



STATE OF OREGON

INTEROFFICE MEMO

TO: Governor

FROM: Punch

SUBJECT: Governor's Slush Fund

DATE: Mon., Feb. 25

MAR 19 1980

Governor Atiyeh

Punch had read yesterday's Oregonian Editorial about the fund is feeling very concerned and upset about the fund (see attached). He asked me to relay the following information to you accompanied by a letter from Bob Voy that Punch is sending with my name on it rather than Lee's - he asked that I not give any of the info to Lee!!! Punch suggests the following:

1. Vic talk to Bob Voy and set up a separate fund in Oregon Rep. Party and label it Governor's Fund GOP to be administered by Roy Livermore -- providing Roy has not given any money to the fund so far, if he has then Punch suggests another person be asked to administer the fund so the slate would be clean -- and perhaps two other persons. He feels that change of handling of the funds would take the sting out of it, and would also be the simplest to do; OR
2. Return monies to the people with suggestion that whatever amount being returned to them be made out to the new separate fund in the GOP. He does not think anyone of those who have contributed would have a problem with this; OR
3. Leave it as is.

If a change is to be made he suggests it be done very soon so it cannot reflect on your possible future campaign as a clean up effort at that time. He feels this is the one thing on your silver record that an opponent could use against you as an Achilles heel! He also feels this kind of reporting and reaction by the public will keep occurring everytime the report is filed on the fund

Punch is leaving for Palm Springs today but you should feel free to call him if you want at 714-320-5284.

gh

2/27 - I have heard Lee working on this the past couple days - talked to Voy over phone, had Roy L. in his office - so perhaps it is all taken care of now. gr



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From . . . EDWARD ATIYEH

Vic:

It would be a good idea ^{to} and hold a press conference on this. Tell them if the state would allocate enough money to pay the Governor's expenses, this would not be necessary. You allow me the same as when Hatfield was in office.

I would also mention about the lack of a home for the Governor and if they want ^{to} ~~the~~ have the Governor but bill his job adequately, the legislature should provide the necessary funds.

You really have to speak out on this. So let it ride the way it is -

Ed

Editorials

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FEBRUARY 24, 1980

Atiyeh fund dues are a don't

Gov. Vic Atiyeh's private political fund poses a threat to Oregon's national reputation for clean government. It also may violate Oregon law, specifically the Code of Ethics statute written by a 1974 special session of the Legislature.

The fund was a bad idea to begin with, and close scrutiny suggests it abuses the state's ethical standards for a public officeholder.

The governor's fund now totals \$26,000 from dues collected from 60 individuals and companies, including six persons who have been named by Atiyeh to powerful committee posts. Use of the money is dedicated to partisan political purposes, excluding the governor's own political campaign. However, Atiyeh has indicated that when he decides to run for re-election, "... it would be foolish not to move" any money from the fund over to a campaign committee.

Two Democrats, House Majority Leader Grattan Kerans of Eugene and Senate Majority Leader Fred Heard of Klamath Falls, responsibly have asked Attorney General Jim Redden to rule on the legality of the fund. Their questions are our questions:

— May an elected official establish such a fund by collecting dues from individuals and citizens, as the governor has done?

— Must such a fund comply with laws regulating political action committees?

— Can such a fund later be transferred to a campaign committee?

— Can such a transfer take place if the original fund contained dues received from businesses prohibited by state or federal law from making direct campaign contributions? There are contributors to the Atiyeh fund, for example, who clearly cannot make direct campaign contributions under federal or state election laws.

The Oregon Code of Ethics (ORS 244.040) suggests that Atiyeh has stretched state law to its limits.

It reads: "No public official or candidate for office or a member of his household shall solicit or receive, whether directly or indirectly, during any calendar year, any gift or gifts with an aggregate value in excess of \$100 from any sin-

gle source who could reasonably be known to have a legislative or administrative interest in any governmental agency in which the official has any official position or over which the official exercises any authority."

The key legal question for Redden or the courts is whether "dues," which Atiyeh seeks for his fund, are the same thing as "gifts," which are designated in the statute. Otherwise, it is clear that several donors, or dues payers, on the list who gave \$100 or more to the fund have legislative and administrative interests.

To the questions being asked of Redden, we would add another: Does not a legal definition of "dues," as opposed to gifts or contributions, suggest a uniform donation? Can the amount of one's dues be determined by the dues payer? In other words, if members of the Atiyeh Fan and Fund Club donate broadly differing dues amounts (in this case, ranging from \$25 to \$500 each), are the donations, in fact, a due or a don't?

The governor risks a civil penalty of \$1,000 and the public embarrassment of returning the money to the dues payers if Kerans is right in calling the fund illegal. If it be proved that the dues money purchased influence or favor in the operation of state government — no such charges have been made — the governor would risk more severe penalties.

Atiyeh's intentions in establishing such a fund are naive. That the governor publicly announced the fund and has filed reports on it with the secretary of state are the actions of a politician who believes he has found a loophole.

The "dues" gimmick may be ruled an innovative way to avoid ORS 244.040 (2) if Redden or the courts define dues as something other than gifts. But the issue that the public should score is the larger, ethical one — the existence of any political fund for the governor outside of his own re-election war chest.

Atiyeh's fund is un-Oregon. If the governor wants a fund and feels he needs one, he should reactivate his former campaign committee or let the Republican Party establish one for him, labeled clearly "politics."



STATE OF OREGON

INTEROFFICE MEMO

TO: Governor &
Lee

DATE: Wed., Feb. 27

FROM: L. B.

SUBJECT: Slush Fund

Concerned about the publicity and possible legal action to be taken against you.

He offers the following, unsolicited advice:
That you go very quickly to the Ethics Commission seeking their opinion. This will give you sixty days leeway to make plans, etc. L.B. feels you should do this before the A.G. releases his opinion, which apparently will be out very soon, L.B. has been led to believe that the opinion will definitely be against you. If you have already gone to the Ethics Comsn. before that is out and said something to the effect that you will go along with whatever their opinion is you will be off the chopping block. L.B. said there will most likely be a law suit against you if the a.g. opinion comes out the way things are pointing now!!

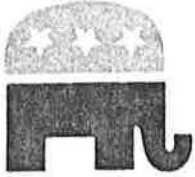
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OREGON REPUBLICAN PARTY

September 5, 1979

Dear Mr. Green,

I appreciate your inquiry regarding establishment of a Governors Fund within the Republican Party. Unfortunately, at the moment, the party has no such program for such a fund.

I must compliment you on your preception of the need for political parties to function in this capacity and I think this will be a future possibility. Governor Atiyeh is certainly right-on in protecting the public's money by seeking a way to legitimately defray his expenses as a party spokesman, and not as a State official.

This is something that all our public officials need to consider in the future. The Governor is ahead of his time as usual.

I will be discussing this with our Executive Committee in the coming weeks and will determine how we might help institute such a program. Problems that come to mind are how do we establish such a fund and segregate the monies for promotional purposes and stay within Federal Election Commission regulations? How do we include or exclude other elected officials, ie: Secretary of State, Treasurer, etc.

With warm regards,

Robert O. Voy
Chairman