



BLAKE HERING PRESIDENT

200 MARKET BUILDING • PORTLAND, OREGON 97201 • 503 227-3411

March 6, 1980

Mr. Don Arnold
Attorney General Office
100 State Office Building
Salem, OR 97310

Dear Mr. Arnold:

I have been advised that the letter Mr. Livermore sent the Governor, dated October 26th is considered confidential in nature as Mr. Livermore, as you can see, was acting in an advisory capacity and would suggest if reference is made to this letter in your opinion, that it first be discussed with Mr. Lee Johnson in the Governor's office.

Best regards,

Blake Hering

JBH:saw
Encl.

cc: Mr. Lee Johnson

Lee: Enclosed is all the information sent to Mr. Arnold.

orbanco
inc.

310 N.E. OREGON STREET
POST OFFICE BOX 14490
PORTLAND, OREGON 97214
(503) 222-7960

December 5, 1979

Mr. Ralph Short, District Director
Internal Revenue Service
P. O. Box 4185
Portland, Oregon 97208

Dear Ralph:


Enclosed is a copy of a letter which I sent to Governor Atiyeh in connection with my visit with you and your staff people concerning payments made by the Governor's Committee. I would appreciate your reviewing the letter and advising me if I have misinterpreted any of our conversation.

I would again like to thank you for your consideration in this matter. As pointed out at the meeting, it is extremely important for us to be aware of the significance of such transactions.

Again, thank you very much.

Best regards.

Sincerely yours,


Leroy C. Livermore

LCL:ap

Encl.

cc:Honorable Victor Atiyeh

bcc:Blake Hering
Punch Green

P. O. Box 14490
Portland, Oregon 97214
October 26, 1979

Honorable Victor Atiyeh
Governor of Oregon
State Capitol Building
Salem, Oregon 97310

Dear Vic:

Approximately a month ago I indicated to you that I would attempt to ascertain the tax significance of payments made by the Governor's Committee on your behalf. On September 26, 1979, I met with members of the Internal Revenue Service here in Portland, including Ralph Short, District Director; Herbert Okamoto, Assistant Director; and Charlie McVay of the review staff. Ralph Short opened the meeting with a very positive approach in attempting to help us lay out a reasonable program. He indicated that it had always been the practice of the District Director to assist the Governor where possible in handling problems of this nature. He then indicated that specific questions could be directed by me to Charlie McVay of the review staff for advice.

The meeting then turned to more specific issues concerning the type of expenditures to be made. Mr. McVay had done some research concerning these types of issues and provided me with a copy of Revenue Procedure 68-19, which involves factors considered by the Internal Revenue Service in determining the taxability of political funds. The key point in this procedure indicates that the expenditure of political funds by a political candidate for other than campaign or similar purposes will be considered a diversion of such funds requiring the fund so expended to be included in his income. However, deductions will be allowed for those expenditures which qualify as deductible under the applicable provisions of the Internal Revenue Code of 1954. For example, depending on the facts and circumstances present, an expenditure could qualify as an ordinary and necessary business expense deductible under the IRS Code. We discussed that there were probably two areas of payments that might be made, the first area being those political in nature, and the second area being those payments made involving your employment as Governor of the State of Oregon.

I would first like to talk about the political expenditures. The revenue procedure clearly indicates that for purposes of this revenue procedure the term, "political candidates," includes any political figure who receives or has received political funds, whether or not he has announced his candidacy for nomination or election or reelection to any elective public office. We interpret this to mean that you as Governor of the State of Oregon would be subject to this revenue procedure even though you have not announced your reelection candidacy. Any of the expenses paid by the Governor's Committee which were political in nature and of the type paid for by your reelection

August 10, 1979

16/10
Mr. O.B. Robertson
Fred Meyer, Inc.
P.O. Box 42121
Portland, Oregon 97242

Dear O.B.:

After what amounts to an extremely busy legislative session for the Governor, we have finally gotten together with all the necessary people and the Governor's Committee is being formed.

