accused by reporters for positive proof that such a probe is underway, he bristled and declared that it was "unfair" for them to demand that he, as a congressman — a federal officer — "disclose information that would compromise a federal investigation."

He added, "A U.S. senator is being investigated. Carey Peck is

being investigated. I am not." The Dornan blitz is the latest development in the simmering year-long feud over the \$13,000, which now has turned into a major issue in a campaign that is likely to go down to the wire.

Two years ago, the incumbent Dornan narrowly beat Peck, son of veteran actor Gregory Peck, for the 17th congressional District seat which covers the coastal area from Santa Monica to the Palms Verdes Peninsula.

Saying "I haven't seen the opus" in reference to Dornan's two-volume tirades, Peck maintained in an interview last night that he is innocent of any wrongdoing and added, "There are no new facts — and certainly no new proof."

Dornan's allegations about Peck are not new. Before the primary last June, local newspapers in the district turned down Dornan's court filing substantially similar allegations after threats of legal action were made by Peck, who referred to the charges as a "hysterical and an early attempt to throw mud."

But some of the ads — headlined "Congressman Robert K. Dornan has some tough questions for Carey Peck" — later were published after Dornan agreed to alter some of the accusatory wording.

To date, Peck has not filed any lawsuits, and he has admitted receiving \$13,000 in 13 separate \$1,000 cashier's checks in 1978, but he maintains that he never suspected any impropriety because he believed the money was flowing in as a result of contacts his father made when the elder Peck accompanied U.S. Sen. Alan Cranston, Democrat of Alabama, in 1978 to campaign for Democrat Donald Stewart, who subsequently won the election to the U.S. Senate.

Peck also insists that he returned the money last year after learning that, instead of coming from 13 different donors, it all had been given by Dennis, a Birmingham, Ala., coal mining equipment broker. Dennis later was convicted in federal court and sentenced to a 10-year prison term for defrauding FREL Capital Corp. of San Francisco out of \$667,000 in a deal involving non-existent mining equipment.

Dennis subsequently admitted to federal authorities that he used the names of 12 other persons to donate the entire \$13,000 to Peck.

Federal election law prohibits contributions of more than \$1,000 from any one person. It also requires political campaigns to make a good-faith effort to verify the source of contributions and to either return suspicious contributions or to deposit them and notify the Federal Election Commission in writing that the funds are in lieu of contributions.

Dennis also admitted using the same technique to donate \$22,000 to Stewart's campaign, and last Sept. 6 agreed to pay \$10,000 in civil penalties to the FEC.

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While readily admitting the receipt of the \$13,000, Peck has steadfastly denied any wrongdoing. But Dornan is challenging his opponent's account of the episode and is suggesting that the FEC, the agency charged with investigating campaign irregularities, tried to cover up "criminal misconduct" by Peck and engaged in a "whitewash" of Gregory Peck's involvement in the affair.

Dennis' contributions to Peck and Stewart surfaced early last year during the FBI probe into Dennis' business dealings, which subsequently led to his conviction on fraud charges.

The position taken by the FEC, according to spokesman Fred Fuland, is that no action was taken on the contribution to Peck because there was never a complaint on that matter.

But that response did not satisfy Dornan, who described the FEC's handling of the matter as "sordid." He said he deplored the fact that the agency did not conduct a routine audit of Peck's campaign finances. His denials of the illegal contributions.

After the FEC officials allowed its books on the contributions Peck's attorney, Joseph R. Kohn, reports show that he received \$13,000 — from City National Bank, where he has a time deposit established, Peck later said — and returned the money to Dennis last June 14.

But Dornan now is alleging that Peck "merely" went through the motions of returning the \$13,000 to Dennis and that the money "never left California."

Dennis bases that allegation solely on his conversation with Dennis, which FBI Agent Inftonbaugh reported in the memo obtained and released last month by the congressman.

The conversation took place in April 8 at a meeting at Tallahassee Federal Prison in Alabama, where Dennis was incarcerated until being released last summer.

The FBI memo reports that Dennis told Dornan that he met Carey Peck in the office of Peck's attorney, Joseph R. Kohn, in the Los Angeles area. Dennis said Peck spent the night at a hotel near the city's airport where Peck had a room for \$200 a night and a day of Peck's services.

Peck gave Dennis a \$13,000 check payable to Dennis, which Dennis immediately cashed at his home and turned a check made out to the \$13,000 amount to Peck in the same transaction.

The FBI memo also quotes Dennis as saying that at a 1978 party he attended at the elder Peck's home, Carey Peck discussed his political goals for congress with Dennis.

A few days after Dennis received a letter in Birmingham, Carey Peck called and asked Dennis to contribute to his campaign. The memo said it read at least \$10,000.

The memo also backs up Dornan's claim that Dennis made the statements in front of four other witnesses, including Dennis' attorney and assistant U.S. attorney, who sat in on the meeting in the warden's conference room.

Dennis' attorney says that he was told by a recently named Dornan's account of the prison interview, and Dornan has said he does not recall the conversation being held.

The memo also says that Dennis "I broke off with Dennis because I couldn't trust him on the West Coast as a lawbreaker on the dock."

Last night Peck acknowledged that "factor may have allowed some media or politicians to get through" and that the media "are a real problem here and that they have been a prearranged deal which would lead to Peck's political return in the Senate's view."

Peck admitted to receiving a letter from Dennis during the last year, with Dennis' name, describing that his attorney was depending on someone who was an attorney at Tallahassee and the predatory law-

Peck maintains the \$13,000 check was given to Dennis by Katchiff who handled the entire transaction, and that Dennis then left town.

"I think whatever Dennis says is under total suspicion," declared Peck. "He has proved himself unworthy from the very beginning, and that's why we threw the money back in the first place."

Dornan says his first personal contact with Dennis came last April 21, when he received a telephone call at his Washington office from Dennis, who was calling from prison. Several other telephone conversations took place, as well as the face-to-face meeting in prison, after Dennis allegedly implicated Peck, according to Dornan, who insists that at his request, representatives from the prison warden's office always monitored his telephone conversations with Dennis.

Peck has suggested that the congressman was trying to make a deal with the convicted felon.

Peck first aired that latter allegation last week in a Los Angeles Times article about Dornan's contact with Dennis.

In the article, which Peck declared "I think it is amazing that a congressman would use his position to try to win some kind of deal out of Dennis, and would put so much credibility in that and make such serious charges about myself and my father on the basis of recanted testimony from a convicted felon who has been proven to be double dealing all along the way."

Dornan has acknowledged that he was willing to help Dennis receive "fair treatment" since "obviously I had a tremendously selfish interest because I'm in a bit of a political struggle."

Today Dornan characterized his meeting with Dennis as a congressman interrogating a prisoner in the presence of other federal officials, and declared "No promises were made to the convict."

Dornan denied that he had "absolutely no ethical relationship" with Dennis "to get him to work the wrong he had done to victims, and I was a victim."

Dornan's two-volume treatise includes numerous copies of letters and documents, but relies on accounts of his telephone and telephone conversations as the backup for some of the more serious charges.

And Dornan claims to be able to supply witnesses to the conversations, including telephone calls which were monitored by members of his congressional office staff, so standard operating procedure during such contact with individuals involved in the controversy.

Among the other allegations made by Dornan are that:

• Gregory Peck had carried six of the \$100,000 checks back from Alabama in 1978 after being given them by Dennis at the Birmingham airport, and that child checks — one of them numbered in a child's name — donated to the name of a child, which were given to the City National Bank of Birmingham. Dornan has also accused Peck of not making an effort to determine that the individuals were to be from Birmingham — not just one.

Peck's attorney says that his father had hand-carried the checks, but that was not so. As for the supposedly damaged checks, Peck said "If you're looking for something, I suppose it's important but really that it isn't doing a thing I mean, do you look at the numbers on your checks very much?"

• While the FBI says that Peck has been cleared and has been released, a federal grand jury in Birmingham said it is investigating Dennis' political contributions, which were listed before the conviction.

Peck responded that "nothing is supposed to be done about a state jury. I think he [Dornan] is using that in public to create a situation of certain principles."

Peck and his father entertained Dennis and two other convicted felons, ex-convicts and their wives at the elder Peck's Los Angeles area home on Nov. 15, 1978 prior to Dennis' trouble with federal authorities for

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defrauding ITEL. Dornan claims that his information came from one of the ITEL executives, who allegedly told the congressman that they flew to Los Angeles from San Francisco with Dennis and were picked up at the airport by a limousine sent by the elder Peck. Dornan further claims that Carey Peck, his wife and his campaign finance director, Irene Trachler, entertained Dennis and the two ITEL executives — who left that corporation after the fraud surfaced — later that same evening at Cransons, a posh Beverly Hills restaurant.

Peck last night admitted that he and his father had asked Dennis and the two ITEL executives saying: "Dennis just arrived in town one day and called up my father and said they had a town with some friends and an ITEL office and say hello and of course at this time we didn't know about Dennis and he had been very good to us during the campaign."

■ In Mahoning, Ill., Peck reviewed Dennis tapes, two telephone conversations — on April 20 and June 13 — with Dornan, without the congressman's consent and gave the tapes to Peck. In released transcripts of the tapes, Dornan claimed that he has copies of the recordings, which were given him by a reporter who had gotten them from Peck. On the tapes, Dornan and the attorney discuss the congressman's willingness to help Dennis resolve his legal problems.

On one tape, Dornan also seemed to "lead" the down — meaning his allegations against Peck — and referred to his political struggle with Peck by saying, "He's 23 years old that's not too young after my son, and I'm a 47-year-old mature man with two grown kids and 21 years in the Air Force. Besides as a fighter pilot, and I'm not going to be screwed out by a spoiled rich kid with strategy book for a hobby."

In remarks made by Dornan on the House floor during a debate for consent, he referred to the Nov. 16, 1978, raiding of the elder Peck's residence by saying that the father's home had been "used as a lure in a sting where almost \$1 million was embezzled from California, laundered in Alabama and reflushed into the campaigns of an elected federal official and a congressman candidate."

Peck's last complaint of Dornan's references to the "sting" took as "slandering" and quotes that Dornan's tactics have been "not all in question. I think people are wondering as to the political attacks and the various allegations which have been made."

Peck, Dornan replied to Peck's comment by claiming that he was attacking Gregory Peck.

"I know his name well," Dornan said. "Peck senior was the first victim of his own son's incompetence and lying."

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TO A PLACE OF MAGIC—Youngsters walk through a covered bridge to Summer Island, a

spot where children can climb and play in a world of their own in Heritage Park, Cerritos.

Times photo by Michael Meister

LA Times 9/12 Sec. 1 p. 3

Convict Told Dornan He Covertly Gave \$13,000 to Peck, FBI Agent Reports

BY KENNETH REICH
ROBERT L. JACKSON

Times Staff Writers

The FBI released a report Thursday by one of its agents substantiating that a federal prison inmate in Alabama had indeed told Rep. Robert K. Dornan (R-Santa Monica) in a prison meeting that he had covertly given \$13,000 in cash to Dornan's election challenger, Carey Peck.

According to the four-page FBI agent's report—released to Dornan under the Freedom of Information Act—convicted felon James H. Dennis told Dornan in the agent's presence that after Peck had given him a \$13,000 check last year, thus returning an admittedly illegal 1978 campaign contribution, he (Dennis) simply cashed the check and gave the money back to Peck in cash.

Dennis has since contradicted his earlier story and now says he did not give the money back. The controversy has come to dominate the Dornan-Peck contest in the 27th District on the West Side of Los Angeles.

The FBI agent, Willis M. Deffenbaugh of the agency's Birmingham office, attended the Dennis-Dornan meeting last April 30 in the Talladega Federal Correctional Institution

—one of two federal observers. The release of his report is the first independent confirmation of Dornan's statements that Dennis had made such a charge.

Peck denies ever getting any money back from Dennis, a denial he repeated Thursday.

Dennis, who was released from prison this summer, recently contended in a Times interview that his April 30 claim was part of a deal with Dornan that he would back up accusations against Peck in exchange for Dornan trying to get him better treatment in prison. After he was released, he said, he told Dornan he would not go through with the deal.

Alludes to Stories

Dornan has acknowledged contacting prison authorities on Dennis' behalf, but he has denied there was any deal. The congressman says he had reason to believe at the time that what Dennis had told him about returning the money might be true.

But Dornan said 10 days ago that he had broken off contacts with Dennis, convicted of fraud, after he had decided Dennis could not be trusted.

And the congressman, turning his

copy of the FBI agent's report over to The Times on Thursday in Washington, D.C., said that in view of Dennis' conflicting stories, he is in no position to verify what Dennis told him at Talladega.

Peck said Thursday that it should come as no surprise that Dennis was at one time in his dealings with Dornan, giving such an account.

"The point is he was in jail and he was wangling for any advantage he might get," the Democratic challenger said. "I have to reemphasize that for a congressman to make a deal with someone in jail because of fraud is highly questionable."

The original Dennis contribution to Peck's first campaign against Dornan in 1978 had been made in cashier's checks said to be funded by 13 different people. It is against federal law for any individual to give more than \$1,000 to a congressional campaign, and when it was established that Dennis himself had given all the money, Peck acknowledged that the contributions were illegal. He says that he then gave the money back.

According to the FBI agent's account of what Dornan was told in Talladega, Dennis said that he had

Please Turn to Page 18, Col. 1

have submitted a letter after challenging IRS denial of the Scientologists' tax-exempt status in portions of California and Florida during the tax years of 1970-72.

The friend-of-the-court brief was prepared last month by the New York-based National Council of Churches and the Baptist Joint Committee on Public Affairs of Washington, D.C., and submitted to

California, and in some instances. It is not a member of either the National Council of Churches or the Baptist Joint Committee.

Scientology, according to its founder, a former science fiction writer, L. Ron Hubbard, is based on the occult and philosophy, a combination of both Eastern and Western religions.

The church's small but the

Initiative Drive for Tax-Indexing Measure Begins

BY ROBERT WELKOS

Times Staff Writer

Charging that Gov. Edmund G. Brown Jr. "double-crossed" taxpayers by vetoing her income tax indexing bill, a Republican lawmaker Thursday announced a signature-gathering drive to place a similar measure before voters in 1982.

A assemblywoman Marian Bergeson of Newport Beach said that by permanently indexing income taxes, wage earners receiving a cost-of-living raise would not be pushed into higher tax brackets.

"By taking my campaign to the people through an initiative campaign, I am convinced that we can permanently end a destructive, inflationary tax system for our state," Bergeson told a Los Angeles press conference.

Bergeson is attempting to circumvent Brown's veto of her bill last July. The legislation would have expanded the indexing system beyond fiscal 1981-82, when the current indexing law is scheduled to expire.

Warning by Governor

In his veto, Brown warned of a deficit of \$1 billion to \$2 billion in the coming fiscal year and said it could be better to decide then whether to raise taxes.

Indexing is a term used for putting



VICTIM—Patricia Worrell, who

ACID VICT

FIRST TALKS SLATED IN WINE

STRIKE AS PICKETING SPREADS

Reinhardt OKd

FOR TALKS WITH

SEIZURE OF 20 TONS OF 'POT'

Continued from First Page

The Drug Enforcement Administration here, the seizure was the result of an eight-month investigation culminating when a squad of 30 federal, state and local authorities closed in on the ship shortly after 1 p.m.

The officials disclosed few details of the investigation, indicating they may be able to make several more arrests.

They said that the 20 tons of marijuana had been found aboard the yacht. The艇 was then towed to a pier. "Some of the agents found \$100,000 cash and no weapons," they said. There was no resistance.

The arrests were made as the marijuana was being unloaded onto a tractor-trailer truck, the officials said. They would not say where they thought the load was stowed, but Hunter did note that "there is a lot (of marijuana) going up to Humboldt County these days."

Blow to Illicit Trade

The two officials, speaking at a briefing for reporters, were obviously pleased with the size of the seizure. "This is going to hurt," Hunter said. "Forty thousand pounds is a lot of marijuana."

The seizure represented another somber chapter in the recent history of the once-glamorous presidential yacht. Built in 1935 as a Coast Guard cutter, it was used by Roosevelt to entertain family, friends, officials and royalty—including King George VI and Queen Elizabeth. In 1943 Roosevelt met Churchill on the ship to discuss war strategy. During the era, the vessel



POTOMAC'S OWNER—Aubrey W. Phillips, who was arrested.

came to be known as Shangri La.

After Roosevelt's death, the Potomac was sold to the state of Maryland and later changed hands several times. Over the years it was stripped of its furnishings and fell into disrepair. Valued at \$1.3 million when it was built, it was finally bought by singer Elvis Presley for \$55,000.

Presley tried to give away the crumbling yacht to several charities—but all refused because of the cost of maintaining the vessel. In 1972, it was bought by Phillips, who said he hoped to turn it into a tourist attrac-

tion in Los Angeles Harbor operated by a nonprofit corporation and financed through contributions.

Recently, the yacht was being restored by an organization called Presidential Yacht Potomac Inc. at the port of Stockton, officials said. Restoration was being supported in part from the sale of medals at \$100 a piece. A spokesman for the organization expressed surprise at the news of the seizure but confessed that Phillips is associated with the vessel.

A visiting publication in the city also quoted Phillips as saying the yacht could be established in Stockton as a floating museum dedicated to the city.

Arrived Last Month

The Potomac arrived here last month from Stockton, according to officials. The seizure occurred about 2 p.m. Wednesday.

Those arrested face charges of possession of marijuana with intent to distribute, conspiracy to distribute and importation of illegal goods. The maximum penalty on each charge is five years in prison and \$15,000 fine.

In addition to Phillips and Montgomery, Hunter listed those arrested as Sidney Earl Schweimmer, Long Beach; Michael Lee Jacobs, Glen Ellen; Jack D. Hodgkin, Washington state; Steven Morgan Sawalish, El Segundo; James Paul Leake, Newport Beach; Edward Martin Daley, Long Beach; Dennis Allen Sparkman, Albany, Ore.; Patricia Lloyd Moore, San Francisco; and Raul Garcia, Elmer Henao, Julian Gonzales, Fabio Gomez, Edgar Benitez and Jorge Calera, all identified as Colombian nationals.

DORNAN

Continued from Third Page

came to Los Angeles June 14, 1979, met with Peck and his attorney, Jules Ratcliff, gotten a Peck check for \$13,000 from them gone to Peck's bank and cashed the check and then covertly turned the cash back to Peck. He said he understood that Peck used the money to pay back a \$10,000 loan he had given in order to write the check to appear to reimburse himself \$10,000 contribution.

Dornan also said, according to the agreement, that he considered the \$13,000 cash loan to Peck, but that no papers had been drawn up and he had never asked repayment.

Peck said he never had met Dornan personally with Dornan, which he said he had learned from the attorney had loaned Dornan the check. Luck said he never met Dornan, but said he had seen him still making regular monthly payments on the \$13,730 loan he took from City Bank of Beverly Hills.

A City Bank official confirmed that the loan is still being repaid and said no lump sum payments had been made to reduce its size arithmetically.