You may recall that one of us talked with you about the formation of this committee during or shortly after Vic's election. It will be a loosely organized group who will meet with the Governor about every three (3) months. As you will recall we proposed a contribution of \$500.00 to this fund which can be either a personal or corporate check. The purpose of this fund is so that the Governor can perform the political functions of his office without charge to the taxpayer. Mr. Roy Livermore, who served as Treasurer during the campaign, will also serve as Treasurer of this fund and will report all contributions quarterly to the Secretary of State's office. Because the Governor is not a political candidate it does not qualify as a political contribution for tax purposes. We ask that you send your contribution of \$500.00 made out to the Governor's Committee to Mr. Roy Livermore, P. O. Box 14490, Portland, Oregon 97214 at your earliest convenience.

The Committee will be small, will be a cross section of leaders throughout the State. Our first meeting will be a dinner meeting at the University Club on September 5 at 6:30 p.m. The Governor will make a few opening remarks and then open it up for questions. I ask that you call my secretary, Susie Warner, to confirm your attendance. The number is 227-3411.

On behalf of the Governor, we thank you for your continued support and we know that you will find this a stimulating, educational committee. We look forward to seeing you on September 5 at the University Club.

Sincerely yours,

Sincerely yours,

Punch Green

Blake Hering

P.S. If you have any questions, call Blake Hering at 227-3411 or Punch Green at 226-7611.



OREGON STATE SENATE
STATE CAPITOL
SALEM 97310

SENATOR FRED W. HEARD
MAJORITY LEADER
503 378-0700

February 19, 1980

James A. Redden, Attorney General
Justice Department
100 State Office Bldg.
Salem, OR 97310

Dear Attorney General Redden:

We are disturbed by recent press accounts regarding the "Governor's Fund" established to defray certain expenses incurred by Governor and Mrs. Atiyeh and staff.

The Governor's press aide has stated that the fund is not a political fund subject to Oregon law, but that they have voluntarily filed certain disclosures with the Secretary of State. Those disclosures reveal that contributions to the fund are called "dues" and have come from a variety of businesses and individuals, including a bank holding corporation.

It has been our understanding that funds of this type must be established as Political Action Committees and that regular reports must be filed on the Secretary of State's forms. As PAC's, such funds are subject to all of the restrictions of the elections laws.

If the fund is not a PAC, then it is our concern that the use of such funds to pay personal, non-governmental expenses of the Governor, his immediate family and perhaps staff could violate the laws prohibiting gifts to public officials, specifically ORS 244.040.

Our questions are:

1. May an elected official, specifically the Governor, establish a fund by collecting dues from individuals and businesses, and use such moneys to defray expenses not covered by personal monies or state appropriations?

2. If such a fund may be established, is it required to comply with the laws relating to political action committees?

continued:

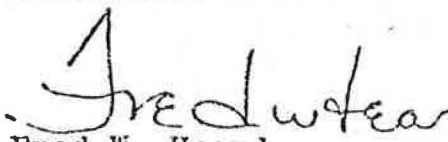
Continued: page 2
James A. Redden, Attorney General

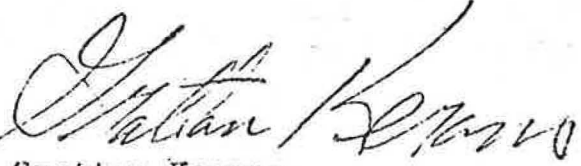
3. Can such a fund be transferred into a candidate's principal political committee at a later date?

4. Would your answer to question 3 be different if the original fund contained dues or contributions received from businesses prohibited from making direct campaign contributions by state or federal law?

Thank you for your prompt attention to our questions.

Sincerely,


Fred W. Heard,
Senate Majority Leader


Grattan Kerans,
House Majority Leader

[thereto, under the laws of the], in this state [or any municipality].

(2) [Any] An appointment or election to [any] an office or position of trust, honor or emolument made in violation of subsection (1) of this section shall be void.

(Particular Offenses)

Section 369. Payments in false name. ORS 260.402 is amended to read:

260.402. No person shall make a payment of [his own money or of another person's] money to any other person, [in connection with] relating to a nomination or election of any candidate or the support or opposition to any measure, in any name other than that of the person who in truth provides [such] the money. No person shall knowingly receive [such] the payment or enter or cause it to be entered in [his] accounts or records in another name than that of the person by whom it was actually provided. However, if the money is received from the treasurer of any political committee, it shall be sufficient to enter it as received from [such] the treasurer.

Section 370. Payments by or solicitation of certain businesses. ORS 260.472 is amended to read:

260.472. (1) As used in this section, "[corporation or] company" means:

(a) Any [corporation] entity carrying on the business of a bank, savings bank[,] or cooperative bank[.].

(b) Any entity carrying on the business of a trust, trustee, surety, indemnity, safe deposit, insurance, telegraph, telephone, gas, electric light, heat, power, canal, aqueduct, water, cemetery or crematory company.

[(b)] (c) Any [company] entity engaged in business as a common carrier of freight or passengers by railroad, motor truck, motor bus, airplane or watercraft.

[(c) Any company having the right to take or condemn land or to exercise franchises in public ways granted by the state or any county or city.]

(2) No [corporation or] company shall [pay or] contribute [in order] to aid, promote or prevent the nomination or election of any person, or [in order] to aid or promote the interests, success or defeat of any political party or political committee supporting or opposing any person as a candidate. No person shall solicit or receive such [payment or] contribution from [such corporation or] a company.

(3) This section does not prohibit any voluntary activity for or against any candidate undertaken by an officer or employe of a [corporation or] company on [his] the officer's or employe's own behalf that is:

(a) Casual and occasional and occurs during business hours; or

(b) More than casual and occasional but occurs on the officer's or employe's own time.

Section 371. Acceptance of employment where compensation to be contributed. ORS 260.422 is amended to read:

260.422. No person shall accept employment with the understanding or agreement, express or implied, that [he] the person will contribute [all or] any [part] of the compensation to be received [by him by reason of] because of the employment to or on behalf of a candidate or political committee in support of the nomination or election of the candidate or in support of or in opposition to a measure.

Section 372. Solicitation of public employes; activities of public employes during working hours. ORS 260.432 is amended to read:

260.432. (1) No person shall attempt to, or actually, coerce, command or require a public employe to influence or give money, service or other thing of value to aid [or], promote or oppose any political committee or to aid [or], promote or oppose the nomination or election of [any person to public office] a candidate, the adoption of a measure or the recall of a public office holder.

(2) No public employe shall solicit any money, influence, service or other thing of value or otherwise aid or promote any political committee or aid, promote or oppose the nomination or election of [any person to public office] a candidate, the adoption of a measure or the recall of a public office holder while on the job during working hours. However, [nothing in] this section [is intended to] does not restrict the right of a public employe to express [his] personal political views.

P. O. Box 14490
Portland, Oregon 97214
October 4, 1979

Honorable Norma Paulus
Secretary of State
State Capitol
Salem, Oregon 97310

Dear Mrs. Paulus:

Enclosed you will find a detailed listing of the cash receipts and disbursements for the Governor's Committee funds from the date of its inception through October 4, 1979.

We have reviewed the legal requirements of ORS Chapter 260 and feel that the Governor's Committee is not required to file under those provisions. The purpose of the fund is to assist Governor Atiyeh with respect to nonreimbursable expenditures related to his job as Governor of the State of Oregon.

We have elected to file this report with the Secretary of State because we are aware of the public's need to be informed concerning the activities of the fund. We feel that the public scrutiny of all major contributions and expenditures is in the public interest, and accordingly we expect to continue filing reports on a regular basis.