An FBI spokesman said the agent's report had been released to Dornan under the Freedom of Information Act because his request had been very specific and the request "reflected information already in his knowledge."

Dornan had told The Times on Monday that he had met with FBI agents and given them two days to get the report released in an effort to answer charges that he was making campaign accusations with no basis.

CONVICTED MAN LOSES

Court Rules No Needed in Co

By CHARLES THOMAS, Legal Editor

When an accused person pays his way to give up his rights to an attorney and represent himself, does he still have an obligation to warn his children of the dangers of self-representation?

The state court of appeals in the case.

The court ruled that a father who had been convicted of a crime and who had represented himself at trial was not required to warn his children of the dangers of self-representation.

Three Charged With Selling Bogus Art

Three persons were charged Thursday in federal grand complaints with selling forged reproductions of paintings that they represented to be personally autographed works of comedian Red Skelton.

Named in the complaints were Gunter Erman, 52, of Torrance; Laura Lee Kibbee, 28, and her brother, Roger Res Kibbee, 26, both of Bermuda Dunes.

Postal inspectors armed with a search warrant seized more than 8,000 reproductions of Skelton paintings, valued at more than \$1 million, from the home of Roger Kibbee and a nearby office facility.

SCHOOL CONFUSION PREDICTED

Have The Times delivered



EVERYTHING WEDDED

Also

Oivers Street, Fitzgerald White

LIVELY TUNE - Carl Smith of Banning High School marching band concentrates on the music. (These photos by Rex Hively)

Dornan Acknowledges He Attempted to Aid Convict

Hoped Inmate Would Access Political Foe of Accepting illegal Gift

By KENNETH RICH
Times Political Writer

Rep. Robert K. Dornan (R-Calif. Monica) has acknowledged that he contacted federal prison authorities to get better treatment for an inmate he was hoping would publicly accuse Dornan's campaign opponent, Democrat Carey Peck, of accepting illegal cash contributions.

Dornan in a Times interview said he had been playing the "cat and mouse game" with James H. Dennis, convicted of fraud in Alabama and serving six months in federal prison at the time, after Dennis indicated to him that he had damaging information on Peck.

However, Dornan said that after three months of telephone exchanges with Dennis and one meeting with him in the Tallahassee, Fla. federal correctional institution April 27, he had informed him July 25 that he no longer wished to deal with him.

"I told James I didn't think I was wanted in California," Dornan recalled. "I don't know whether you can be trusted."

Contacts With Peck Official

The two-term congressman said that his contacts with the director of the federal prison system, Norman A. Carlson, and Tallahassee police Robert Verdine had been in the nature of questioning Dennis' situation when he was in prison and through a staff attorney, saying that he get a furlough to attend his brother's funeral.

He said he had not been seeking special treatment for Dennis but rather only "fair treatment" that the prisoner deserved.

Both Verdine and a spokesman for Carlson told The Times that Dornan had been in contact. Verdine said that the furlough Dennis received and the prisoner's classification both were his (Verdine's) decisions and that the congressman had not influenced him one way or another.



Robert Dornan

Dornan's talks with Dennis and his statements about them are the latest developments in a controversy that has come to dominate the contest between Dornan and Peck on the 27th Congressional District in the West Side of Los Angeles.

Two years ago, when Dennis narrowly defeated Peck, Peck is reported receiving \$15,000 in campaign contributions through Los Angeles a Birmingham, Ala., banker, John W. Gregory Peck had just at an Alabama political fund-raising dinner.

Several months later it was disclosed that the donations were illegal, that they had not come in \$1,000 amounts from 13 separate people as emphatically stated by Dennis earlier. Federal law prohibits a congressional candidate from receiving more than \$1,000 from an individual.

Carey Peck has stated that when he discovered that he had been accused of receiving the money, he immediately handed a check for that amount to Dennis in Los Angeles on June 10, 1970, thus returning all the money involved.

Dornan, who has raised questions...

Another Brown Aide Declines to Be Replaced

By SUSAN J. DIAMOND and BARBARA BRY
Times Staff Writers

Top officials in the Brown Administration said Thursday that Insurance Commissioner Wesley J. Kinder will be replaced, but Kinder told The Times he has no intention of resigning.

"The governor has spoken with Kinder on at least two occasions in my presence and I have spoken with him in the last month," said Gray Davis, Gov. Edmund G. Brown Jr.'s chief of staff. "We do plan to make a change and Kinder is fully apprised of our plans in that regard."

Davis said the timing of Kinder's departure is under discussion but added, "Nobody is in a hurry."

He said Kinder has done "a terrific job as commissioner, but that it is time for a change. Kinder was appointed to the post in 1973 and was not officially re-appointed during Brown's second term as governor. Under state law, he can serve until replaced.

Kinder Working Around

The governor indicated that it is a long time to make a change in the Department of Insurance, that he wants to afford other people an opportunity to serve before his second term expires. Davis said.

Brown has had in his cabinet professional secretaries, and at least two executives of agriculture, Davis pointed out. "Change is the rule, not the exception," he said. "A steady influx of new people brings change and a new perspective."

Told that the Brown Administration had said he was leaving, Kinder said, "I haven't resigned and have no intention of doing so. That rumor has been floating around for two to three months." He added that as far as he knew, the governor was not seeking my resignation."

Angelo Knochadze, chief counsel for the Department of Insurance, also denied the governor has asked for Kinder's resignation. He said...

From Times on Page 11, Col. 1

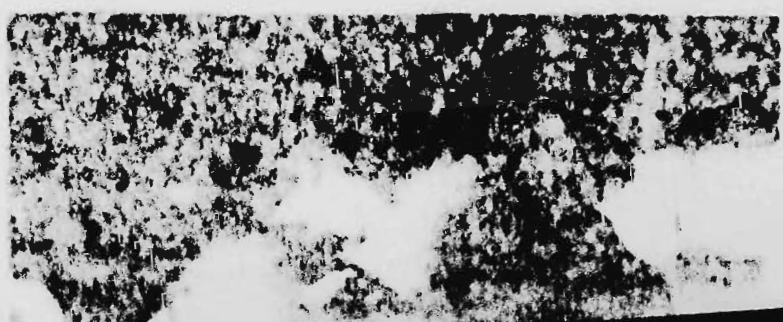
These Times on Page 21, Col. 1

EDUCATION

...members share. They believe a statistical sample used in the 1960s—2,900 public schools in California school districts—of how well or how well conclusions for the state, much less for the nation.

These specialists also question that English-only instruction is best for many of these pupils.

"We don't think kids who can't be taught better than...



TO AID INMATE

Continued from Third Page

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Black's Challenge to Congressmen

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Letter to Prison Director

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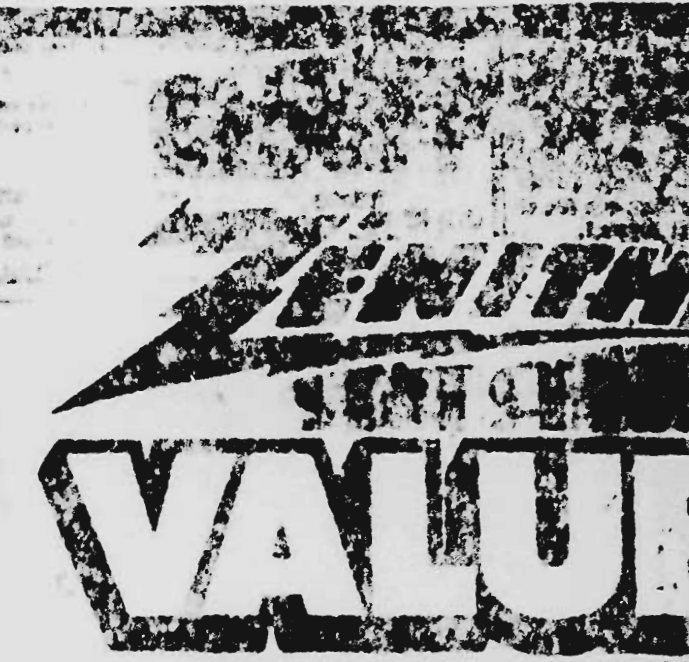
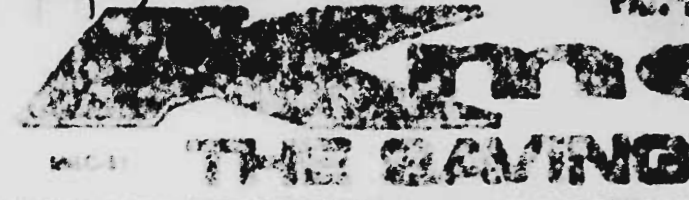
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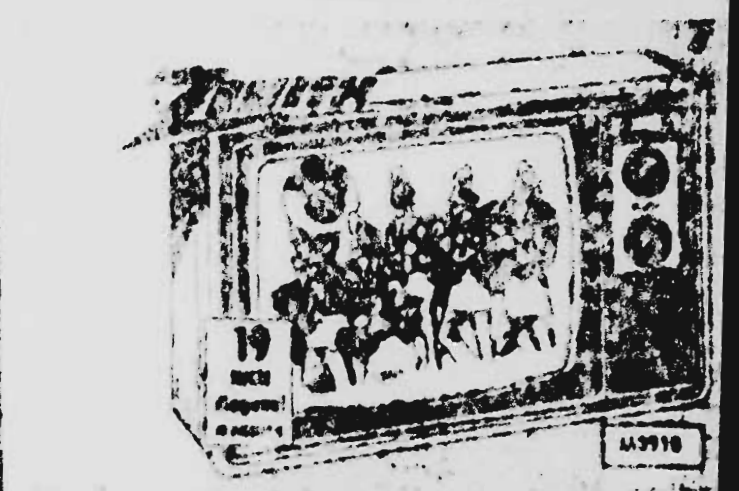
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Zenith® 13" DIAG. MEAT COLOR TV
\$317
 Top-plus shows 100% modular design, for lower inter-connections, and running for outstanding dependability.



Zenith® 19" DIAG. MEAT COLOR TV
\$388

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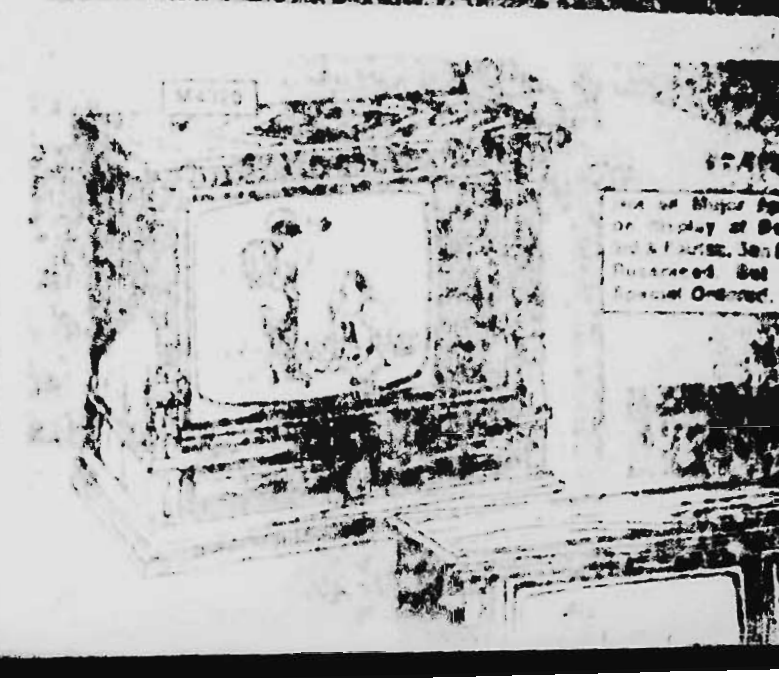
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ZENITH® 19" DIAG. COLOR TV
\$317
Triple plus chassis, 100% modular design, for lower inter-connections, not counting for outstanding dependability.



Zenith® 19" DIAG. COLOR TV
\$388
Triple colorator cabinet has a beautiful Charcoal Brown Finish. Features automatic line tuning.



Dornan Acknowledges He Attempted to Aid Convict

Hoped to Make Work Accuse Political Foe of Accepting Illegal Gift

By KENNETH RICH

San Francisco Times

Rep. Robert S. Dornan (R-Calif.) has acknowledged that he tried to help a federal prison inmate to get out of the country for an election he was having with a primary because Dornan's campaign opponent, Democrat Carey Back, of Berkeley, had been playing "a cat-and-mouse game" with James H. DeLoach, director of Federal Bureau of Investigation's Southern Field Office and serving six months in federal prison at the time. After Dornan had called on him that he had been playing cat-and-mouse game with Back.

Dornan said that after three months of telephone contact with Back and one meeting with him in the San Francisco Federal Correctional Institution April 15, he had advised him that after his release from prison and he no longer wanted to stay in the country.

Dornan said that he had been in California since 1964 and that he had been a member of the California State Bar since 1965.

George Bush, former U.S. attorney general, said that he had been in California since 1964 and that he had been a member of the California State Bar since 1965.

The director of the prison said that he had been in California since 1964 and that he had been a member of the California State Bar since 1965.

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Robert Dornan

Dornan's political foe, Carey Back, and the California State Bar since 1965.

He said he had been in California since 1964 and that he had been a member of the California State Bar since 1965.

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He said he had been in California since 1964 and that he had been a member of the California State Bar since 1965.

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Dornan, Peck wage bitter political battle

By Rich Cassell
Political writer

One truce in politics seems to be that a campaign is always rough and more bitter the second time around.

And that applies to the 27th Congressional District where incumbent Republican Robert K. Dornan is locked in an intense, expensive rematch with Democrat Carey Peck.

Dornan has blasted Peck's integrity, his background and portrayed him as a naive fool of the "Barnyard spenders" in Congress.

Peck has claimed Dornan is "pushing right wing, moral legislation" and smearing him with the father actor Gregory Peck.

Both are raising hundreds of thousands of dollars in a campaign expected to be among the most costly House races in the nation.

For his part, Dornan is taking the threat posed by Peck much more seriously than he did in 1974 when Peck came within 3,000 votes of ousting him.

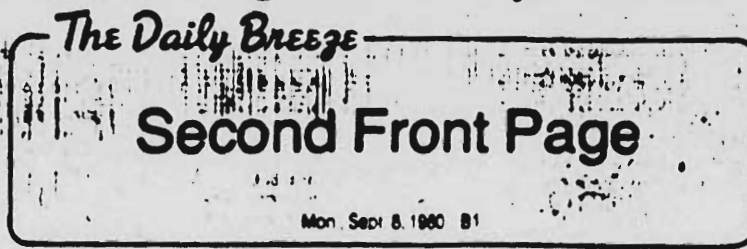
While Dornan trained in fund-raising two years ago, he leads the category this year with a boost from a statewide mail solicitation.

Dornan has opened three campaign headquarters in the Santa Monica to Palms Verdes Peninsula district compared to only one two years ago. He also is building a larger grassroots volunteer organization in the district.

Peck has been campaigning full-time for several months. He and his volunteers have been walking door to door nearly every day.

Though polls have shown Peck trailing Dornan, the 36-year-old Santa Monica resident believes he has a much better chance of winning this year because he has been building support for two years.

But Dornan, 47, a fiery orator who has emerged as a conservative Republican spokesman, feels he has a greater advantage now because of



the public's concerns about inflation, government spending and defense.

"We had 99 letters," Dornan said. "The issues are mine and the issues are Reagan's."

On the issues, polls have shown a majority of voters in the 27th District are conservative on fiscal matters, defense and crime yet liberal on such social issues as abortion.

Dornan's strongest support comes from communities south of Los Angeles International Airport.

Peck ran strongest in the north area of the district, particularly the Santa Monica and Venice areas.

Both are working hard to undermine the other's support. Peck has been doing much of his precinct work in Terrance and Redondo Beach in recent weeks.

Dornan has located his main campaign headquarters in Santa Monica. "I'm not willing to concede this beachhead," he says.

Beyond all of the rhetoric, which is certain to reach a feverish pitch in the weeks ahead, the candidates have differences on many issues.

Dornan, who has won taxpayer watching awards and carried a Howard Jarvis bill to reduce federal spending, favors a 10 percent income tax cut over four years. The bill also would put a lid on spending and index income taxes.

Peck says he is for a 14 percent tax cut and indexing to offset inflationary increases in tax rates.

"Dornan's tax bill would be 'far, far, far' inflationary" by putting billions of dollars into the economy," Peck claims.

Dornan says he has introduced legislation to control the money supply over several years to curtail inflation.

On defense spending, Dornan has been a leader in the effort to fund the B-1 bomber, to such an extent that he earned the title "B-1 Bob" in the media.

Peck also says a strategic bomber is needed.

But the candidates differ on how much money should be committed to military spending overall.

Dornan says major increases are needed while Peck supports President Carter's 5 percent after-inflation increase to the current budget.

In the near term, Dornan says the U.S. needs to boost spending for armed services pay, ships, including submarines and the B-1.

"We need some quick fixes if the Soviets hit us in the next five years, we are up the creek without a paddle," he said.

In the long range, Dornan advocates development and deployment of an anti-ballistic missile system for defense purposes.

Peck says he would try to cut waste in the military budget. He opposes the MX missile system and expresses concern about too many

high-salaried officers. "We are getting a 'barnyard army,'" he said.

On matters of foreign policy, Dornan said the U.S. must return to a policy of containment of communism.

"We must go back to a policy of containment and go back to a policy of forthright, truthful propaganda," he said.

"Let's win the abduction battle." Dornan was not a two-sided agreement between the Soviet Union and the U.S., Dornan said. It led to "a Soviet arms race that is the most dramatic, frightening build up of killing war material in all recorded history."

The Democratic goal of "essential equivalency" with the Soviet Union on arms "is a joke," Dornan said. "The Soviet Union has had an unrelenting, 15-year drive for superiority," he said.

Peck says Dornan has an unrealistic view of the world in the 1980s. "He's trying to go back to the 19th," he said. "The world is going to be a more desolated place."

Early in the Iranian hostage crisis, Peck said Dornan proposed a blockade of Iran and "would have had us in a shooting situation."

He criticizes Dornan for "just screaming about more spending for the military. The military has a tendency to get as fat as any other bureaucracy."

On the Equal Rights Amendment and abortion, the candidates have sharp odds.

Peck supports the ERA and a phantasm Dornan's opposition to Dornan says he is for equal rights for women, but opposes the ERA because he does not want to see women drafted.

Pro-abortion groups are supporting Peck, who supports freedom of choice for women considering abortion. One Voters for Choice has said it will raise and spend \$100,000 in pendently in the 27th District on half of Peck.

Dornan supports the Human Life Amendment which would effectively outlaw abortion.

One of Peck's strongest foes has been against Dornan's past association with Christian Voice a Jerry Falwell, head of the Moral Majority.

Peck describes the group as part of a fundamentalist religious movement that is "attempting to put moral legislation."

Dornan, who appeared briefly in the letterhead of Christian Voice, said he resigned when the group talked of issuing a morality rating congressmen.

He charges Peck is misrepresenting his connection with the group. "He's a liar. He says I'm a member when he knew I resigned," Dornan said.

In any case, while Peck is concerned about the increasing involvement of organized conservative groups in politics, Dornan is not.

There was no Judeo-Christian participation in the Nazi government. The atheists were wild. Churches have been forced to come involved in politics because the state has stuck its nose in church affairs."

Another issue the candidates have been trading blows on is debate issues of which have been scheduled

Third man's name shadows campaign

Robert K. Dornan and Carey Peck may be the major candidates in the 27th Congressional District race but the name James Dennis has had a shadowy presence in the campaign.

Dennis, an Alabama businessman convicted in 1973 of embezzling a California firm of nearly \$1 million, gave illegal contributions to Peck's 1974 campaign against Dornan.

Peck claims he did not know the funds were illegally donated and returned the money in June, 1979, after becoming suspicious.

Dornan, who has been investigating the matter for nearly a year, claims Peck had reason to be suspicious of the money "but turned the other way."

He now claims Peck tried to cover up his mistake and has been advised by the Federal Election Commission and the U.S. Justice Department.

The last week questions were

raised about Dornan's efforts to obtain better price treatment for Dennis at the same time he was urging the convict to issue damaging statements about Peck.

Dennis made the contributions — a series of 13 \$1,000 cashiers checks, some of which were sequentially numbered — just before and after the November 1974 election, which Peck lost by some 3,000 votes.

Actually, Dennis had used his own funds to purchase all of the checks, a violation of federal laws limiting individual congressional campaign contributions to \$1,000.

Peck said he took a bank loan and returned the money after he received newspaper clippings telling of the charges against Dennis in connection with his business activities.

Dennis had agreed to raise funds for Carey Peck after meeting his father, actor Gregory Peck, at a

fund-raiser in Birmingham for Democrat Donald Stewart, who was later elected to the U.S. Senate.

Carey Peck said he had no reason to suspect the contributions at the time they were made because Dennis was then considered a respected businessman.

Dornan is claiming Peck should have been suspicious and made more of an effort to check up on the donors, which would have revealed the contributions were illegal.

Dennis signed a contribution agreement with the Federal Election Commission in which he took full blame for the illegal contributions to Peck's campaign and similar donations to Stewart's campaign.

Dennis was fined \$1,000 for the illegal donations, none of which has been paid.

The FEC took no action against Peck, nor did it investigate the campaign

A spokesman for the FEC in Washington, D.C. said the matter is considered closed unless someone files a formal complaint against Peck.

Dornan has indicated he plans to file a complaint, but not until after the election. He notes he would be prohibited from discussing the matter once he does.

The issue surfaced in the 27th District in January, when Dornan purchased full-page newspaper ads questioning Peck's handling of the contributions.

Since that time, Peck's basic explanation of what occurred has not changed. And Dornan, despite his efforts, has failed to prove wrongdoing on Peck's part.

But Dornan has tripped Peck up on some details.

Peck first said the cashiers checks arrived by mail. Later, he admitted the father hand-carried two back

from Alabama.

Peck also said initially that he had only met Dennis once. He characterized the session as a "morning, over coffee."

Later, he acknowledged meeting Dennis twice at his father's Beverly Hills home, one time going to a near party with Dennis.

Peck admits he did not give precise, accurate details initially, claiming he was only trying to protect his father.

Dennis' original charges de with campaign manager "I didn't want to involve myself," he said.

Peck also said initially that he had made an effort to contact some of the businessmen of the "donors" verify their occupations.

Now he says his campaign probably contacted Dennis several times.

Dornan-Peck — B4, C6.

Dornan-Peck

From page B1

... "I had no reason to suspect the guy," he said.

A big turn in the complicated affair came in April when Dornan visited Dennis in federal prison at Talladega, Ala.

Dennis, who is now free pending an appeal, was serving a six-month jail term at the time.

Dornan claims that in the presence of his wife, Baille, an aide, an FBI agent and a U.S. Attorney, Dennis said he gave \$15,000 in cash back to Peck after cashing Peck's check in a Los Angeles bank.

Peck strongly denies the charge, though he acknowledges Dennis came to Los Angeles to get the \$15,000 back. Peck produced a canceled check, which shows Dennis cashed it in Los Angeles. But he did not meet with Dennis during the trip,

Peck said, and the return of the money was handled by his attorney.

Efforts by *The Daily Breeze* to contact Dennis have been unsuccessful, but Dennis reportedly denies giving the cash back to Peck.

Columnist Jack Anderson reported recently that the FBI had launched a "quiet investigation" of Dennis' claims.

The FBI would neither confirm nor deny the report.

Peck says he has had no contact with the FBI.

For Dornan, who had several phone conversations with Dennis in addition to the visit in prison, his contacts with the convict have backfired politically.

It was reported widely last week that Dornan allegedly struck a deal with Dennis to obtain damaging information on Peck.

The congressman denies making an deal.

Dornan admits a member of his congressional staff contacted Talladega prison officials to request a furlough for Dennis so he could attend his brother's funeral.

He denied seeking any special treatment for Dennis.

Peck claims Dornan's contacts with Dennis and prison officials "raise real questions. It's a wrong use of the office."

Overall, Peck claims the affair is hurting Dornan.

"He's making serious, totally unsubstantiated charges and he's got nothing to back it up. The whole thing is caving in on him."

Dornan maintains the contributions and Peck's handling of them has not been properly investigated or reported.

May 15, 1980 RECEIVED

80 NOV 25 P 4: 05

Dear Gregory,

I was glad to receive your letter and find that you are doing well. I appreciate you returning the letter under the circumstances.

About Congressman Downer:

He is a mad man, and does not want to accept the truth concerning the donations to Camp. He accused you of helping secure the money for Camp, but I was quick to inform them that neither you nor Camp were even under the impression that the money was anything but legal donations.

He brought his wife with him to tell me that she was a pregnant and unbalanced person. I found no merit to his explanation of her general conduct, since I had never committed any crime against either of the two.

He immediately began to tell me that he was a Veteran and had been shot down over Vietnam on two occasions. I asked him if that was a prerequisite of being a Congressman, and he said, "No, but it helps if you are trying to get votes." He then laughed carelessly and said "Hell, most people don't even connect themselves with the issues if they think you are a Veteran, they just simply vote for you if your opposing candidate isn't." (End of quote).

We then proceeded to try and go over the FEC documents, but he showed no interest in them whatsoever. He tried on several occasions to get me to say that after Cary just me the money back, that I then proceeded to loan him the money back. I said, "Congressman Dornon here will not accept the plain truth of the matter, but you appear to only want to make headlines through casual statements."

approval of the Warden. Not only had
he violated Bureau of Prisons policy,
but also ~~the~~ individual rights
guaranteed by the Constitution that he
has sworn to uphold.

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I then asked Congressman Dornan to
leave and informed him that I ~~was~~
would be considering legal action
against him for this violation. He
informed me that it would be
his word against that of a convicted
felon, and I replied, ~~that~~ "Don't
that the reason you came down here
to ask me questions, and then make
up your own answers, and hope that
everyone would believe you if I
disputed your claims."

Stinson, if I have allowed this man
to be released through my own errors,
then God forgive me, I hate to think
that the people of California are being
deprived by this man, and that
my alleged contribution to Camp Lehigh
is done so without his knowledge.

might enable this man to take
the truth of a through investigation
by the FEC, and turn the truth
around to confuse the voters to
a point that they might think
that Camp had anything to do with
the contributions.

I am sorry if I have brought
any shame to your ^{or} Camp. But
most of all, if I have let a man
turn the truth around to shame
the best candidate of the two.

Sincerely

John H. [unclear]

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Robert K. D...
M.C.

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, D.C. 20515

PUBLIC DOCUMENT

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80 NOV 24 P 1: 08

JOHNSON, BROWN, RAMSEY, WATSON & CLASSE

ATTORNEYS AT LAW

**1988 MONTGOMERY HIGHWAY, SUITE 800
BIRMINGHAM, ALABAMA 35208**

DAVID CROMWELL JOHNSON
QUENTIN G. BROWN, JR.
EDWARD L. RAMSEY
MARTHA CAMPBELL WATSON
JOHN G. CLASSE

AREA CODE 205
828-8844

November 20, 1980

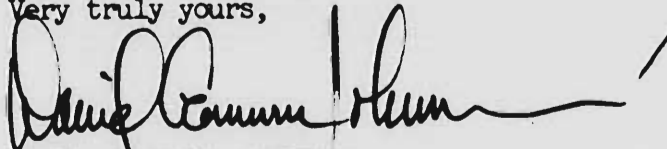
Ms. Anne Cauman
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

Re: James H. Dennis, Sr.
Civil Action No. 80-1086 (D.D.C.)

Dear Ms. Cauman:

Mr. Dennis has no statement to make concerning the allegations of Congressman Dornan except that they are untrue and are based on surmise and conjecture and not on fact.

Very truly yours,



DAVID CROMWELL JOHNSON

DCJ/ld

cc: James H. Dennis, Sr.

10 NOV 24 P 3: 11

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311610113

JOHNSON. BROWN. RAMSEY. WATSON & CLASSE

ATTORNEYS AT LAW

1933 MONTGOMERY HIGHWAY, SUITE 220
BIRMINGHAM, ALABAMA 35209

DAVID CROMWELL JOHNSON
QUENTIN G. BROWN, JR.
EDWARD L. RAMSEY
MARTHA CAMPBELL WATSON
JOHN G. CLASSE

AREA CODE 205
939-0044

November 20, 1980

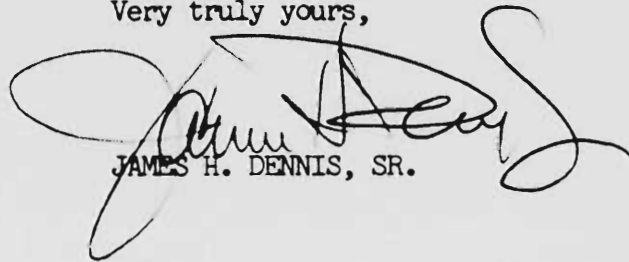
Charles N. Steele
General Counsel
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

Re: MUR 1329, 1331, 1332
James H. Dennis, Sr.

Dear Mr. Steele:

I hereby authorize and empower the Honorable David Cromwell Johnson, 1933 Montgomery Highway, Suite 220, Birmingham, Alabama 35209, telephone: (205) 939-0044, to act as my counsel with respect to the above-styled matters and to receive any notification or communications from the Commission with respect thereto.

Very truly yours,



JAMES H. DENNIS, SR.

JHD/ld

cc: Anne Cauman
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

3177071120

JOHNSON, BROWN, RAMSEY, WATSON & CLASSE

ATTORNEYS AT LAW

1985 MONTGOMERY HIGHWAY, SUITE 220

BIRMINGHAM, ALABAMA 35209

DAVID CROMWELL JOHNSON
QUENTIN G. BROWN, JR.
EDWARD L. RAMSEY
MARTHA CAMPBELL WATSON
JOHN G. CLASSE

AREA CODE 905
939-0044

November 20, 1980

Charles H. Steele
General Counsel
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

Re: MUR 1329, 1331, 1332
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Very truly yours,

JAMES H. DENNIS, SR.

JD/lid

cc: Anne Calman
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

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JOHNSON, BROWN, RAMSEY, WATSON & CLASSE

ATTORNEYS AT LAW

1933 MONTGOMERY HIGHWAY, SUITE 220
BIRMINGHAM, ALABAMA 35209

DAVID CROMWELL JOHNSON
QUENTIN G. BROWN, JR.
EDWARD L. RAMSEY
MARTHA CAMPBELL WATSON
JOHN G. CLASSE

AREA CODE 205
939-0044

November 20, 1980

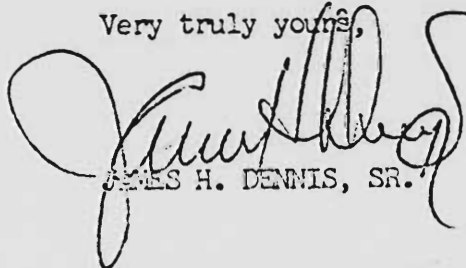
Charles N. Steele
General Counsel
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

Re: James H. Dennis, Sr.
Civil Action No. 80-1086

Dear Mr. Steele:

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Very truly yours,



JAMES H. DENNIS, SR.

JHD/ld

cc: Patricia F. Bak
Federal Election Commission

31710291422

JOHNSON, BROWN, RAMSEY, WATSON & CLASSE

NOV 24 P 1: 09

ATTORNEYS AT LAW

1933 MONTGOMERY HIGHWAY, SUITE 220
BIRMINGHAM, ALABAMA 35209

DAVID CROMWELL JOHNSON
QUENTIN G. BROWN, JR.
EDWARD L. RAMSEY
MARTHA CAMPBELL WATSON
JOHN G. CLASSE

AREA CODE 205
939-0044

November 20, 1980

Charles N. Steele
General Counsel
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

Re: James H. Dennis, Sr.
Civil Action No. 80-1086

Dear Mr. Steele:

I hereby authorize and empower the Honorable David Cromwell Johnson, 1933 Montgomery Highway, Suite 220, Birmingham, Alabama 35209, telephone: (205) 939-0044, to act as my counsel with respect to the above-styled matters and to receive any notification or communications from the Commission with respect thereto.

Very truly yours,

JAMES H. DENNIS, SR.

JHD/ld

cc: Patricia F. Bak
Federal Election Commission

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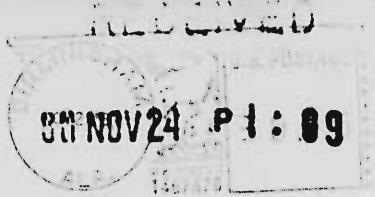
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JOHNSON. BROWN. RAMSEY. WATSON & CLASSE

ATTORNEYS AT LAW

1663 MONTGOMERY HIGHWAY. SUITE 200

BIRMINGHAM. ALABAMA 35200



Charles N. Steele
General Counsel
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

JOHNSON. BROWN. RAMSEY. WATSON & CLASSE

ATTORNEYS AT LAW

1983 MONTGOMERY HIGHWAY, SUITE 200

BIRMINGHAM, ALABAMA 35209

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90 NOV 24 P 1: 09

Ms. Arne Cauman
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

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JOHNSON. BROWN. RAMSEY. WATSON & CLASSE

ATTORNEYS AT LAW

1835 MONTGOMERY HIGHWAY. SUITE 200
BIRMINGHAM. ALABAMA 35209

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80 NOV 24 P 1: 09

Ms. Patricia F. Bak
Federal Election Commission
1325 K. Street, N.W.
Washington, D.C. 20463

United States
CONGRESSMAN

94319

RECEIVED
600# 3382

80 NOV 21 11:40

Robert K.
DORNAN



6:28
HAND DELIVERED

November 20, 1980

Federal Election Commission
Washington, D.C.

Dear Commissioners:

It appears that I may have neglected to include in my previously filed F.E.C. complaints, the enclosed Federal Bureau of Investigation transcript dated May 5, 1980 by SA Willis M. Deffenbaugh in Talladega, Alabama.

Please include this as a supporting document in my following complaints:

1. Against Donald Stewart and James H. Stewart, Jr. dated October 31, 1980;
2. Against James H. Dennis, filed November 3, 1980;
3. Against Carey Peck, Stanley Caiden, Mike Gordon, Terry Pullan, filed November 4, 1980.

I have enclosed three (3) copies of the document for this purpose.

Sincerely,

Robert K. Dornan

ROBERT K. DORNAN
Member of Congress

RKD:cm
Enclosures:

80 NOV 21 11:30

Paid for by Dornan in '80 Committee

DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

3101012127



UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

WASHINGTON, D. C. 20535

RECEIVED

NOV 21 8:40

September 10, 1980

Honorable Robert R. Dornan
U. S. House of Representatives
Washington, D. C. 20515

Dear Congressman Dornan:

Enclosed is a copy of the document requested by you on September 4, 1980, under the provisions of the Freedom of Information Act. Where noted on the enclosed document, excisions have been made to protect information, the release of which would constitute an unwarranted invasion of privacy. These deletions have been made pursuant to Title 5, United States Code, Section 552 (b) (7) (C).

The release of this material is being made after consultation with various officials of the Criminal Division, U. S. Department of Justice.

If you desire you may appeal to the Associate Attorney General any denials contained herein. Appeals should be in writing and directed to the Associate Attorney General (Attention: Office of Privacy and Information Appeals), United States Department of Justice, Washington, D. C. 20530, within thirty days from receipt of this letter. The envelope and letter should be clearly marked "Freedom of Information Appeal" or "Information Appeal."

Sincerely yours,

Thomas H. Bresson
Chief, Freedom of Information -
Privacy Acts Branch
Records Management Division

Enclosure

- 1 - Assistant Attorney General (enclosure)
Criminal Division
Attention: Mr. Frederick H. Hess
Acting Director
Office of Legal Support Services



3170291138

FEDERAL BUREAU OF INVESTIGATION

1

5/5/80

Date of transcription

JAMES HAROLD DENNIS, SR., Inmate, Talladega Federal Correctional Institute (Talladega FCI), Talladega, Alabama, who has home address 4904 Coshatt Drive, Birmingham, Alabama, [REDACTED]

was contacted at the Talladega FCI by U. S. Congressman ROBERT K. DORNAN (Republican - California), the Congressman's wife, SALLIE, and DORNAN's congressional aid, BRYAN YOUNG. Also present during DORNAN's interview of DENNIS, but not participating in the interview while DORNAN was present, was Assistant U. S. Attorney BILL L. BARNETT of Birmingham and SA WILLIS M. DEFFENBAUGH of the Birmingham FBI Office. This interview occurred in Talladega FCI Warden ROBERT VERDEYEN conference room. DORNAN stated his interview at 12:32 p.m. by describing himself to DENNIS as an ex-fighter pilot with conservative and patriotic views as opposed to his opponent, CAREY PECK, of California. DORNAN explained to DENNIS that if DENNIS would tell the truth about his dealings with CAREY PECK, then DENNIS could count on DORNAN to vouch for DENNIS' character as a person who is trying to be a better citizen. DENNIS explained that he will discuss his dealings with CAREY PECK if DORNAN would agree not to use DENNIS' name in the newspapers any more and just leave DENNIS alone after today. DORNAN agreed to this. DENNIS then showed some thank you letter from CAREY PECK dated November 3, 1978, which referred to contributions made to PECK's campaign fund in 1978. Five minutes into the interview at 12:37 p.m., DENNIS mentioned to SALLY DORNAN that he was hearing a slight noise coming from her pocket. The DORNAN's responded that they did not understand what DENNIS was referring to but DENNIS was persistent in wanting to know what that noise was coming from. SALLY DORNAN then took a tape recorder from her pocket that was about the size of a cigarette pack which said had run out of tape and was not now recording. She quickly put it in her purse. Congressman DORNAN hurriedly explained that he had not intended to record DENNIS' statement but had recorded his, DORNAN's, conversation with Assistant U. S. Attorney BILL L. BARNETT in a pre-interview conference in the warden's office before DENNIS was brought out of his cellblock. SA DEFFENBAUGH then mentioned to the DORNAN's that there are prison rules prohibiting tape

4/30/80

Talladega, Alabama

ME 183-128

ME 183-136

ME 56-169

Investigation on

at

File #

SA WILLIS M. DEFFENBAUGH:mjl

5/2/80

by

Date dictated

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

DH 183-128

recorders from being brought into the facility. SALLY DORNAN said that she was not aware of that restriction. The interview by DORNAN then started again by DORNAN promising not to use DENNIS' name in the newspaper again. DENNIS explained that he has never traded his information to the government in return for anything. No deals of any kind have been made with the government but he is asking DORNAN to just leave him alone after today.