If you desire additional information, please let me know and I will provide you with it.

Sincerely yours,

Leroy C. Livermore, Treasurer
Governor's Committee

Enclosures

GOVERNOR'S COMMITTEE

Statement of Cash Receipts and Disbursements
for the period August 22, 1979 through October 4, 1979

Cash at beginning of period	\$ -0-
Cash receipts per statement of cash received attached	26,175.00
Cash disbursements:	
August 12, 1979 - University Club, Portland, Oregon, for fund raising dinner	<u>902.35</u>
Cash ^{on} hand October 4, 1979	<u><u>\$25,272.65</u></u>

NOTE: There are no other assets or liabilities involving the Governor's Committee. All transactions are reported herein.

Leroy C. Livermore
Treasurer

GOVERNOR'S COMMITTEE

STATEMENT OF CASH RECEIVED

<u>DATE</u>	<u>RECEIVED FROM NAME AND ADDRESS</u>	<u>RECEIVED FOR</u>	<u>AMOUNT</u>
8/22/79	Joint Council of Teamsters No. 37 Political Fund 1020 N.E. 3rd Portland, Oregon	Dues	\$ 500.00
8/22/79	Veneer Service Inc. P. O. Box 768 Newberg, Oregon 97132	Dues	500.00
8/22/79	Wm. Swindells, Jr. 5056 S.W. Hilltop Lane Portland, Oregon 97221	Dues	500.00
8/22/79	Harold A. Miller 520 S.W. Yamhill Portland, Oregon	Dues	200.00
8/22/79	Hoffman Construction Company 900 S. W. Fifth Avenue Portland, Oregon 97204	Dues	500.00
8/22/79	Sun Studs, Inc. P. O. Box 1127 Roseburg, Oregon 97470	Dues	500.00
8/22/79	D. R. Johnson Lumber Co. P. O. Box 66 Riddle, Oregon 97469	Dues	500.00
8/22/79	John Blake Hering 1920 S. W. Highland Road Portland, Oregon 97221	Dues	500.00
8/22/79	George E. Swindells Suite 1, Busick Court 280 Court St. N.E. Salem, Oregon 97301	Dues	500.00

<u>DATE</u>	<u>RECEIVED FROM NAME AND ADDRESS</u>	<u>RECEIVED FOR</u>	<u>AMOUNT</u>
8/22/79	Alan Green, Jr. 1707 S. W. Hawthorne Terrace Portland, Oregon 97201	Dues	250.00
8/22/79	Tom Benson Industries 1350 N. W. Raleigh Portland, Oregon 97209	Dues	250.00
8/22/79	J. R. Keys 3028 N.E. Alameda Portland, Oregon 97212	Dues	500.00
8/22/79	James L. Holland 216 Pittock Block Portland, Oregon 97205	Dues	500.00
8/22/79	John R. Faust, Jr. 6429 S. W. Burlingame Place Portland, Oregon 97201	Dues	100.00
8/22/79	L. L. Stewart P. O. Box 10293 Eugene, Oregon 97440	Dues	500.00
8/22/79	Theodore Lilley, Jr. 736 S. W. Prospect Drive Portland, Oregon 97208	Dues	500.00
8/22/79	Glenn L. Jackson 117 Greenway Circle Medford, Oregon 97501	Dues	500.00
8/22/79	Georgia-Pacific Corporation 900 S.W. Fifth Avenue Portland, Oregon 97204	Dues	500.00
8/22/79	Anthony Yturri Attorney at Law Ontario, Oregon 97914	Dues	500.00