DORNAN first asked DENNIS what he did with the \$13,000.00 that was refunded to him by CAREY PECK in mid-June, 1979. DENNIS explained that he met CAREY PECK at the office of PECK's attorney, JULES PATCLIFF, in the Los Angeles, California area. DENNIS and PECK went to some unrecalled bank near RATCLIFF's office where PECK had taken out a \$13,000. personal loan a day or two earlier. PECK gave DENNIS a \$13,000 check payable to DENNIS which DENNIS immediately cashed at this bank and DENNIS merely handed the \$13,000.00 cash over to PECK all in the same transaction. DENNIS explained that it was understood that this \$13,000.00 was paid by PECK to DENNIS as a refund for the \$13,000.00 paid into PECK's campaign fund during 1978, which were illegal contributions because the \$13,000.00 was in the form of thirteen \$1,000.00 Cashiers Checks, all obtained by DENNIS at the Southside Branch of the First National Bank of Birmingham in Birmingham, Alabama, where DENNIS' second former father-in-law, WAYNE MOORE, is Branch Manager. DENNIS noted that the illegality of these contributions was that twelve of the persons whose names appear as payee on the Cashiers Checks did not know that DENNIS was making contributions in their names. Only in the case of the one Cashiers Check bearing DENNIS' name as payee did the payee know of the matter. The other twelve payees were friends, employees, and relatives of DENNIS. In fact, DENNIS noted that one of the payee-contributors was only six years old. One of the reasons that DENNIS later made public this fact of his use of other people's names was to prevent the need for the press, Federal Election Commission or anyone else to contact these unknowing payees as they are mostly just country folks who would be frightened over any contact on this matter.

DENNIS went on to explain that when he received the \$13,000.00 refund check from PECK in the bank in California cashed the check and turned the cash back over to PECK, he (DENNIS) gave the cash to PECK as a personal loan not to be put back into PECK's campaign fund. No records, papers, or documents were prepared to substantiate this loan.

31710201430

BH 183-128

PECK has not repaid this loan made by DENNIS to PECK and DENNIS has not attempted to collect on the loan. DENNIS noted that PECK used the \$13,000.00 loan from DENNIS to pay off the bank's loan to PECK.

DENNIS stated that in 1978, he flew from Birmingham to San Francisco, California, where he joined ANDY STEINMEYER and JACK HENCHELL both of whom were at that time officials of the ITEL Corporation, San Francisco. DENNIS, STEINMEYER, and HENCHELL then flew to Seattle, Washington, to watch the University of Alabama play the University of Washington in a football game. After the game and upon their return to California, they all went to GREGORY PECK's home for a party where CAREY PECK and GREGORY PECK were hosts. At this party, CAREY PECK discussed his political race for Congress with DENNIS. GREGORY PECK and DENNIS seemed to "hit it off" because DENNIS looked a lot like a deceased son of GREGORY PECK. A few days after DENNIS arrived back in Birmingham, CAREY PECK called and asked DENNIS to contribute to his campaign. DENNIS agreed to send at least \$10,000.00. There was some discussion to the effect that the manner in which it was sent would probably not be important since it was coming all the way from Alabama and the conversation was in terms of the entire contribution coming from DENNIS and not from a group of contributors in Alabama. DENNIS then went to the First National Bank of Birmingham where he first obtained three \$1,000.00 Cashiers Checks which he sent to PECK by Federal Express and then a few days later, he obtained another ten \$1,000.00 Cashiers Checks from the same bank many of which were consecutively numbered, and he sent these to PECK by Federal Express.

In about May or June, 1979, DENNIS received a telephon call from CAREY PECK at which time PECK asked DENNIS to resolve the matter with the Federal Election Commission (FEC) without embarrassment to PECK. DENNIS then told the FEC and more particularly CLYDE OLDAKER of the FEC in Washington, D. C., that PECK did not know that the contributions had all originated from DENNIS. When DENNIS went to the FEC, the FEC was extremely busy with some Gulf Oil Company matter so OLDAKER simply gave DENNIS the file on the PECK [REDACTED] cases (b)(7) and DENNIS was put in some room where he was asked to go over the file. DENNIS noticed several affidavits in the FEC file supposedly signed by persons whose names had appeared as payees on Cashiers Checks given to PECK [REDACTED]. DENNIS claims that these were forged affidavits and that the payees on the checks had neither been contacted by the FEC or signed any affidavit about this matter. DENNIS' attorney

STEVE SALTER, Birmingham, was with DENNIS at the FEC. DENNIS said that this was the only time that he has taken a government agency's file and "investigated" the matter himself against himself. The FEC did not ask any questions about the illegal contributions to PECK except to ask DENNIS

DENNIS told the FEC that it was. DENNIS was told by the FEC to get a refund from PECK which he did as described above. DENNIS then later reappeared before the FEC at which time he was fined \$36,000.00 but this was soon cut to \$18,000.00 when DENNIS and his attorney, SALTER, suggested that at as a more reasonable figure. STEVE SALTER sent \$2,500.00 to the FEC for DENNIS to serve as partial payment on the fine but the FEC sent it back and indicated they were not interested in a partial payment. DENNIS said that he was told that he did not have to pay the fine but DENNIS refused to identify who told him that except to say that we are not discussing him today. DENNIS has not paid the \$18,000.00 fine and has not been pressed by the FEC for payment, but he now intends to pay it.

DENNIS ended by telling DORNAN that he would not care to testify before a congressional committee on this matter nor would he care to discuss this matter with the Los Angeles Times or any other newspaper as all DENNIS wants is to now be left alone with some peace and quiet.

RECEIVED

80 NOV 21 10:01 AM

HAND DELIVERED

81040201433

CONGRESSMAN ROBERT K. DORNAN
419 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515

FEDERAL ELECTION COMMISSION

1325 K Street N.W.

WASHINGTON, D.C. 20463

HAND DELIVERED

LAW OFFICES

WILLIAMS & CONNOLLY

HILL BUILDING

839 SEVENTEENTH STREET, N. W.

WASHINGTON, D. C. 20006

AREA CODE 202

331-5000

November 20, 1980

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000#3375

30 NOV 20 P12:07

911303

EDWARD BENNETT WILLIAMS
 PAUL R. CONNOLLY (1922-1978)
 ROBERT A. SCHULMAN
 HAROLD UNGAR
 VINCENT J. FULLER
 RAYMOND W. BERGAN
 STUART E. SEIGEL
 JEREMIAH C. COLLINS
 DAVID N. WEBSTER
 ROBERT L. WEINBERG
 LYMAN G. FRIEDMAN
 DONALD E. SCHWARTZ
 DAVID POVICH
 STEVEN M. UMIN
 JOHN W. YARDAMAN, JR.
 PAUL MARTIN WOLFF
 J. ALAN GALBRAITH
 CHARLES H. WILSON
 JOHN G. KESTER
 WILLIAM E. McDANIELS
 BRENDAN V. SULLIVAN, JR.
 AUBREY M. DANIEL, III
 RICHARD M. COOPER
 ROBERT P. WATKINS
 JERRY L. SHULMAN
 JOHN B. KUHN
 GREGORY B. CRAIG
 LAWRENCE LUCCHINO
 LEWIS H. FERGUSON, III
 ROBERT B. BARNETT

DAVID E. KENDALL
 KENDRA E. HEYMANN
 TERRENCE O'DONNELL
 JOHN J. BUCKLEY, JR.
 BERNARD J. CARL
 DOUGLAS R. MARVIN
 JOHN M. MASON
 JOHN K. VILLA
 BARRY S. SIMON
 KEVIN T. BAINE
 ELLEN SEGAL HUVELLE
 STEPHEN L. URBANCZYK
 PHILIP J. WARD
 PETER J. KAHN
 DANIEL J. MELTZER
 JUDITH A. MILLER
 STANLEY I. LANGBEIN
 LON S. BABBY
 SCOTT BLAKE HARRIS
 FREDERICK WHITTEN PETERS
 MICHAEL S. SUNDERMEYER
 CYNTHIA C. CANNADY
 DAVID D. AUFHAUSER
 BRUCE R. GENDERSON
 WILLIAM ALDEN McDANIEL, JR.
 ROBERT C. POST
 CAROLYN H. WILLIAMS
 STEPHEN M. KRISTOVICH
 F. LANE HEARD

Ms. Ann Cauman
 Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

Re: MUR 1329(80)
 MUR 1331(80)

Dear Ms. Cauman:

I appreciate the opportunity to meet with you and Scott Thomas yesterday. On behalf of Senator Donald Stewart, the Friends of Donald Stewart, and James H. Stewart, Jr., we submit that the complaints referred to above should be dismissed without further response. My reasons for this position are as follows.

The allegations contained in the two complaints were raised, investigated and resolved by the Commission in 1979 in MUR 970. At that time, the Commission investigated the relationship between James Dennis and Senator Stewart, Dennis' contributions to Senator Stewart's campaign, and the return to Dennis of \$22,000 which Dennis contributed in the names of others. After that investigation it was determined, with one minor exception, that there was no cause to believe that Senator Stewart or his campaign committee had violated the federal election laws.

In an effort to reopen this matter, Congressman Dornan has recast the allegations to make it appear that he is raising new issues. For instance, although we informed the Commission on May 15, 1979 that the Friends of Donald Stewart refunded \$22,000 to Dennis on May 11, Congressman Dornan

30 NOV 20 P2:13

Ms. Ann Cauman
November 20, 1980

2.

alleges that Dennis told him that he engaged in a "check exchange" with Senator Stewart. As we point out below, Congressman Dornan does not make this allegation under oath, nor does he state that he believes it to be true, as required by statute and regulation. In any event, the allegation is categorically false. We are enclosing a front and back copy of the \$22,000 check which shows that it was endorsed by Mr. Dennis to Elliott Till, Jr., and deposited by him.

Congressman Dornan also suggests, based on a newspaper article which appeared in the Montgomery Advertiser on June 20, 1980, that Dennis purchased six \$500 tickets to a fundraiser for Senator Stewart. As set forth in the letter to you of May 15, 1979, from Mr. J. H. Stewart, Jr., Treasurer of the Friends of Donald Stewart, and as further amplified during the course of the prior investigation, an intense effort was made to determine all improper contributions made by Dennis. Attached to the letter of May 15 was a letter from Mr. Stewart to Dennis dated May 2nd which enclosed all FEC reports filed as of that time by the Friends of Donald Stewart. Dennis was asked to review those reports and to identify any contributions that were made by him in the name of another and any contributions which he made to the campaign which were not disclosed in those reports. In response, Dennis sent the letter dated May 8, previously provided to you, in which he listed twenty-two contributions of \$1,000 each. Those contributions were then promptly refunded. Thus, we believe that the Committee took all steps reasonable and necessary to determine whether Dennis made any improper contributions and, if so, the extent of those contributions. Those contributions which appeared to be improper were returned. We have no knowledge of any other improper contributions made by Dennis.

As for the allegation that \$1,150.00 contributed by Mr. Dennis to Senator Stewart's campaign was from corporate funds, we believe that allegation was fully answered by Mr. Steele's letter to Congressman Dornan dated July 9, 1980.

Thus, we believe that the matters raised in the complaints filed by Congressman Dornan have been covered in the prior investigation. To the extent that there were any questions left open in that investigation, we believe that the information set forth above resolves those questions.

Ms. Ann Cauman
November 20, 1980

3.

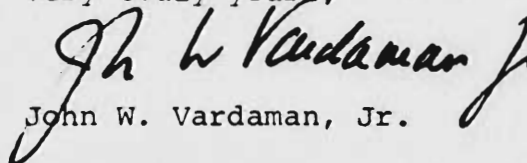
There are further reasons why these complaints should be dismissed. Section 437g(a)(1) of 2 U.S.C. provides that a person "who believes" that a violation of the federal election campaign laws has occurred may file a complaint with the Commission. That section requires that the complaint "be in writing, signed and sworn to by the person filing" it. The applicable regulation in 2 C.F.R. § 111.2 requires that the complaint contain, among other things, all "documentation of allegations of the complaint available to the complainant"

These complaints fail to meet the requirements in several respects. First, the complaint in MUR 1329(80) is not sworn to by Congressman Dornan. Second, Congressman Dornan does not state in the complaint that he "believes" the allegations to be true and that there has been a violation of the Act. Third, the documentation referred to in complaints, namely the article appearing in the Montgomery Advertiser on June 20, 1980, and the transcript made by FBI Agent Will Deffenbaugh referred to in MUR 1331(80) are not submitted as required.

In addition, it is important to recognize that the principal basis for the complaints is the newspaper article from the Montgomery Advertiser. Commission Memorandum No. 663 considers the question of whether a complaint based upon a newspaper article is proper. That Memorandum addresses the concern that complaints not be frivolous, malicious and unfounded. It reaches the conclusion that a complaint may be based on an article when the article is "substantive in its statement of facts," so long as the complaint includes "a sworn statement that the complainant believes the facts to be true as alleged." If the complaint does not meet those criteria, it can be dismissed for insubstantiality. In this case, as we pointed out above, the complaint in MUR 1329(80) does not contain any sworn statement that Congressman Dornan believes the facts to be true and does not even contain the news article. Further since the article appears inconsistent with the results of the prior investigation, there is substantial reason to believe that it is not correct.

For these reasons, we respectfully request that the Commission not reopen this investigation and instead dismiss the complaints.

Very truly yours,


John W. Vardaman, Jr.

JWV/ska
Enclosure

FN First National Bank
of Anniston
ARTISTON, ALABAMA 36302

1291

May 11, 1979

61-53-122

TO THE
ORDER OF

James H. Dennis

\$ 22,000.00

Twenty Two Thousand and No/100

DOLLARS

FRIENDS OF DONALD STEWART

Donald Stewart

⑆062200534⑆

⑆022 009⑆

⑆000200000⑆

31040221437

4Y

PAY ANY BANK PEG.
ENSLER BRANCH
61-1 61-1
MAY 14 76
THE FIRST NATIONAL
Bank of Birmingham
61-1 Birmingham, AL 35211

15
41

James H. Dennis
William T. Early
Frank A. Dennis

01241512

LAW OFFICES
WILLIAMS & CONNOLLY
HILL BUILDING
WASHINGTON, D. C. 20006

NOV 20 12:07
HAND DELIVERED

Ms. Ann Cauman
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

By hand.



RECEIVED
GENERAL COUNSEL

GCC# 3363

UNITED STATES SENATE NOV 19 11:42
WASHINGTON, D. C. 20510

DONALD W. STEWART
ALABAMA

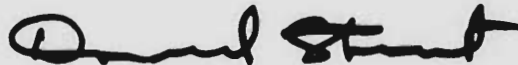
November 14, 1980

RE: MUR 1331 (80)

Dear Mr. Steele:

This is to advise you that I and the Friends of Donald Stewart will be represented in this matter by John W. Vardaman, Jr., 839 17th Street, Northwest, Washington, D. C., 20006, (202-331-5081). He is authorized to receive any notifications and other communications from the Commission on my behalf.

Sincerely,


DONALD W. STEWART

DWS/dna

Mr. Charles Steele
General Counsel
Federal Elections Commission
1325 K Street, Northwest
Washington, D. C. 20463

317791439



GCC#3364
GENERAL COUNSEL

UNITED STATES SENATE
WASHINGTON, D. C. 20510

NOV 19 11:42

DONALD W. STEWART
ALABAMA

November 10, 1980

RE: MUR 1329(80)

Dear Mr. Steele:

This is to advise you that I and the Friends of Donald Stewart will be represented in this matter by John W. Vardaman, Jr., 839 17th Street, Northwest, Washington, D. C., 20006, (202-331-5081). He is authorized to receive any notifications and other communications from the Commission on my behalf.

Sincerely,

DONALD W. STEWART

DWS/dna

Mr. Charles Steele
General Counsel
Federal Elections Commission
1325 K Street, Northwest
Washington, D. C. 20463

31010271410

**Donald
Stewart**
U.S. Senate

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

GCC#3365

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November 10, 1980

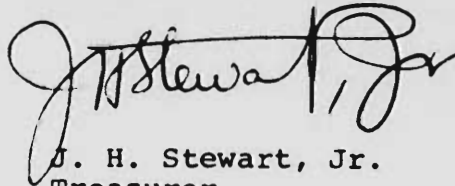
Mr. Charles N. Steele
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: MUR 1329(80)

Dear Mr. Steele:

This is to advise you that I and the Friends of Donald Stewart will be represented in this matter by John W. Vardaman, Jr., 839 17th Street, N.W., Washington, D.C. 20006, (Telephone 202-331-5081). He is authorized to receive any notifications and other communications from the Commission on our behalf.

Sincerely,



J. H. Stewart, Jr.
Treasurer
Friends of Donald Stewart

JHSjr:kc

3100291441

1331



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 10, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Robert K. Dornan
Dornan in '80
P.O. Box 2022
Santa Monica, California 90406

Dear Congressman Dornan:

On November 3, 1980, the Federal Election Commission ("Commission") received a complaint filed by you against James H. Dennis (copy enclosed). The third page of the complaint refers to an enclosed transcript made by F.P.I. Agent Will Deffenbaugh. However, the complaint received did not contain a copy of the transcript to which you referred. We request that you send a copy of the transcript to the Office of General Counsel.

In addition, in the complaint referred to, and in two other related complaints filed by you on October 31 and November 4, 1980, you refer to several newspaper articles concerning the allegations you have made. It would be helpful if you could send copies of these articles, as well.

Sincerely,

Charles N. Steele
General Counsel

Enclosure

8171021412

31010201443

1331 Cauman

Form 3811, Jan. 1978
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
- Show to whom and date delivered.....
 - Show to whom, date and address of delivery.....
 - RESTRICTED DELIVERY
Show to whom and date delivered.....
 - RESTRICTED DELIVERY.
Show to whom, date, and address of delivery \$.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Cong Dornan

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
400669		

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE Addressee Authorized agent

Signature: *Walter J. ...*
NOV 17 1980

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS
e



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 7, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

James H. Dennis, Sr.
Suite 104
2 River Chase Office Plaza
Birmingham, Alabama 35244

Re: MUR 1329

Dear Mr. Dennis:

This letter is to notify you that on October 31, 1980, the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of the complaint is enclosed. We apologize for not sending you a copy of this complaint sooner. We have numbered this matter MUR 1329. 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 connection with this matter. Your response 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.

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.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(F) 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 sending a letter of representation stating the name, address and telephone number

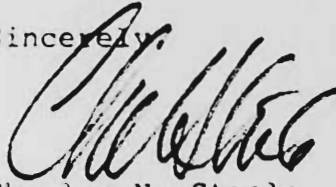
8101021444

Letter to: James H. Dennis, Sr.
Page 2

of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Anne Cauman, the attorney assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,



Charles N. Steele
General Counsel

Enclosure

1. Complaint
2. Procedures

81040271445



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 7, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

James H. Dennis, Sr.
Suite 104
2 River Chase Office Plaza
Birmingham, Alabama 35244

Re: MUR 1331(80)

Dear Mr. Dennis:

This letter is to notify you that on November 3, 1980 the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR 1331. 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 your Committee in connection with this matter. Your response 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.

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.

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 sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

31010271116

If you have any questions, please contact Anne Cauman, the attorney assigned to this matter at 202-523-4529. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
Charles N. Steele
General Counsel

Enclosure
Complaint
Procedures

91040:01117

1331 Cauman

Form 3811, Jan. 1978

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1. The following services are requested (check one.)
 Show to whom and date delivered.....
 Show to whom, date and address of delivery.....
 RESTRICTED DELIVERY
 Show to whom and date delivered.....
 RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLES ADDRESSED TO:
James H. Dennison

3. ARTICLE DESCRIPTION:
REGISTERED NO. 947317
INSURED NO.

(Always obtain signature of addressee)
 I have received the article described above.
 SIGNATURE *Charles N. Steele*
 DATE OF DELIVERY

4. ADDRESS (complete only if restricted delivery)

5. USABLE TO DELIVER THROUGH



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 7, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Donald Stewart
P.O. Box 2274
Anniston, Alabama 36202

Re: MUR 1331(80)

Dear Senator Stewart:

This letter is to notify you that on November 3, 1980 the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR 1331. 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 your Committee in connection with this matter. Your response 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.

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.

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 sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

910020118

If you have any questions, please contact Anne Cauman, the attorney assigned to this matter at 202-523-4529. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

Enclosures
Complaint
Procedures

1291 Cauman

1. The following copies requested (check one):
 None to whom and one addressed to me
 None to whom, one and address of delivery
 RESTRICTED DELIVERY
 None to whom and one addressed to
 RESTRICTED DELIVERY
 Sign to whom, date, and address of delivery: _____

2. ARTICLES REQUESTED TO:
 CONSUMER FORMULASTER FOR FEED

3. ARTICLES REQUESTED TO:
 Mr. Donald Stewart

4. ARTICLES REQUESTED TO:
 97216

I have searched the entire described above.
 (Always check signature of addressee or agent)
 Signature: _____
 Title: _____

MAILED 10 10 1980

31010201142



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 7, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

James H. Stewart, Jr., Treasurer
Friends of Donald Stewart
P.O. Box 2274
Anniston, Alabama 36202

Re: MUR 1331(80)

Dear Mr. Stewart:

This letter is to notify you that on November 3, 1980 the Federal Election Commission received a complaint which alleges that your Committee may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR 1331. 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 your Committee in connection with this matter. Your response 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.

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.

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 sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

3170291157

If you have any questions, please contact Anne Cauman, the attorney assigned to this matter at 202-523-4529. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

Enclosures
Complaint
Procedures

1 2 1 1 6 2 0 1 0 1 8

1221 Cauman

RETURN RECEIPT, REGISTERED, RETURNED, RETURNED AND CERTIFIED MAIL

1. The following services is requested (check box):
 Return to return and date addressed.....
 Return to return, date and address of delivery.....
 RESTRICTED DELIVERY
 Return to return and date addressed.....
 RESTRICTED DELIVERY.
 Note to return, date, and address of delivery 5. _____

2. ARTICLE ACCORDING TO:
 CONSULT POSTMASTER FOR FEES

3. ARTICLE DESCRIPTION:
 REGISTERABLE NO. _____ CERTIFIED NO. _____ REGISTERED NO. _____
 9472157

I have received the article described above.
 Date of receipt _____
 Signature: *Tommy Benj...*

4. ADDRESS (Change only if required)
 DATE OF DELIVERY _____

5. REASON TO DELIVER RECALLS _____

NOV 19 1980
 DISTRICT OF COLUMBIA



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 7, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Carey Peck
960 10th Street
Santa Monica, California 90403

Re: MUR 1331(80)

Dear Mr. Peck:

This letter is to notify you that on November 3, 1980 the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR 1331. 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 your Committee in connection with this matter. Your response 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.

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.

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 sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission:

317001452

If you have any questions, please contact Anne Cauman, the attorney assigned to this matter at 202-523-4539. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
Charles N. Steele
General Counsel

Enclosures
Complaint
Procedures

8 1 0 1 0 2 2 1 4 3 3

1331 *Cauman*

1. The following service is requested (check one):
 Show to whom
 Show to whom, *Attorney of 4791 18th St. N.W.*
 RESTRICTED DELIVERY
 Show to whom and date delivered.....
 RESTRICTED DELIVERY
 Show to whom, date, and address of delivery: _____

2. COMPLETE POSTMASTER FOR FEES

3. ARTICLES ASSUMED TO BE
Army Book

4. ARTICLES ASSUMED TO BE
 RECEIVED BY
 (Always check signature of addressee or agent)
Ally Packer
 Division of the
 NOV 17 1980
 F 3

5. UNABLE TO DELIVER (REASON)

NOV 17 1980



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 7, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mike Gordon
Carey Peck for Congress
1515 Lincoln Blvd.
Santa Monica, California 90401

Re: MUR 1331(80)

Dear Mr. Gordon:

This letter is to notify you that on November 3, 1980 the Federal Election Commission received a complaint which alleges that your Committee may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR 1331. 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 your Committee in connection with this matter. Your response 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.

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.

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 sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

31010021154

If you have any questions, please contact Anne Cauman, the attorney assigned to this matter at 202-523-4529. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles W. Steele
Charles W. Steele
General Counsel

Enclosures
Complaint
Procedures

8100201155

1001 Cauman

1. The following service is requested (check one):
 Show to whom and date delivered.....
 Show to whom, date and address of delivery.....
 RESTRICTED DELIVERY.....
 Show to whom and date delivered.....
 RESTRICTED DELIVERY.....
 Show to whom, date, and address of delivery \$.....

2. ARTICLE ADDRESSED TO:
Mr. Steele

3. ARTICLE DESCRIPTION:
 REGISTERED MAIL
Steele

4. I have received the article described above.
 Signature: *Charles W. Steele*
 Date: *11-2-90*

5. SPECIAL DELIVERY SERVICE (check one)
 REGISTERED MAIL
 REGISTERED MAIL WITH RETURN RECEIPT
 REGISTERED MAIL WITH RETURN RECEIPT AND INSURANCE

NOV 2 1990
 AIR MAIL
 U.S. POSTAGE



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 6, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

James H. Dennis, Sr.
2 Riverchase Office Plaza
Suite 104
Birmingham, Alabama 35244

Re: MUR 1332

Dear Mr. Dennis:

This letter is to notify you that on November 4, 1980, the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR 1332. 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 your Committee in connection with this matter. Your response 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.

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.

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 sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

817771457

If you have any questions, please contact Anne Cauman, the attorney assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Charles N. Steele
Charles N. Steele
General Counsel

Enclosure

- 1. Complaint
- 2. Procedures

81010201139

1332 Cauman

1. The following services is requested (check one): <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> Show to whom, date and address of delivery. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY. Show to whom, date, and address of delivery.		2. ARTICLE ADDRESSED TO: James N. Dennis 1110 180	
3. ARTICLE DESCRIPTION: REGISTERED NO. 94741 CERTIFIED NO. INSURED NO.		4. DATE OF DELIVERY: 11/10/80	
5. ADDRESS COMPLETE ONLY IF REQUESTED		6. UNABLE TO DELIVER REASON: CLERK'S INITIALS	

Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 6, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Carey Peck
960 10th Street
Santa Monica, California 90403

Re: MUR 1332

Dear Mr. Peck:

This letter is to notify you that on November 4, 1980, the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR 1332. 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 your Committee in connection with this matter. Your response 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.

Please submit any factual or legal material's which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

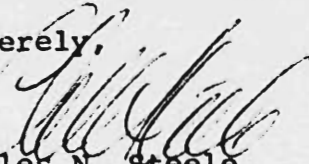
This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

91010201159

If you have any questions, please contact Anne Cauman, the attorney assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,



Charles N. Steele
General Counsel

Enclosure

1. Complaint
2. Procedures

31010271150

1332 Cauman

1. The following applies to registered (check one): <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> Show to whom, date and address of delivery. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY. Show to whom, date, and address of delivery.		2. ARTICLES ASSIGNED TO: <i>Carey Peck</i>	
3. ARTICLE DESCRIPTION: REGISTERED NO. <i>94778</i> REGISTERED NO.		4. DATE OF DELIVERY <i>NOV 17 1980</i>	
5. I have signed this article according to the instructions on the back of the envelope. <i>Charles N. Steele</i>		6. UNABLE TO DELIVER REASON:	

Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 6, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Stanley Caiden
1515 Lincoln Blvd.
Santa Monica, California 90401

Re: MUR 1332

Dear Mr. Caiden:

This letter is to notify you that on November 4, 1980, the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR 1332. 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 your Committee in connection with this matter. Your response 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.

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.

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.

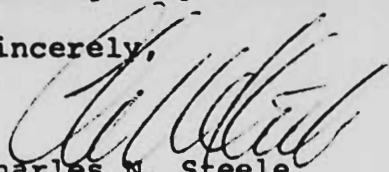
If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

3100231151

Letter to: Stanley Caiden
Page Two

If you have any questions, please contact Anne Cauman, the attorney assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,



Charles N. Steele
General Counsel

Enclosure

- 1.. Complaint
2. Procedures

31040201452



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 6, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Terry Pullen
1515 Lincoln Blvd.
Santa Monica, California 90401

Re: MUR 1322

Dear Mr. Pullen:

This letter is to notify you that on November 4, 1980, the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR 1332. 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 your Committee in connection with this matter. Your response 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.

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.

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 sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

8100201153

If you have any questions, please contact Anne Cauman, the attorney assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Charles N. Steele
Charles N. Steele
General Counsel

Enclosure

1. Complaint
2. Procedures

3 1 0 1 0 2 9 1 1 5 4

1332 Cauman

1. The following articles is requested (check one.) <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> Show to whom, date and address of delivery. <input type="checkbox"/> RESTRICTED DELIVERY Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY. Show to whom, date, and address of delivery.		2. ARTICLES ADDRESSED TO: <i>Henry Pullen</i>	
3. ARTICLE DESCRIPTION: REGISTERED NO. <i>94707</i> CERTIFIED NO. <i>1111</i>		4. I have received the article described above. <i>P. M. Moore</i>	
5. ADDRESS (Stampers only if registered)		6. UNABLE TO DELIVER BECAUSE	

NOV 10 1978

8

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 6, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mike Gordon
1515 Lincoln Blvd.
Santa Monica, California 90401

Re: MUR 1332

Dear Mr. Gordon:

This letter is to notify you that on November 4, 1980, the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR 1332. 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 your Committee in connection with this matter. Your response 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.

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.

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 sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

8100291455

Letter to: Mike Gordon
Page Two

If you have any questions, please contact Anne Cauman, the attorney assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Charles N. Steele
Charles N. Steele
General Counsel

Enclosure

1. Complaint
2. Procedures

8 1 7 1 7 ? 7 1 1 5 5

1332 Cauman

1. The following service is requested (check one): <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> Show to whom, date and address of delivery. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY. <input type="checkbox"/> Show to whom, date, and address of delivery.		(CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ASSIGNED TO: <i>Mike Gordon</i>		3. ARTICLES DESCRIPTIONS REGISTERED NO. CERTIFIED NO. INSURED NO. <i>54278</i>	
I have received the article described above. <i>R. M. Cauman</i>		NOV 20 1978 NATIONAL CITY	
6. USABLE TO DELIVER MAIL		7. RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL	



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 6, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mike Gordon
Carey Peck for Congress
1515 Lincoln Blvd.
Santa Monica, California 90401

Re: MUR 1332

Dear Mr. Gordon:

This letter is to notify you that on November 4, 1980, the Federal Election Commission received a complaint which alleges that your Committee may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") or Chapters 95 and 96 of Title 26, U.S. Code. A copy of this complaint is enclosed. We have numbered this matter MUR 1332. 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 your Committee in connection with this matter. Your response 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.

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.

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 sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

81010291457

If you have any questions, please contact Anne Cauman, the attorney assigned to this matter at (202) 523-4529. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Charles N. Steele
Charles N. Steele
General Counsel

Enclosure

- 1. Complaint
- 2. Procedures

8 1 7 1 0 ? 0 1 1 5 8

1332 Cauman

1. The following service is requested (check one): <input type="checkbox"/> Show to whom and day delivered. <input type="checkbox"/> Show to whom, date and address of delivery. <input type="checkbox"/> RESTRICTED DELIVERY Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY. Show to whom, date, and address of delivery.		2. ARTICLE DESCRIBED: REGISTERED NO. | 947176 | CERTIFIED NO. | | INSURED NO. | |	
3. ARTICLES ADDRESSED TO: <i>Mike Gordon</i>		4. ADDRESS COMPLETE ONLY IF REGISTERED, RESTRICTED, RESTRICTED DELIVERY, REGISTERED AND CERTIFIED MAIL.	

NOV 13 1978



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 6, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Robert K. Dornan
Dornan in '80
P.O. Box 2022
Santa Monica, California 90406

Dear Mr. Dornan:

This letter is to acknowledge receipt of your complaint of November 4, 1980, against James Dennis, Carey Peck, Stanley Caiden, Mike Gordon, Terry Pullen and Carey Peck for Congress which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondents will be notified of this complaint within 5 days and a recommendation to the Federal Election Commission as to how this matter should be initially handled will be made 15 days after the respondents' notification. You will be notified as soon as the Commission takes final action on your complaint. Should you have or receive any additional information in this matter, please forward it to this office. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

ENVELOPE: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following service is requested (check one): <input type="checkbox"/> Show to whom and date delivered..... <input type="checkbox"/> Show to whom, date and address of delivery..... <input type="checkbox"/> RESTRICTED DELIVERY Show to whom and date delivered..... <input type="checkbox"/> RESTRICTED DELIVERY. Show to whom, date, and address of delivery.3.....	
(CONSULT POSTMASTER FOR FEES) 2. ARTICLE ADDRESSED TO: <i>The Hon. Robert K. Dornan</i>	
3. ARTICLE DESCRIPTION: REGISTERED NO. <i>947188</i>	REGISTERED NO. <i>947188</i> (Always obtain signature of addressee or agent) I have received the article described above. SIGNATURE OF ADDRESSEE (Stamped) <i>Robert K. Dornan</i> DATE <i>NOV 11 1980</i>
5. ADDRESS (Recipient only if required)	
6. SPECIAL DELIVERY SERVICE	

Encl

81040371159

1332
Car. Room

1. VIOLATION OF 2 USC 441(f): "No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another person. (Emphasis added).

2. VIOLATION OF 2 USC 432(i), 11 CFR 104.7(B): " When the Treasurer of a political committee shows that best efforts have been used to obtain, maintain, and submit the information required by this Act for the political committee, any report or any records of such committee shall be considered in compliance with this Act or chapter 95 or chapter 96 or title 26."

"...the treasurer will not be deemed to have exercised best efforts to obtain the required information unless he or she has made at least one effort per solicitation either by a written request or by an oral request documented in writing to obtain such information from the contributor...such effort shall consist of a clear request for the information (i.e. name, mailing address, occupation, the name of employer) which request informs the contributor that the reporting of such information is required by law."

3. VIOLATION OF 2 USC 432 (h)(1); 11 CFR 103.3(b)(1): "Contributions which appear to be illegal shall be within 10 days, either returned to the contributor or deposited into the campaign depository and reported. If deposited, the treasurer shall make and retain a written record noting the basis for the appearance of illegality. A statement noting that the legality of the contribution is in question should be included in the report. The treasurer shall make his or her best efforts to determine the legality of the contribution."

31710201171

4. VIOLATION OF TITLE 2, USC § 434(b)(3)(E): "Contents of reports. Each report under this section shall disclose - ... (E) person who makes a loan to the reporting committee during the reporting period, together with the identification of any endorser or guarantor of such loan, and date and amount of value of such loan..."

5. VIOLATION OF 26 USC 9012(e)(1): "It shall be unlawful for any person knowingly and willfully to give or accept any kickbacks or any illegal payment in connection with any qualified campaign expense of eligible candidates or their authorized committees..."

3170271172

than a cashiers check for IRS and other accounting purposes.

In addition, in LaRouche v. F.E.C., a precedent setting case involving sequentially numbered cashiers checks all drawn on teh same bank, raised statutory objection to a request for presidential matching funds. In this case, eight small (under \$50) sequentially numbered cashiers checks (runs of 2-4-2) and nine money orders were given to the LaRouche campaign "in patterns that raised substantial statutory questions." (See Petition for Writ or Certiorari to the U.S. to the U.S. Court of Appeals for the District of Columbia Curcuit Court Number 77-1184). Past General Counsel of the F.E.C., Clyde Oldaker, and present General Counsel of the F.E.C., Charles Steele, both were involved in this case.

Other evidence which raises questions about Mr. Peck's handling of this matter is an article which appeared in the LA Times on October 24, 1980 by Bob Baker. I quote from it:

"In addition, he (Peck) has knowingly misled reporters about his relations with James Dennis, an Alabama mining equipment executive who made the illegal contribution to Peck late in 1978.

"Peck originally said he had met Dennis 'at a short sit-down over coffee.' In fact, the two met for cocktails at Gregory Peck's Beverly Hills home in November, 1978, the day Dennis brought the last five checks. Dennis and both Pecks then went to dinner at Chasen's with two executives of ITEL Corp., a San Francisco firm, who had flown from Oakland to Los Angeles earlier in the day at Dennis' request.

"Unbeknown to the Pecks, Dennis was in the process of defrauding ITEL of nearly \$1 million, a charge to which he later pleaded guilty in in federal court. (He is appealing his four year prison sentence).

"Dennis had been able to impress the businessmen by boasting that he had a friendship with the Pecks, one of the executives later said."

In addition, on February 7, 1980, then F.E.C. Chairman Robert O. Tiernan told me via phone that "a reasonable man would certainly have been suspicious" when receiving 13 \$1,000 cashiers checks from the same bank, sequentially numbered, from over two thousand miles away, as young

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Peck did.