<u>DATE</u>	<u>RECEIVED FROM NAME AND ADDRESS</u>	<u>RECEIVED FOR</u>	<u>AMOUNT</u>
9/5/79	Montgomery Capital Companies, Inc. 2915 Chuckanut Eugene, Oregon 97401	Dues	500.00
9/5/79	American Steel 4033 N.W. Yeon Ave., P.O.Box 10086 Portland, Oregon 97210	Dues	500.00
9/5/79	Frank E. Nash ✓ 900 S. W. Fifth Avenue Portland, Oregon 97204	Dues	500.00
9/5/79	Samuel C. Wheeler 900 S. W. 5th Ave., Suite 2010 Portland, Oregon 97204	Dues	500.00
9/5/79	R. W. De Weese 3216 S. W. Upper Cascade Drive Portland, Oregon 97201	Dues	500.00
9/5/79	The Pihas, Schmidt, Westerdahl Company, Inc. 520 S.W. Yamhill, Suite 430 Portland, Oregon 97204	Dues	500.00
9/5/79	Cascade Steel Rolling Mills, Inc. 3200 N. 99W McMinnville, Oregon 97128	Dues	500.00
9/5/79	Mack, Roberts, Walsh & Co., P.C. 4600 S.W. Kelly Street Portland, Oregon 97201	Dues	500.00
9/5/79	Harry A. Merlo Louisiana-Pacific Corporation 1300 S.W. Fifth Avenue Portland, Oregon 97201	Dues	500.00
9/5/79	Jack H. Burns 6350 S.W. Richey Lane Portland, Oregon 97223	Dues	500.00
9/5/79	R. Lee Johnson 11175 S.W. Riverwood Road Portland, Oregon 97219	Dues	500.00

<u>DATE</u>	<u>RECEIVED FROM NAME AND ADDRESS</u>	<u>RECEIVED FOR</u>	<u>AMOUNT</u>
9/5/79	Wilson H. Hulley 217 Mohawk Bldg. 222 SW Morrison Portland, Oregon 97204	Dues	25.00
9/5/79	Director Furniture Co. 804 S.W. Third Avenue Portland, Oregon 97204	Dues	500.00
9/5/79	Stimson Lumber Co. P. O. Box 68 Forest Grove, Oregon 97116	Dues	500.00
9/5/79	Barbey Investment Company Suite 562, Harrison Square 1800 S.W. First Avenue Portland, Oregon 97201	Dues	500.00
9/5/79	Thomas H. Hoyt, P.C. The Citizens Building 975 Oak Street, Suite 910 Eugene, Oregon 97401	Dues	500.00
9/5/79	The Murphy Company 1036 Pacific Building Portland, Oregon 97204	Dues	500.00
9/5/79	Forrest E. Cooper Attorney at Law 35 G Street South Lakeview, Oregon 97630	Dues	100.00
9/5/79	Wendell Wyatt 1200 Standard Plaza Portland, Oregon 97204	Dues	500.00
9/5/79	Charles J. Swindells 2300 S. W. 1st Portland, Oregon 97201	Dues	500.00
9/5/79	James L. McCreight 608 Century Tower Portland, Oregon 97205	Dues	50.00

<u>DATE</u>	<u>RECEIVED FROM NAME AND ADDRESS</u>	<u>RECEIVED FOR</u>	<u>AMOUNT</u>
9/6/79	Flightcraft, Inc. 7505 N.E. Airport Way Portland, Oregon 97218	Dues	500.00
9/6/79	U. S. Bancorp 309 S.W. 6th Avenue Portland, Oregon	Dues	500.00
9/6/79	Robert M. Johnson 917 S.W. Oak St., Rm. 333 Portland, Oregon 97205	Dues	500.00
9/6/79	Western Pacific Leasing Corporation Ft. of North Portsmouth Ave. Portland, Oregon 97203	Dues	500.00
9/6/79	AMCO, Inc. 904 Oregon National Building Portland, Oregon 97205	Dues	500.00
9/6/79	Moe M. Tonkon Attorney at Law Public Service Building Portland, Oregon 97204	Dues	500.00
9/6/79	K. W. Self 4747 N.E. Channel Avenue Portland, Oregon 97217	Dues	500.00