Nowhere in Mr. Peck's forms can be found any evidence that an attempt was made to report the suspicious nature of the money. I attended the House Administration hearing on April 25, 1980 and for the record, I note the following exchange:

CONGRESSMAN FRENZEL: What kind of advice to you give to a campaign committee regarding its obligation to verify the source of the contribution when these money orders, or similar kinds of anonymous instruments are received, particularly when they are maximum contributions? What is the campaign committee's obligation?

MR. TIERNAN: The regulations set forth in 103.3(b)(1), "contributions which appear to be illegal shall be within 10 days either returned to the contributor or deposited in the campaign repository box and reported. If deposited, the treasurer shall make and retain a written record noting the appearance of illegality. A statement notifying that illegality should be included in the report..." and so forth. There are regulations that provide for that situation.

Also note the names on the eight cashiers checks are TYPED, not SIGNED.

(People have different handwriting; a typewriter is obviously uniform).

ARRIVAL OF THE CHECKS:

Carey Peck said he had no reason to suspect the contributions which arrived by mail. (Emphasis added - see Hawthorne/El Segundo Beacon, January 30, 1980, article by Rich Connell; also see Daily Breeze, January 29, 1980 article by Rich Connell).

According to Jack Anderson's column in the Washington Post on June 21, 1980: "Dennis gave Gregory Peck \$6,000 in checks to take back to his son, and later forwarded \$7,000 more." (It appears that Terry Pullen, Peck's campaign manager, was the source of this statement).

I met with James Dennis at Talladega Federal Correctional Institution on April 30, 1980. There Dennis claims (in the presence of F.B.I. and Justice Dept. officials) that he had initially given three checks, although

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he did not indicate giving them personally to Gregory Peck until a subsequent phone call. Dennis said the checks were sent via "good ol' federal express."

The dates listed by Carey Peck on his F.E.C. form for the receipt of the illegal money suggests that it came in three batches as follows:

first: via Gregory Peck, hand-carried on October 26, 1978;

second: hand-carried by James Dennis on the 14th or 15th of November 1978 to Gregory Peck's home or to Chasen's restaurant dinner party on November 15, 1978;

third: According to the October 24, 1980 LA Times article: "On four days between October 31 and November 25, 1978, from two to five cashiers checks -- ostensibly from different Alabama residents -- arrived at Peck campaign headquarters. Although each envelope was mailed by Dennis, there was no reason to be wary, Peck said."


In view of the LA Times article cited above, it appears Dennis hand-carried the last five sequentially numbered cashiers checks to Gregory Peck's home where he met Carey. It also seems reasonable that James Dennis personally brought the last five cashiers checks to California with him, and that he personally gave them to Carey. The October 24, 1980 LA Times article by Bob Baker states this happened.

Jack Hentchell, former ITEL employee told me on May 22, 1980 that he thought Dennis spent the night prior to the Chasens dinner ('78) at Gregory Peck's home. If Dennis did arrive in LA Nov. 14th, he probably brought the last five checks with him as he claims. This \$5000 would have enabled Carey Peck to pay \$4,803 worth of campaign debts the next day. (See following chart of excerpts from Peck's FEC form). This also casts doubt on Peck's claim that he received the last 5 checks Nov. 25, 1978. Even if Peck's campaign didn't cash Dennis' checks until then, the presence of or anticipation of the \$5000 could explain the \$4,803 campaign expense payments which might have been mailed later than the date Peck claimed to make out the check.

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EXERPTS FROM CAREY PECK'S F.E.C. FORM -- ITEMIZED EXPENDITURES

<u>Page</u>	<u>Check Made Out To</u>	<u>Date Disbursed</u>	<u>Amount</u>
1-6	Beverly Wilshire	11-15	\$1,884.00
2-6	Democratic Nat'l Committee	11-15	603.00
	Vice Presidential Plane		
	Val Dembrowski	11-15	41.00
	General Telephone	11-15	\$28.00
3-6	Jules Clazir Accountant	11-15	963.00
	MacArthur Beverage	11-15	160.00
4-6	Pine Tree Transpor- tation	11-15	90.00
	Prod. Plus (radio)	11-15	48.00
5-6	Stahler Trucks	11-15	170.00
6-6	Xerox	11-15	516.00
			<hr/>
			\$4,803.00



 Date Dennis
 arrived in Los Angeles
 with 5 \$1000.00
 Cashiers' checks.
 (stolen money)

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"BEST EFFORTS" TO VERIFY CAMPAIGN CONTRIBUTIONS:

According to the October 24 LA Times article:

"Peck also tried to minimize his campaign staff's apparently casual acceptance of the Alabama cashiers checks.

"Peck initially said his staff had made an effort to contact some of the individuals whose names Dennis used to mask his illegal donation.

"But, Peck admitted later, his campaign did not attempt to make those contacts. His staff simply called Dennis's secretary for details on the donors occupations, where were required to be reported to the F.E.C."

Why would a Peck aide call Mr. Dennis' secretary in Alabama while the Peck's were hosting Dennis in their living room?

According to an article in the January 29, 1980 Daily Breeze by Rich Connell, "Peck and his former campaign treasurer, Stan Caiden, said there was no reason for suspicion because Dennis came highly recommended by Cranston and Stewart (Senators)." I had personal, face-to face conversations with both Senators Cranston and Stewart. Each denied emphatically ever recommending Dennis to Carey Peck's campaign.

Peck also said his campaign workers checked with Dennis to verify the names and occupation of the donors. His campaign also checked with some of the donors businesses, Peck said. (See Daily Breeze article cited above).

Carey Peck's campaign manager Terry Pullen told my campaign manager, Arnold Steinberg, in a face-to-face conversation in June of 1980 that they "never bothered to check out the money." According to a February 5, 1980 Santa Monica Evening Outlook article, young Peck said the thirteen contributions were found to be good. "That was real money and those were real people," Peck said.

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On the past five checks given to Carey by Dennis: there is no street, City or State listed for the last contribution Peck cites on his F.E.C. form under the name of Mike Henley. Peck's other phantom donor, four-year old Robbie Chancey, does not have an occupation listed. Furthermore, there is no cahsiers check from a Tobbie Chancey. Why didn't Peck ask Dennis for a phone number or address to verify the "donation"?

Another Dennis/Peck slip-up: "C. Mike Chancey" did not transmit the money as Peck's form alleges. James Dennis delivered the money and at a bare minimum, Peck should have suspected that he was receiving two \$1,000 contributions from Charles Mike Chancey -- clearly illegal.

Janice Chancey's address listed on Peck's F.E.C. form is also invalid. That leaves only two out of the last five \$1,000 donations with verifiable addresses. But did Mr. Peck verify even these last two phantom donors? The evidence indicates he did not.

Remember Carey Peck said his campaign also checked with some of the donors businesses. Why would Carey Peck's campaign chech with the businesses of the phantom contributors rather than with the contributors themselves? Andy Shadix and James Dennis (whom Carey said he trusted) both worked at Dennis Mining Supply, Co., a dummy corporation. There would be no reason to check these two.

Since Carey's F.E.C. forms list no home address or business address or occupation for Mike Henley, this reference could never be checked. That entry is blank to this day.

James Chancey is listed as employed at Alfa Coal Company while Charles Mike Chancey is listed as working at Alfa Coal Sales, obvious "monkey business" with federal forms. A long distance phone inquiry would have shown Peck that Alfa Coal Sales or Alfa Sales Co. simply did not exist.

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One would only have to call the Alabama long distance operator (205.555-1212) for information to prove this fact.

Roy Ledbetter, listed as employed by the Alabama Tennessee Oil Co., of Birmingham, also worked for a company that did not exist in November-December 1978.

The phone book does not list a subcontractor, Johnny Desmond, Route 1, Prinston, Alabama.

In view of the above, it does not seem likely that young Peck first became suspicious after he received some newspaper clipping from a service his father maintains. What is the name of the slipping service, and how long after an article appears does the service refer it to Peck?

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F.E.C. REPORTS INCONSISTENT:

Peck's reporting forms and telegrams cite different dates for receipt of the phantom contributions. All of those different dates bear the mark of a fabrication.

Carey Peck's F.E.C. Report for the 20th day following the 1978 General Election for 10-24 through 11-27-78 by Stanley Caiden, Treasurer, lists receipt of the Alabama cashiers checks as follows: (see chart)

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CAREY PECK's FEC Report for the 20th day following 1978 General Election for 10-20 through 11-27-78 by Stanley Laiden, Treasurer, lists receipt of cashiers checks as follows:

Peck's mailgrams list receipt of Cashiers Checks on:

Date of Cashiers Checks drawn in Birmingham, Ala.:

(Dennis' affidavit on Shadix, Desmond, Gurley, Moore, dated 6-6-79)

NAME	Peck's mailgrams list receipt of Cashiers Checks on:	Date of Cashiers Checks drawn in Birmingham, Ala.:	(Dennis' affidavit on Shadix, Desmond, Gurley, Moore, dated 6-6-79)
James H. Dennis	October 31	October 31	N.A.
Andy Shadix	October 31	October 31	October 30 (Oct)
Johnny Leonard	November 8	November 6	November 8
Max Gurley	November 8	November 6	November 8
Wayne Moore (Mgr. / 1st National Bank; + Dennis' father-in-law)	November 8	November 6	November 8
roy J. Ledbetter	November 9	November 9	November 7 #1099762
Charles Mike Chancey	November 9	November 9	November 7 #1099763
Gary Dennis ← 4 yrs old	November 9	November 9	November 7 1099764
Robbie Chancey transmitted by C. Mike Chancey	November 25	-	November 14 in name of Mike Chancey #1083643
Richard Morehart	November 25	-	November 14 #1083646
Janice Chancey	November 25	-	November 14 #1083647
Terry Henley	November 25	-	November 14 #1083648
Mike Henley	November 25	-	November 14 #1083649

that any loan over \$100 to a candidate of a committee during the reporting period must be fully reported as to its source. Carey Peck has misrepresented this loan to the F.E.C.

Furthermore, Carey Peck may have violated 11 CFR 110.0(a)(1) which prohibits any person from contributing or loaning a candidate more than \$1,000 per election (primary, general). Carey Peck made his loan at the City National Bank of Beverly Hills, according to Bram Goldsmith, a Peck contributor, who manages 25 branches of the City National Bank and who had a personal conversation with me on May 16, 1980:

DORNAN: You mean that you would loan an unemployed congressional candidate \$13,000 on his own signature without any collateral or cosigners?

GOLDSMITH: Well, Congressman, Gregory Peck didn't cosign the loans (plural).

DORNAN: So you gave a 28-year-old lad, unemployed for over a year and a half, loans without any collateral. Is that intelligent or proper banking practice?

GOLDSMITH: Congressman, I said GREGORY PECK didn't cosign the loans (Given in a tone which implied that somebody had).

DORNAN: I'm sorry. I'm a little slow today. I see, you mean the Givertz's (Carey Peck's in-laws) or someone else co-signed. Thanks, Bram.

GOLDSMITH: You're welcome, Bob.

F.E.C. law, Title 2, U.S.C. § 434(b)(3)(E) states that all loans must be reported with the identity of any endorser or guarantor of such loan, the date, and the amount value of such loan.

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Peck told Rick Cziment that he would sue the Independent Journal if they ever printed this information. This was told to my campaign manager, Arnold Steinberg, who also learned that the Independent Journal, while on solid ground on the relevant funds, was without funds to deal with this type of harrassing lawsuit.

All other modes of exchanging the money, except for a personal transfer of the \$13,000) would leave traceable evidence on paper, i.e. federal express, postal money order, personal check made out to Peck from Dennis (Dennis had already been serving time in federal prison for "fraud by wire.")

According to an article which appeared in the Birmingham News on July 7, 1979, Dennis used wire communication for his dealings with the ITEL Corp. which involved hundreds of thousands of dollars. Why would Dennis fly out to California for the \$13,000 transaction except to avoid having any easily discernable or traceable evidence on the alleged return of the \$13,000 and/or to physically U-turn the money to an aspiring politician as he claims he did with his winning U.S. Senate candidate Donald Stewart. (Dennis told the FBI that Stewart pulled off the same U-turn trick. See June 20, 1979 Jack Anderson column.)

When Cziment asked young Peck why Dennis would fly across the country or walk around with \$13,000 cash in his pockets (that's 130 \$100 bills), Peck slowly responded, "Well...he is a con-man, isn't he?"

I have enclosed a copy of an F.B.I. memo which verifies Mr. Dennis interview while at the Talladega Federal Correctional Institute, where he indicated that he U-turned the money back to Carey Peck. If this is true, Carey Peck also violated 26 U.S.C. 9012(e):

"It shall be unlawful for any person knowingly and willfully to give or accept any kickback or any illegal payment in connection with any qualified campaign expense of eligible candidates or their authorized committees..."

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I trust the preceeding will be investigated in a timely fashion unlike the first F.E.C. superficial "investigation" of Carey Peck and the second, drawn-out handling of Mr. Peck's acceptance of an illegal contribution from the Teamsters Union. (FEC MUR-992)

Robert K. Dornan
Robert K. Dornan
United States Congress
27th District, California

TO 1944 CA (8 74)

(Individual)

**TITLE INSURANCE
AND TRUST**
A TICOB COMPANY

STATE OF CALIFORNIA

COUNTY OF Los Angeles } SS.

On OCTOBER 30, 1980 before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT K. DORNAN

_____, known to me
to be the person whose name is subscribed
to the within instrument and acknowledged that he
executed the same.

WITNESS my hand and official seal

Signature

Paula Shonk

OFFICIAL SEAL
PAULA SHONK
NOTARY PUBLIC — CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires December 30, 1980

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United States
CONGRESSMAN

Robert K.
DORNAN



November 3, 1980

Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Dear Commissioners:

I, Congressman Robert K. Dornan of 2222½ 20th Street, Santa Monica, CA and 9120 Tetterton Avenue, Vienna, VA do hereby file a complaint pursuant to 2 USC 437(a)(1) against James H. Dennis whose address is listed by the F.E.C. at 2912 Lamb Avenue, Birmingham, Alabama 35208 for the following violations:

- VIOLATION OF 2 USC 441 (a)(1)(A) -- \$1000 contribution limit;
- VIOLATION OF 2 USC 441 (f) -- money given in the name of another;
- VIOLATION OF 2 USC 441 (g) -- exceeding the \$100 cash limit.

According to an article by Alabama reporter, Peggy Roberson, (June 20, 1980, Montgomery Advertiser) Dennis himself apparently bought six \$500-a-plate tickets to a fundraiser held on behalf of then U.S. Senate candidate, Donald Stewart. This fundraiser was held at Hugo's Rooftop Restaurant in Birmingham, Alabama, where Mr. Dennis met Gregory Peck. One of the six tickets was for a branch manager of the bank from which Mr. Dennis purchased his phantom donor cashier's checks. The name of the branch manager is Wayne Moore, who at that time was also Mr. Dennis' father-in-law.

I question whether the Stewart campaign has six copies of \$500.00 checks from at least six different persons. While I realize that James

Paid for by Dornan in '80 Committee

DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

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and his former wife could have drawn checks on their personal checking account, if there is no evidence of these checks used to purchase the dinner tickets, then it is possible that cash was given to the Stewart campaign in excess of the \$100.00 limit.

By his own admission, James Dennis was a fundraiser for Donald Stewart. And with the dates listed for the other contributions from Wayne Moore on 9-11-78 and Melissa Dennis, there should be checks of some kind as evidence. I am told they supposedly were cashier's checks and they were given in the names of others; at least two of these persons were at the fundraiser hosted by Gregory Peck.

In addition, Mr. Dennis violated 26 USC 9042(c)(1)(A) regarding the giving of fake evidence to the Federal Election Commission. In the course of the F.E.C. MUR 970 investigation, Mr. James Dennis told his lawyer, Mr. Steve Salter in August of 1979, that Carey Peck had paid him (Dennis) back the \$13,000 which Dennis originally gave to Carey Peck in corporate money. \$12,000 of this amount was given in the names of others.

Mr. Dennis also told me at the Talladega Federal Correctional Institution, that in the course of a criminal investigation of Donald Stewart that he U-turned the \$13,000 right back to Carey Peck in a check exchange charade.

Peck's own campaign manager admitted to a West Coast reporter, Rick Cziment of the Independent Journal that the \$13,000 never left California. (This fact was told to my campaign manager by Rick Cziment.) Mr. Cziment also told my campaign manager that Carey Peck threatened to sue the Independent Journal if they ever printed the story. And since the Independent Journal does not have enough money to defend itself, the story never appeared. (Incidentally, Carey Peck was never asked to produce a copy of

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Rec'd
10/3/80 5:76pm

Robert K.
DORNAN



November 3, 1980

Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

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Paid for by Dornan in '80 Committee

DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

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the front and back of the check he used to allegedly refund the illegal campaign contribution back to Dennis. No copy of this refund check appears in MUR-970).

I am enclosing a copy of a transcript made by F.B.I. Agent Will Deffenbaugh which relates Mr. Dennis' assertion about the supposed return of the \$13,000, which statement is completely at odds with what Mr. Dennis told the F.E.C. in the course of the MUR-970 investigation.

Thank you for your attention to this matter.

Respectfully,

Robert K. Dornan
ROBERT K. DORNAN
MEMBER OF CONGRESS

Subscribed and sworn to
before me on Oct 31, 1980
at Santa Monica, Calif
George W. Young
GEORGE W. YOUNG,
NOTARY PUBLIC
STATE OF CALIF.
COUNTY OF LOS ANGELES



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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 3, 1980

SPECIAL DELIVERY
RETURN RECEIPT REQUESTED

Friends of Donald Stewart
P.O. Box 2274
Anniston, Alabama 36202

RE: MUR 1329 (80)

Dear Sir or Madam:

This letter is to notify you that on October 31, 1980 1980, the Federal Election Commission received a complaint which alleges that your Committee has violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1329. Please refer to this number in all future correspondence.

The Commission has adopted special procedures to expedite compliance matters during the pre-General Election period. A summary of these procedures is enclosed. Where possible, within five days after receipt of a complaint, the Commission will determine whether the complaint should be dismissed prior to receipt of your response to this notice. If the Commission dismisses the complaint, you will be so notified by mailgram followed by an explanatory letter. A copy of the Commission's determination to dismiss the complaint may also be picked up in person by you, or your authorized agent, from our Associate General Counsel, Mr. Kenneth A. Gross.

Under the Act, you have the opportunity to demonstrate, in writing, that no further action should be taken against your Committee in connection with this matter. If the Commission is unable to expeditiously dismiss the complaint as outlined above, it will take no further action until we receive your response or 15 days after your receipt of this notification. If the Commission does not receive a response from you within 15 days after your receipt of this letter, it may take further action based on available information.

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Letter to Friends of Donald Stewart
Page Two

You are encouraged to respond to this notification promptly. In order to facilitate an expeditious response to this notification, we have enclosed a pre-addressed, postage paid, special delivery envelope.

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.

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 sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Anne Cauman the attorney assigned to this matter at (202)523-4529.

Sincerely,

Charles M. Steele
Charles M. Steele
General Counsel

Enclosures:

Complaint
Procedures
Envelope

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1329 Cauman ✓

1. The following service is requested (check one.) <input type="checkbox"/> Show to whom and date delivered..... <input type="checkbox"/> Show to whom, date and address of delivery..... <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered..... <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom, date, and address of delivery.		2. ARTICLE ADDRESSED TO: Friends of Donald Stewart		3. ARTICLE DESCRIPTION: REGISTERED NO. 197164 INSURED NO.		4. DATE OF DELIVERY POSTMARK 80 NOV 7 AM 11:32		5. ADDRESS (complete only if registered)		6. UNABLE TO DELIVER REASON: RETURN TO SENDER	
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75 Form 3811, Jan. 1978 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 3, 1980

SPECIAL DELIVERY
RETURN RECEIPT REQUESTED

James H. Stewart, Jr., Treasurer
Friends of Donald Stewart
P.O. Box 2274
Anniston, Alabama 36202

RE: MUR 1329(80)

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Letter to James H. Stewart, Jr.
Page Two

You are encouraged to respond to this notification promptly. In order to facilitate an expeditious response to this notification, we have enclosed a pre-addressed, postage paid, special delivery envelope.

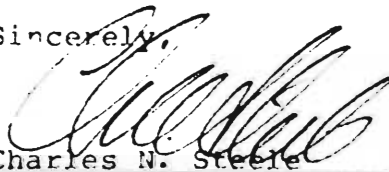
Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

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If you intend to be represented by counsel in this matter, please advise the Commission by sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Anne Cauman the attorney assigned to this matter at (202) 523-4529.

Sincerely,



Charles N. Steele

Enclosures:

Complaint
Procedures
Envelope

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1329 Cauman

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following service is requested (check one.) <input type="checkbox"/> Show to whom and date delivered..... <input type="checkbox"/> Show to whom, date and address of delivery..... <input type="checkbox"/> RESTRICTED DELIVERY Show to whom and date delivered..... <input type="checkbox"/> RESTRICTED DELIVERY. Show to whom, date, and address of delivery.3	
(CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ACCORDED TO: James H. Stewart	
3. ARTICLE DESCRIPTION: REGISTERED NO. F912hb	INSURED NO.
(Always obtain signature of addressee or agent)	
I have received the article described above. SIGNATURE <i>[Signature]</i> Date of delivery	
4. DATE OF DELIVERY	
5. ADDRESS Complete only if registered	
6. UNABLE TO DELIVER REASON: <i>[Handwritten]</i>	

PS Form 3811, Jan. 1979

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

0861
ADON

1329



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 3, 1980

SPECIAL DELIVERY
RETURN RECEIPT REQUESTED

The Honorable Donald Stewart
P.O. Box 2274
Anniston, Alabama 36202

RE: MUR 1329(80)

Dear Senator Stewart:

This letter is to notify you that on October 31, 1980 1980, the Federal Election Commission received a complaint which alleges that you have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1329. Please refer to this number in all future correspondence.

The Commission has adopted special procedures to expedite compliance matters during the pre-General Election period. A summary of these procedures is enclosed. Where possible, within five days after receipt of a complaint, the Commission will determine whether the complaint should be dismissed prior to receipt of your response to this notice. If the Commission dismisses the complaint, you will be so notified by mailgram followed by an explanatory letter. A copy of the Commission's determination to dismiss the complaint may also be picked up in person by you, or your authorized agent, from our Associate General Counsel, Mr. Kenneth A. Gross.

Under the Act, you have the opportunity to demonstrate, in writing, that no further action should be taken against you in connection with this matter. If the Commission is unable to expeditiously dismiss the complaint as outlined above, it will take no further action until we receive your response or 15 days after your receipt of this notification. If the Commission does not receive a response from you within 15 days after your receipt of this letter, it may take further action based on available information.

81710291501

Letter to Senator Stewart

Page Two

You are encouraged to respond to this notification promptly. In order to facilitate an expeditious response to this notification, we have enclosed a pre-addressed, postage paid, special delivery envelope.

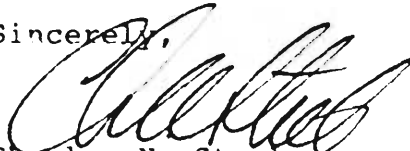
Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

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 sending a letter of representation stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Anne Cauman the attorney assigned to this matter at (202) 523-4529.

Sincerely,



Charles N. Steele

Enclosures:

Complaint
Procedures
Envelope

31710?1503

1. 329 Cauman	
● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following service is requested (check one.) <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> Show to whom, date and address of delivery. <input type="checkbox"/> RESTRICTED DELIVERY <input type="checkbox"/> Show to whom and date delivered. <input type="checkbox"/> RESTRICTED DELIVERY TO ALL: 54 Show to whom, date, and address of delivery.	
(CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ADDRESSED TO: Senator Stewart	
3. ARTICLE DESCRIPTION: REGISTERED NO. 191Lhb	INSURED NO.
(Always obtain signature of addressee or agent.)	
I have received the article described above. SIGNATURE: [Signature] ADDRESS: [Address] CITY: [City] STATE: [State] ZIP: [ZIP]	
4. ADDRESS (Stamp only if registered)	
5. SPECIAL DELIVERY SERVICE	

Form 3811, Jan. 1978

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 3, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

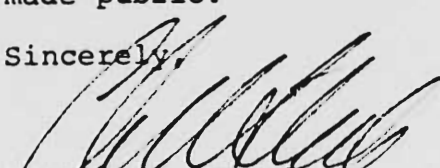
The Honorable Robert K. Dornan
Dornan in '80
P.O. Box 2022
Santa Monica, California 90406

Dear Congressman Dornan:

This letter is to acknowledge receipt of your complaint of October 31, 1980, against Senator Donald Stewart, James H. Stewart, Jr., and Friends of Donald Stewart, which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondents will be notified of this complaint within 24 hours and a recommendation to the Federal Election Commission as to how this matter should be initially handled will be made 15 days after the respondents' notification. You will be notified as soon as the Commission takes final action on your complaint. Should you have or receive any additional information in this matter, please forward it to this office. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Please be advised that this matter shall remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless the respondents notify the Commission in writing that they wish the matter to be made public.

Sincerely,


Charles N. Steele
General Counsel

Enclosure

81770021503

3 1 0 0 1 0 0 1 5 0 1 8

1329 Cauman

PS Form 3811, Jan. 1978

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
 Show to whom and date delivered.....
 Show to whom, date and address of delivery.....
 RESTRICTED DELIVERY
 Show to whom and date delivered.....
 RESTRICTED DELIVERY.
 Show to whom, date, and address of delivery.....
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
 Hon Robert K Doonan

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 997154
 (Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE Addressee Authorized agent
 Martin J. ...

4. DATE OF DELIVERY
 8/28/80

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

NOV 18 1980
 U.S. MAIL

★ GPO : 1978-388-098

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

To Fred Eiland
United States
CONGRESSMAN

**Robert K.
DORNAN**



31945
MUR 1327
0000731 P4:57

000131 P5:23

October 31, 1980

Federal Election Commission
Washington, D.C.

HAND DELIVERED

Dear Commissioners:

I, Congressman Robert K. Dornan of 2222½ 20th Street, Santa Monica, CA and 9120 Tetterton Avenue, Vienna, VA do hereby file a complaint pursuant to 2 USC 437(a)(1) against the following persons:

A. SENATOR DONALD STEWART, P.O. Box 2274, Anniston, Alabama 36202;

B. JAMES H. STEWART, Jr., Treasurer, Friends of Donald Stewart, P.O. Box 2274, Anniston, Alabama 36202.

Donald Stewart and his principal campaign committee, Friends of Donald Stewart, may have violated 2 U.S.C. 441(b), "...knowingly to accept or receive any contribution prohibited by this section..."

The F.E.C. Conciliation Agreement in MUR-970 (1979) signed on September 6, 1979 by Mr. Dennis and your former General Counsel, William Clyde Oldaker, states in part:

"III. That pertinent facts in this matter are as follows:

A. Respondent made contributions totaling \$23,150 to the 1978 Stewart Senatorial campaign committee, Friends of Donald Stewart, of which \$22,000 was made in the names of others...

B. Respondent was refunded \$22,000 from the Friends of Donald Stewart on May 11, 1979.

Paid for by Dornan in '80 Committee

DORNAN IN '80 P.O. Box 2022, Santa Monica, California 90406

317101505

C. Respondent made contribution totaling \$13,000 to the Peck congressional campaign committee. Carey Peck for Congress Committee of which \$12,000 was made in the names of others...

D. Respondent utilized corporate funds from Dennis mining Supply and Equipment Co., Inc., to make all contributions to the 1978 federal campaigns of Senator Stewart and Carey Peck."

As the available public record indicates (FEC MUR-970) the F.E.C. only "asked" Mr. Stewart's campaign to return \$22,000 to Mr. Dennis. Yet, the F.E.C. Conciliation Agreement indicated that all of the Dennis money to Mr. Stewart was from corporate funding (see Sec. III (D) of Conciliation Agreement). Therefore, it appears that the F.E.C. has allowed Senator Stewart to keep a corporate campaign contribution of \$1,150.00 in direct violation of 2 U.S.C. Sec. 441 (b).

I personally talked to Senator Donald Stewart on June 6, 1980 and he acknowledged a willingness to return the illegal corporate contribution.

Senator Stewart and his principal campaign committee may have violated 2 USC 441(a)(I)(A), and 11 CFR 110.1(a)(1). "No person shall make contributions to any candidate or his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000.."

According to an article which appeared in the Montgomery Advertiser by Peggy Roberson on June 20, 1980, Dennis apparently bought six \$500-a-plate

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Two on 2-2-78

One on 7-19-78

One on 7-25-78

Three on 8-17-78

Eleven on 9-11-78

Four on 12-15-78

Certainly these are suspicious circumstances. If they are not, then I am convinced that there is very little left of the F.E.C. Act to enforce.

On April 12, 1979, Senator Stewart asked his brother, James Stewart, to send a registered letter to each person on his list of contributors, which they thought had been a phantom donor (see Birmingham Post Herald, August 9, 1979.)

At this point, how did Stewart know to whom he should send the letters? Did he send registered letters to all of his thousand dollar donors, over a hundred? Didn't Stewart know where to begin because of the names on the cashiers checks or because of the names initially supplied by Dennis for Stewart's campaign in connection with the possible cash contributions. How many letters were sent out? Where were they sent? The article continues, "The registered letters, which included a copy of the canceled check or money order bearing the recipient's name, asked the recipient if he or she made the contribution. Both said they did not make the contributions. The Senator then asked his campaign committee to contact Dennis to confirm the list. Stewart said his campaign committee has now complied with all Federal election requirements and is preparing to return the money to Dennis."

Why all the haste to return the money when only 2 of 22 contributors had informed him the money did not come from them? Why didn't Stewart wait until he had received confirmation from more than 2 of the 22 before

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deciding to return the money? Could it be that the quick return was prompted by the newspaper exposure of money which the Stewart campaign knew or should have had reason to know was illegal because of the sequential nature of the cashiers checks or because cash was possibly given, as reported to the F.E.C. by Mr. Brooks, U.S. attorney for the northern district of Alabama/

I repeat, on April 12, 1979, Stewart asked his brother to send registered letters to those suspected of not being real donors. Again, I ask, how did Stewart and his brother know which people to contact? If the donations were that easy to identify as being illegal in April/May 1979, why were they not investigated by Stewart in 1978 when he first received the donations. Why were they not reported to the F.E.C. prior to May 1979 as F.E.C. law requires the reporting of suspicious donations within 10 days to the F.E.C. - see 11 CFR 103.3(b)(1); 11 CFR 103.3(b)(2).

On May 15, Friends of Donald Stewart sent a letter to the F.E.C. stating that the Stewart campaign had returned the money to Dennis on May 11, 1980. Why should he give \$22,000 a man -- Dennis -- when he had not received verification that those 20 other people had not really contributed? Certainly this is a different standard from that which he used in first accepting the money. Did he hear from the rest of the people on May 10? Not likely.

Senator Stewart and his principal campaign committee may have violated 26 USC 9012(e)(1): "It shall be unlawful for any person knowingly and willfully to give or accept any kickbacks or any illegal payment in connection with any qualified campaign expense of eligible candidates or their authorized committees..."

As far as I am aware, there is no front and back copy of the check in FEC MUR 970 which Donald Stewart claims he made out to pay back \$22,000 to James H. Dennis. On May 11, 1979, I was told by the same James Dennis who made the contributions to Donald Stewart, that he engaged in the same check

exchange charade as he did with Carey Peck. This is a serious charge which Mr. Dennis has made and in my judgement, ought to be investigated.

If the above statute I have cited in this matter of a cash contribution is not the proper one for such a violation, then Senator Stewart and his principal campaign committee may have violated 2 USC 441 (g), 11 CFR 110.4(c)(2) which pertains to receiving cash contributions over \$100.

As evidenced by a number of documents contained in FEC MUR 970, J.R. Brooks, US Attorney for the northern district of Alabama, made a confidential referral of campaign violations to the F.E.C.'s General Counsel, William Oldaker on April 20, 1979. Contained in that referral was an allegation that Senator Stewart may have accepted \$11,000 in a forbidden cash campaign contribution.

The F.E.C. letter to James Stewart, Jr., dated June 20, 1979, cited the \$11,000 cash contribution matter and further added that "under the act, you have an opportunity to demonstrate that no action should be taken against you." Now I want it understood that I emphatically support that good aspect of our Justice system in which the prosecution must prove guilt rather than the accused proving their innocence. However, a mere denial by Jack Vardaman, (July 2, 1980), counsel for Mr. Stewart, seems short of the mark. If Mr. Stewart could produce the cashiers checks allegedly given to him via James Dennis, it would greatly diminish the probability of this charge. However, it would certainly raise questions about whether or not he knew or should have known that the money was from one source because of the suspect nature of sequentially numbered cashiers checks all drawn from the same bank.

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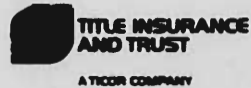
I submit the above for your prompt analysis and adjudication so that this matter may finally be put to rest.

Respectfully,

Robert K. Dornan
ROBERT K. DORNAN
MEMBER OF CONGRESS

TO 1944 CA (18-74)

(Individual)



STATE OF CALIFORNIA

COUNTY OF Los Angeles } ss.

On OCTOBER 30, 1980 before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT K. DORNAN

↑ STAPLE HERE ↓

_____ known to me
to be the person whose name is subscribed
to the within instrument and acknowledged that he
executed the same.

WITNESS my hand and official seal.

Signature

Paula Shonk



(This area for official notarial seal)



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1329, 1331, 1332

Date Filmed _____ Camera No. --- 2

Cameraman _____

01010271512



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

81040295184

THE FOLLOWING MATERIAL IS BEING ADDED TO THE

PUBLIC FILE OF CLOSED MIRS 1329, 1331, 1332



MAR 13 29/1331
1332

1. Name of Committee (In Full)
Carey Peck for Congress

2. FEC Identification Number
073415

Address (Number and Street) **C/O Gordon, Berg & Nemtsov**
11812 San Vicente Blvd.

3. Is this Report an Amendment?
 YES NO

City, State and ZIP Code Check if address is different than previously reported.
Los Angeles, CA 90049

4. TYPE OF REPORT

April 15 Quarterly Report Twelfth day report preceding _____
(Type of Election)

July 15 Quarterly Report election on _____ in the State of _____

October 15 Quarterly Report Thirtieth day report following the General Election

January 31 Year End Report on _____ in the State of _____

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>1-1-81</u> Through <u>6-30-81</u>		
6. Net Contributions (other than loans):			
(a) Total Contributions (other than loans) (from Line 11e)		\$ 82	\$ 82
(b) Total Contribution Refunds (from Line 20d)		\$	\$
(c) Net Contributions (other than loans) (Subtract Line 6b from 6a)		\$ 82	\$ 82
7. Net Operating Expenditures:			
(a) Total Operating Expenditures (from Line 17)		\$ 1769	\$ 1769
(b) Total Offsets to Operating Expenditures (from Line 14)		\$	\$
(c) Net Operating Expenditures (Subtract Line 7b from 7a)		\$ 1769	\$ 1769
8. Cash on Hand at Close of Reporting Period (from Line 27)		\$ 105	
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C or Schedule D)		\$ - 0 -	
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C or Schedule D)		\$ - 0 -	

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

For further information, contact:

Federal Election Commission
Toll Free 800-424-9530
Local 202-523-4068

MICHAEL A. GORDON
Type or Print Name of Treasurer

Michael A. Gordon
SIGNATURE OF TREASURER

7/17/81
Date

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

All previous versions of FEC FORM 3 and FEC FORM 3a are obsolete and should no longer be used.

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31 JUL 20 11:09
GENERAL ELECTION

Name of Committee (in Full)
CAREY PECK FOR CONGRESS

A. Full Name, Mailing Address and ZIP Code of Loan Source

CAREY PECK
960 10th Street
Santa Monica, California 90403
Election: Primary General Other (specify):

Original Amount of Loan

\$ 15,500

Cumulative Payment To Date

-0-

Balance Outstanding at Close of This Period

\$ 15,500

Terms: Date Incurred 10/31/78 Date Due _____ Interest Rate _____ % (apr) Secured

List All Endorsers or Guarantors (if any) to Item A

1. Full Name, Mailing Address and ZIP Code

~~Name of Employer~~
~~XXXXXXXXXX~~
Original Source
City National Bank
400 N. Roxbury Drive
Beverly Hills, Calif.

~~Name of Employer~~

~~XXXXXXXXXX~~
Original Source

Occupation

Amount Guaranteed Outstanding:
\$

2. Full Name, Mailing Address and ZIP Code

Name of Employer

Occupation

Amount Guaranteed Outstanding:
\$

3. Full Name, Mailing Address and ZIP Code

Name of Employer

Occupation

Amount Guaranteed Outstanding:
\$

B. Full Name, Mailing Address and ZIP Code of Loan Source

Original Amount of Loan

Cumulative Payment To Date

Balance Outstanding at Close of This Period

Election: Primary General Other (specify):

Terms: Date Incurred _____ Date Due _____ Interest Rate _____ % (apr) Secured

List All Endorsers or Guarantors (if any) to Item B

1. Full Name, Mailing Address and ZIP Code

Name of Employer

Occupation

Amount Guaranteed Outstanding:
\$

2. Full Name, Mailing Address and ZIP Code

Name of Employer

Occupation

Amount Guaranteed Outstanding:
\$

3. Full Name, Mailing Address and ZIP Code

Name of Employer

Occupation

Amount Guaranteed Outstanding:
\$

SUBTOTALS This Period This Page (optional)

TOTALS This Period (last page in this line only)

\$ 15,500

Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.