<u>DATE</u>	<u>RECEIVED FROM NAME AND ADDRESS</u>	<u>RECEIVED FOR</u>	<u>AMOUNT</u>
9/12/79	Moore International P. O. Box 4208 Portland, Oregon 97208	Dues	\$ 500.00
9/12/79	P. J. Brix 110 S.E. Caruthers Portland, Oregon 97214	Dues	500.00
9/12/79	John C. Hampton 901 Terminal Sales Building Portland, Oregon 97205	Dues	500.00
9/25/79	Merle E. Greenstein 4927 N.W. Front Ave. Portland, Oregon 97210	Dues	100.00
9/25/79	F.R. Cooper 3640 N.E. 141st Portland, Oregon 97230	Dues	100.00
9/25/79	Atiyeh's Inc. 1516 S.E. Division Portland, Oregon 97202	Dues	250.00
9/25/79	Atiyeh Bros. Park at S.W. Washington Portland, Oregon 97205	Dues	250.00
9/25/79	Bullier & Bullier 701 S.W. Washington Portland, Oregon 97205	Dues	500.00
9/25/79	Robert P. Booth P. O. Box 10293 Portland, Oregon 97401	Dues	500.00
9/25/79	Leonard A. Forsgren 1319 S.W. Skyline Blvd. Portland, Oregon 97221	Dues	500.00

<u>DATE</u>	<u>RECEIVED FROM NAME AND ADDRESS</u>	<u>RECEIVED FOR</u>	<u>AMOUNT</u>
9/28/79	F. W. Simmons P. O. Box 4162 Portland, Oregon 97208	Dues	\$ 500.00
9/28/79	R. C. Warren P. O. Box 25240 Portland, Oregon 97225	Dues	500.00
10/4/79	Fred Meyer 3800 SE 22nd Portland, Oregon	Dues	\$ 500.00
Total receipts through October 4, 1979			<u>\$26,175.00</u>

March 4, 1980

Honorable Jim Redden
Attorney General
State Office Building
Salem, Oregon 97310

Dear Jim:

You asked for the benefit of our legal research concerning the opinion request from Fred Heard and Gratten Kerans. We have not done any lengthy legal research because we feel none is required. I will attempt to respond to each of the questions.

1. May an elected official, specifically the Governor, establish a fund by collecting dues from individuals and businesses, and use such moneys to defray expenses not covered by personal monies or state appropriations?

The question assumes facts that don't exist, as is indicated by Blake Hering's letter to you. The fund was not established by the Governor, but by the committee. The only question is whether disbursements by the committee to the Governor constitute gifts under ORS 244.020(5).

As stated in Mr. Hering's letter, it is anticipated that the disbursements will be to reimburse the Governor for expenses incurred in performing the political functions of his office "which if paid by the Governor would qualify as a business expense deduction on his income tax return." The only disbursements made from the fund to the Governor were to reimburse Mrs. Atiyeh for her expenses incurred in attending a Republic Governors' Association conference. We think it is clear that the payment of such expenses does not qualify as a gift under ORS 244.020(5)(c). To the best of our knowledge, there is no case law interpreting this statute. We have not made an exhaustive search of the legislative history because the plain language of the statute speaks for itself. I think it is apparent that Mrs. Atiyeh attending a conference of Republican governors "bears a relationship to the public official's office" and thus qualifies. As stated, it is the Governor's intention to report the receipt of payment of these expenses on his ethics statement.

Honorable Jim Redden
March 4, 1980

2. If such a fund may be established, is it required to comply with the laws relating to political action committees?

Our research of the law indicates that because the Governor is not a candidate for political office and the funds are not being used to support a measure, the committee does not constitute a "political action committee." In any event, the question is irrelevant because the committee has complied with the election laws by making periodic reports as required by the election laws.