81040295186

1. Name of Committee (in Full)
Carey Peck For Congress

2. FEC Identification Number
073415

Address (Number and Street)
c/o Gordon & Berg 9200 Sunset Blvd., Su. 1000

3. Is this Report an Amendment?
 YES NO

City, State and ZIP Code Check if address is different than previously reported.
Los Angeles, California 90069

4. TYPE OF REPORT

April 15 Quarterly Report Twelfth day report preceding _____ (Type of election)

July 15 Quarterly Report election on _____ in the State of _____

October 15 Quarterly Report Thirtieth day report following the General Election on November 4, in the State of California

January 31 Year End Report Termination Report

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

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>11-25-80</u> Through <u>12-31-80</u>		
6. Net Contributions (other than loans):			
(a) Total Contributions (other than loans) (from Line 11e)	.....	\$ 5,080	\$ 519,186
(b) Total Contribution Refunds (from Line 20d)	.....	\$ -0-	\$ -0-
(c) Net Contributions (other than loans) (Subtract Line 6b from 6a)	.....	\$ 5,080	\$ 519,186
7. Net Operating Expenditures:			
(a) Total Operating Expenditures (from Line 17)	.....	\$ (2,841)	\$ 506,085
(b) Total Offsets to Operating Expenditures (from Line 14)	.....	\$ -0-	\$ 5,376
(c) Net Operating Expenditures (Subtract Line 7b from 7a)	.....	\$ (2,841)	\$ 500,709
8. Cash on Hand at Close of Reporting Period (from Line 27)	.....	\$ 5,823	
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C or Schedule D)	.....	\$ -0-	
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C or Schedule D)	.....	\$ 10,500	

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

For further information, contact:

Federal Election Commission
Toll Free 800-424-9530
Local 202-523-4068

NILHAZ A GORDON
Type or Print Name of Treasurer

Miles
SIGNATURE OF TREASURER

7/15/81
Date

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

All previous versions of FEC FORM 3 and FEC FORM 3a are obsolete and should no longer be used.

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81040295187

LOANS
AMENDED

Name of Committee (in Full) CAREY PECK FOR CONGRESS			
A. Full Name, Mailing Address and ZIP Code of Loan Source CAREY PECK 960 10th Street Santa Monica, California 90403 Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Original Amount of Loan \$ 15,500	Cumulative Payment To Date -0-	Balance Outstanding at Close of This Period \$ 15,500
Terms: Date Incurred <u>10/31/78</u> Date Due _____ Interest Rate _____ % (apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item A			
1. Full Name, Mailing Address and ZIP Code City National Bank 400 N. Roxbury Drive Beverly Hills, Calif.	XXXXXX Original Source Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
B. Full Name, Mailing Address and ZIP Code of Loan Source			
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred _____ Date Due _____ Interest Rate _____ % (apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item B			
1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
SUBTOTALS This Period This Page (optional)			
TOTALS This Period (last page in this line only)			\$ 15,500
Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.			

81040295188

1. Name of Committee (In Full)
Carey Peck For Congress

2. FEC Identification Number
073415

Address (Number and Street)
C/O Gordon & Berg 9200 Sunset Blvd. Su. 1000

3. Is this Report an Amendment?
 YES NO

City, State and ZIP Code Check if address is different than previously reported.
Los Angeles, Calif. 90069

11 JUL 20 11:08 AM '81
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

4. TYPE OF REPORT

April 15 Quarterly Report Twelfth day report preceding _____ (Type of Election)

July 15 Quarterly Report election on _____ in the State of _____

October 15 Quarterly Report

January 31 Year End Report Thirtieth day report following the General Election on **November 4,** in the State of **California**

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

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

81040295189

SUMMARY		Column A This Period	Column B Calendar Year-to-Date
5. Covering Period	<u>10/16/80</u> Through <u>11/24/80</u>		
6. Net Contributions (other than loans):			
(a) Total Contributions (other than loans) (from Line 11e)	\$ 105,320	\$ 514,106	
(b) Total Contribution Refunds (from Line 20d)	\$ -0-	\$ -0-	
(c) Net Contributions (other than loans) (Subtract Line 6b from 6a)	\$ 105,320	\$ 514,106	
7. Net Operating Expenditures:			
(a) Total Operating Expenditures (from Line 17)	\$ 119,357	\$ 508,926	
(b) Total Offsets to Operating Expenditures (from Line 14)	\$ 1,650	\$ 5,376	
(c) Net Operating Expenditures (Subtract Line 7b from 7a)	\$ 119,357	\$ 503,550	
8. Cash on Hand at Close of Reporting Period (from Line 27)	\$ 2,984		
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C or Schedule D)	\$ -0-		
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C or Schedule D)	\$ 15,500		

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

For further information, contact:

MICHAEL A. GORDON
Type or Print Name of Treasurer

Federal Election Commission
Toll Free 800-424-9530
Local 202-523-4068

Michael A. Gordon 7/15/81
SIGNATURE OF TREASURER Date

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

All previous versions of FEC FORM 3 and FEC FORM 3a are obsolete and should no longer be used.

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Name of Committee (in Full) CAREY PECK FOR CONGRESS			
A. Full Name, Mailing Address and ZIP Code of Loan Source CAREY PECK 960 10th Street Santa Monica, California 90403	Original Amount of Loan \$ 15,500	Cumulative Payment To Date -0-	Balance Outstanding at Close of This Period \$ 15,500
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred <u>10/31/78</u> Date Due _____ Interest Rate _____ % (apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item A			
1. Full Name, Mailing Address and ZIP Code City National Bank 400 N. Roxbury Drive Beverly Hills, Calif.	Name of Employer Original Source		
	Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
B. Full Name, Mailing Address and ZIP Code of Loan Source			
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred _____ Date Due _____ Interest Rate _____ % (apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item B			
1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
SUBTOTALS This Period This Page (optional)			
TOTALS This Period (last page in this line only)			\$ 15,500
Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.			

81040295190

For an Authorized Committee

(Summary Page)

AMENDED

JUL 20 11 00 AM '80

1. Name of Committee (in Full)
CAREY PECK FOR CONGRESS

2. FEC Identification Number
073415

Address (Number and Street)
c/o Gordon & Berg, 9200 Sunset Boulevard Suite 1000

3. Is this Report an Amendment?
 YES NO

City, State and ZIP Code Check if address is different than previously reported.
Los Angeles, California 90069

4. TYPE OF REPORT

April 15 Quarterly Report Twelfth day report preceding Congressional (Type of Election)
election on November 4 in the State of California

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 Termination Report

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

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

81040295191

SUMMARY		Column A This Period	Column B Calendar Year-to-Date
5. Covering Period	<u>10-1-80</u> Through <u>10-15-80</u>		
6. Net Contributions (other than loans):			
(a) Total Contributions (other than loans) (from Line 11e)		\$ 59,523	\$ 408,786
(b) Total Contribution Refunds (from Line 20d)		\$ -0-	\$ -0-
(c) Net Contributions (other than loans) (Subtract Line 6b from 6a)		\$ 59,523	\$ 408,786
7. Net Operating Expenditures:			
(a) Total Operating Expenditures (from Line 17)		\$ 46,352	\$ 389,569
(b) Total Offsets to Operating Expenditures (from Line 14)		\$ 1,547	\$ 3,726
(c) Net Operating Expenditures (Subtract Line 7b from 7a)		\$ 44,805	\$ 385,843
8. Cash on Hand at Close of Reporting Period (from Line 27)		\$ 16,704	
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C or Schedule D)		\$ -0-	
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C or Schedule D)		\$ 15,500	

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

For further information, contact:

Federal Election Commission
Toll Free 800-424-9530
Local 202-523-4068

MICHAEL A. GORDON
Type or Print Name of Treasurer

[Signature]
SIGNATURE OF TREASURER

_____ Date

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

All previous versions of FEC FORM 3 and FEC FORM 3a are obsolete and should no longer be used.

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Name of Committee (in Full)
CAREY PECK FOR CONGRESS

A. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
CAREY PECK 960 10th Street Santa Monica, California 90403 Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	\$ 15,500	-0-	\$ 15,500

Terms: Date Incurred 10/31/78 Date Due _____ Interest Rate _____ % (apr) Secured
6/14/79

List All Endorsers or Guarantors (if any) to Item A

1. Full Name, Mailing Address and ZIP Code City National Bank 400 N. Roxbury Drive Beverly Hills, Calif.	Name of Employer XXXXXXXXXX		
	Original Source		
	Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		

B. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			

Terms: Date Incurred _____ Date Due _____ Interest Rate _____ % (apr) Secured

List All Endorsers or Guarantors (if any) to Item B

1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		

SUBTOTALS This Period This Page (optional)	
TOTALS This Period (last page in this line only)	\$ 15,500

Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.

81040295192

1. Name of Committee (in Full)
Carey Peck For Congress

2. FEC Identification Number
073415

Address (Number and Street)
C/O Gordon & Berg, 9200 Sunset Blvd.

3. Is this Report an Amendment?
 YES NO

City, State and ZIP Code Check if address is different than previously reported.
Los Angeles, Calif. 90069 Su. 1000

4. TYPE OF REPORT

April 15 Quarterly Report Twelfth day report preceding Congressional
(Type of election)

July 15 Quarterly Report election on Nov. 4 in the State of Calif.

October 15 Quarterly Report Thirtieth day report following the General Election
on _____ in the State of _____

January 31 Year End Report Termination Report

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

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

SUMMARY		Column A This Period	Column B Calendar Year-to-Date
5. Covering Period	<u>7/1/80</u> Through <u>9/30/80</u>		
6. Net Contributions (other than loans):			
(a) Total Contributions (other than loans) (from Line 11e)		\$ 194,320	\$ 349,263
(b) Total Contribution Refunds (from Line 20d)		\$ -0-	\$ -0-
(c) Net Contributions (other than loans) (Subtract Line 6b from 6a)		\$ 194,320	\$ 349,263
7. Net Operating Expenditures:			
(a) Total Operating Expenditures (from Line 17)		\$ 196,757	\$ 343,217
(b) Total Offsets to Operating Expenditures (from Line 14)		\$ 217	\$ 2,179
(c) Net Operating Expenditures (Subtract Line 7b from 7a)		\$ 196,540	\$ 341,038
8. Cash on Hand at Close of Reporting Period (from Line 27)		\$ 2,411	
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C or Schedule D)		\$ -0-	
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C or Schedule D)		\$ 15,500	

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

For further information, contact:

Federal Election Commission
Toll Free 800-424-9530
Local 202-523-4068

MICHAEL A GORDON
Type or Print Name of Treasurer

Michael A. Peck
SIGNATURE OF TREASURER

7/15/81
Date

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

All previous versions of FEC FORM 3 and FEC FORM 3a are obsolete and should no longer be used.

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81040295193

Name of Committee (in Full) CAREY PECK FOR CONGRESS			
A. Full Name, Mailing Address and ZIP Code of Loan Source CAREY PECK 960 10th Street Santa Monica, California 90403 Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Original Amount of Loan \$ 15,500	Cumulative Payment To Date -0-	Balance Outstanding at Close of This Period \$ 15,500
Terms: Date Incurred <u>10/31/78</u> Date Due _____ Interest Rate _____ % (apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item A			
1. Full Name, Mailing Address and ZIP Code City National Bank 400 N. Roxbury Drive Beverly Hills, Calif.	NAME OF EMPLOYER Original Source Occupation	Amount Guaranteed Outstanding: \$	
2. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation	Amount Guaranteed Outstanding: \$	
3. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation	Amount Guaranteed Outstanding: \$	
B. Full Name, Mailing Address and ZIP Code of Loan Source			
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred _____ Date Due _____ Interest Rate _____ % (apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item B			
1. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation	Amount Guaranteed Outstanding: \$	
2. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation	Amount Guaranteed Outstanding: \$	
3. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation	Amount Guaranteed Outstanding: \$	
SUBTOTALS This Period This Page (optional)			
TOTALS This Period (last page in this line only)			\$ 15,500
Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.			

81040295194

For an Authorized Committee

(Summary Page)

AMENDED

1. Name of Committee (in Full)
CAREY PECK FOR CONGRESS

2. FEC Identification Number
073415

Address (Number and Street)
c/o Gordon & Berg, 9200 Sunset Boulevard, #1000

3. Is this Report an Amendment?
 YES NO

City, State and ZIP Code Check if address is different than previously reported.
Los Angeles, California 90069

JUL 20 1980
 RECEIVED

4. TYPE OF REPORT

April 15 Quarterly Report

July 15 Quarterly Report

October 15 Quarterly Report

January 31 Year End Report

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

Twelfth day report preceding CONGRESSIONAL (Type of Election)
election on June 3rd in the State of California

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

Termination Report

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

81040295195

SUMMARY		Column A This Period	Column B Calendar Year-to-Date
5. Covering Period	<u>5/15/80</u> Through <u>6/30/80</u>		
6. Net Contributions (other than loans):			
(a) Total Contributions (other than loans) (from Line 11e)		\$ 45,975	\$ 154,943
(b) Total Contribution Refunds (from Line 20d)		\$ -0-	\$ -0-
(c) Net Contributions (other than loans) (Subtract Line 6b from 6a)		\$ 45,975	\$ 154,943
7. Net Operating Expenditures:			
(a) Total Operating Expenditures (from Line 17)		\$ 47,898	\$ 146,460
(b) Total Offsets to Operating Expenditures (from Line 14)		\$ -0-	\$ 1,962
(c) Net Operating Expenditures (Subtract Line 7b from 7a)		\$ 47,898	\$ 144,498
8. Cash on Hand at Close of Reporting Period (from Line 27)		\$ 8,858	
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C or Schedule D)		\$ -0-	
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C or Schedule D)		\$ 15,500	

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

For further information, contact:

Federal Election Commission
Toll Free 800-424-9530
Local 202-523-4068

MICHAEL A. GORDON
Type or Print Name of Treasurer

Michael A. Gordon 7/14/80
SIGNATURE OF TREASURER Date

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

All previous versions of FEC FORM 3 and FEC FORM 3a are obsolete and should no longer be used.

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Name of Committee (in Full) CAREY PECK FOR CONGRESS			
A. Full Name, Mailing Address and ZIP Code of Loan Source CAREY PECK 960 10th Street Santa Monica, California 90403	Original Amount of Loan \$ 15,500	Cumulative Payment To Date -0-	Balance Outstanding at Close of This Period \$ 15,500
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred <u>10/31/78</u> Date Due _____ Interest Rate _____ % (apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item A			
1. Full Name, Mailing Address and ZIP Code City National Bank 400 N. Roxbury Drive Beverly Hills, Calif.	XXXXXXXXXX Original Source Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
B. Full Name, Mailing Address and ZIP Code of Loan Source			
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):			
Terms: Date Incurred _____ Date Due _____ Interest Rate _____ % (apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item B			
1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
SUBTOTALS This Period This Page (optional)			
TOTALS This Period (last page in this line only)			\$ 15,500
Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.			

81040295196

REPORT OF RECEIPTS AND DISBURSEMENTS
For an Authorized Committee

(Summary Page)

AMENDED

1. Name of Committee (in Full) CAREY PECK FOR CONGRESS	2. FEC Identification Number 073415
Address (Number and Street) % Gordon & Berg, 9200 Sunset Blvd., Ste. 1000	3. Is this Report an Amendment? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
City, State and Zip Code <input type="checkbox"/> Check if address is different than previously reported. Los Angeles, California 90069	

31 JUL 2001
 061110

4. TYPE OF REPORT

<input type="checkbox"/> April 15 Quarterly Report	<input checked="" type="checkbox"/> Twelfth day report preceding <u>Congressional</u> (Type of Election)
<input type="checkbox"/> July 15 Quarterly Report	election on <u>June 3rd</u> in the State of <u>California</u>
<input type="checkbox"/> October 15 Quarterly Report	<input type="checkbox"/> Thirtieth day report following the General Election
<input type="checkbox"/> January 31 Year End Report	on _____ in the State of _____
<input type="checkbox"/> July 31 Mid Year Report (Non-election Year Only)	<input type="checkbox"/> Termination Report

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

	Column A This Period	Column B Calendar Year-to-Date
5. Covering Period <u>4/1/80</u> Through <u>5/14/80</u>		
6. Net Contributions (other than loans):		
(a) Total Contributions (other than loans) (from Line 11e)	\$ 63,933	\$ 108,968
(b) Total Contribution Refunds (from Line 20d)	\$ -0-	\$ -0-
(c) Net Contributions (other than loans) (Subtract Line 6b from 6a)	\$ 63,933	\$ 108,968
7. Net Operating Expenditures:		
(a) Total Operating Expenditures (from Line 17)	\$ 54,028	\$ 98,562
(b) Total Offsets to Operating Expenditures (from Line 14)	\$ -0-	\$ -0-
(c) Net Operating Expenditures (Subtract Line 7b from 7a)	\$ 54,028	\$ 98,562
8. Cash on Hand at Close of Reporting Period (from Line 27)	\$ 13,060	
9. Debts and Obligations Owed TO the Committee (Itemize all on Schedule C or Schedule D)	\$ -0-	
10. Debts and Obligations Owed BY the Committee (Itemize all on Schedule C or Schedule D)	\$ 15,500	

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

For further information, contact:

Federal Election Commission
Toll Free 800-424-9530
Local 202-523-4068

MICHAEL A. GORDON
Type or Print Name of Treasurer

Michael A. Gordon Date 7/15/80
SIGNATURE OF TREASURER

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

All previous versions of FEC FORM 3 and FEC FORM 3a are obsolete and should no longer be used.

	FEC FORM 3 (3/80)
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81040295197

Name of Committee (in Full) CAREY PECK FOR CONGRESS			
A. Full Name, Mailing Address and ZIP Code of Loan Source CAREY PECK 960 10th Street Santa Monica, California 90403 Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Original Amount of Loan \$ 15,500	Cumulative Payment To Date -0-	Balance Outstanding at Close of This Period \$ 15,500
Terms: Date Incurred <u>10/31/78</u> Date Due _____ Interest Rate _____ % (apr) <input type="checkbox"/> Secured			
List All Endorsers or Guarantors (if any) to Item A			
1. Full Name, Mailing Address and ZIP Code City National Bank 400 N. Roxbury Drive Beverly Hills, Calif.	Name of Employer Original Source		
	Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
B. Full Name, Mailing Address and ZIP Code of Loan Source			
Election: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):		Original Amount of Loan	
Terms: Date Incurred _____ Date Due _____ Interest Rate _____ % (apr) <input type="checkbox"/> Secured		Cumulative Payment To Date	
Balance Outstanding at Close of This Period			
List All Endorsers or Guarantors (if any) to Item B			
1. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
2. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
3. Full Name, Mailing Address and ZIP Code	Name of Employer		
	Occupation		
	Amount Guaranteed Outstanding: \$		
SUBTOTALS This Period This Page (optional)			
TOTALS This Period (last page in this line only)			\$ 15,500

Carry outstanding balance only to LINE 3, Schedule D, for this line. If no Schedule D, carry forward to appropriate line of Summary.

81040295198



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

81040295199

END OF ADDITIONAL MATERIAL FOR CLOSED MRS 1329, 1331

1332