3. Can such a fund be transferred into a candidate's principal political committee at a later date?

We assume that the committee could elect to make a contribution to a candidate's political committee, but that the contributions and the source thereof would have to be reported as part of that political committee's report to the Secretary of State.

4. Would your answer to question 3 be different if the original fund contained dues or contributions received from businesses prohibited from making direct campaign contributions by state or federal law?

This question is apparently directed at the contribution of U.S. Bancorporation. We have no opinion as to whether such a contribution would not qualify as a political contribution under ORS 260.472. As stated in Mr. Hering's letter, that contribution has been refunded.

I also enclose a copy of Bob Oliver's memorandum on the "gift question."

Sincerely,

Lee Johnson
Executive Assistant
to the Governor

LJ/dr
Enc.

Return to Lee

August 10, 1979

*Blair -
See paid check
prepare for*

Mr. Lee Johnson
c/o Governor's Office
State Capital, Oregon 97310

Dear Lee:

After what amounts to an extremely busy legislative session for the Governor, we have finally gotten together with all the necessary people and the Governor's Committee is being formed.

You may recall that one of us talked with you about the formation of this committee during or shortly after Vic's election. It will be a loosely organized group who will meet with the Governor about every three (3) months. As you will recall we proposed a contribution of \$500.00 to this fund which can be either a personal or corporate check. The purpose of this fund is so that the Governor can perform the political functions of his office without charge to the taxpayer. Mr. Roy Livermore, who served as Treasurer during the campaign, will also serve as Treasurer of this fund and will report all contributions quarterly to the Secretary of State's office. Because the Governor is not a political candidate it does not qualify as a political contribution for tax purposes. We ask that you send your contribution of \$500.00 made out to the Governor's Committee to Mr. Roy Livermore, P. O. Box 14490, Portland, Oregon 97214 at your earliest convenience.

The Committee will be small, will be a cross section of leaders throughout the State. Our first meeting will be a dinner meeting at the University Club on September 5 at 6:30 p.m. The Governor will make a few opening remarks and then open it up for questions. I ask that you call my secretary, Susie Warner, to confirm your attendance. The number is 227-3411.

On behalf of the Governor, we thank you for your continued support and we know that you will find this a stimulating, educational committee. We look forward to seeing you on September 5 at the University Club.

Sincerely yours,

Punch Green
Punch Green

Sincerely yours,

Blake Hering
Blake Hering

P.S. If you have any questions, call Blake Hering at 227-3411 or Punch Green at 226-7611.

Check sent

TO: Lee Johnson
FROM: Bob Oliver
DATE: April 9, 1980
SUBJECT: Ethics Commission

The Ethics Commission will meet at 10:30 a.m. on Thursday, April 24, in Room 257 of the State Capitol. On the agenda will be the recent Attorney General's opinion -- for discussion purposes. (There is no complaint now pending before the commission, and Betty Reynolds is of the opinion the commission will not initiate one on its own motion.)

I have a prior commitment to represent the Governor at a speaking engagement in Portland that morning. You or Jim may want to attend.

Leroy C. Livermore

965 N.W. FOURTH STREET, GRESHAM, OREGON 97030

February 28, 1980

Mr. Lee Johnson
Governor's Office
State Capitol
Salem, Oregon 97310


Dear Lee:

Enclosed you will find copies of the letters that I sent returning the contributions made by Orbanco and U. S. Bancorporation. This probably should handle any problem in connection with those two contributions, and I will certainly be sure that we do not receive similar ones in the future.

In connection with our conversation several days ago concerning the Governor's Committee funds and the Atiyeh for Governor Campaign Committee funds, I have reflected on the draft of the letter that you dictated while I was in your office and with respect to the Governor's Committee funds I have no problem. I have different thoughts concerning the campaign funds, which you propose to turn over to the Republican Party. The funds of the Campaign Committee now total \$9,637.43 and are maintained both in a checking account at The Oregon Bank and earning interest at 13.0% in commercial paper of Northwest Acceptance Corporation. As long as those funds are under my control, I can be sure that the proper accounting, both for political reporting purposes and income taxes, is accomplished. In addition, we have the appropriate bank account set up, authorized signatures, etc. accomplished.

Obviously, if the Governor wishes to have these funds transferred to the Republican Party, I would be pleased to close out the Campaign, including my reporting responsibilities, and turn it over to the Republican Party. I, of course, would not be responsible for any further reporting in connection with those funds. I have certainly enjoyed my involvement in both the Atiyeh Campaign and the Governor's Committee, and I await the Governor's pleasure in this matter.

Sincerely yours,



Leroy C. Livermore, Treasurer
Governor's Committee and
Atiyeh for Governor Committee

Enclosures

Leroy C. Livermore

965 N.W. FOURTH STREET, GRESHAM, OREGON 97030

February 25, 1980

Mr. Donald L. Tisdell, President
Orbanco, Inc.
P. O. Box 1110
Portland, Oregon 97207

Dear Mr. Tisdell:

Enclosed you will find a check in the amount of \$500 which refunds the payment made by your company to the Governor's Committee several months ago.

Over the last several weeks there has been some discussion in the newspapers concerning the Governor's fund, and a question has been raised with respect to a bank-related company making a contribution. Our basic research has indicated that this is an allowable payment, but it seems appropriate to eliminate any question concerning this payment by refunding the amount.

If you would desire to continue supporting the Governor's Committee, we of course would be very happy to accept your personal check as a replacement for the corporate check. We on the Governor's Committee thank you for your support and hope that we have not caused you any inconvenience.

Sincerely yours,

Leroy C. Livermore, Treasurer
Governor's Committee

Enclosure

Leroy C. Livermore

965 N.W. FOURTH STREET, GRESHAM, OREGON 97030

February 25, 1980

Mr. John Elorriaga, President
U. S. Bancorporation
P. O. Box 4412
Portland, Oregon 97208

Dear Mr. Elorriaga:

Enclosed you will find a check in the amount of \$500 which refunds the payment made by your company to the Governor's Committee several months ago.

Over the last several weeks there has been some discussion in the newspapers concerning the Governor's fund, and a question has been raised with respect to a bank-related company making a contribution. Our basic research has indicated that this is an allowable payment, but it seems appropriate to eliminate any question concerning this payment by refunding the amount.

If you would desire to continue supporting the Governor's Committee, we of course would be very happy to accept your personal check as a replacement for the corporate check. We on the Governor's Committee thank you for your support and hope that we have not caused you any inconvenience.

Sincerely yours,

Leroy C. Livermore, Treasurer
Governor's Committee

Enclosure

P. O. Box 1110
Portland, Oregon 97207
February 5, 1980

Honorable Victor Atiyeh
Governor of Oregon
State Capitol Building
Salem, Oregon 97310

Dear Vic:

Earlier in the year I reported to you concerning the tax significance of payments made by the Governor's Committee on your behalf.

The purpose of this letter is to report to you that during the year ended December 31, 1979, the Governor's Committee disbursed \$2,269.35 for expenses which were political in nature. Accordingly, it is my opinion that you are not required to include in your taxable income any of these amounts expended. These payments will be reported in a tax return which will be filed on behalf of the Governor's Committee.

For your information I have reviewed these facts with Charlie McVay of the Review Staff of the Internal Revenue Service. You will recall that I earlier indicated that the District Director, Ralph Short, made Mr. McVay available to us to answer any questions. He, of course, indicated to me that he felt we were handling it properly; however, it was in no way a formal determination.

I would suggest that you retain this letter in your tax files for any future need. I will maintain within the files of the Governor's Committee the necessary substantiation for the amounts paid and received.

If you have any question with respect to the above, please advise.

Best regards.

Sincerely,


Leroy C. Livermore, Treasurer
Governor's Committee

Encl.