

1125 K STREET N.W. WASHINGTON,D.C. 20161

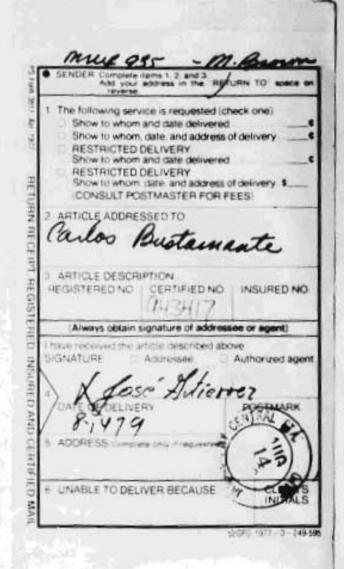
THIS IS THE END OF MUR #_ 935

Date Filmed 4/25/79 Camera No. --- 2

Cameraman .A.Q.

904010000

SAN DESTRUCTION OF STREET, STR





1325 K STREET N.W. WASHINGTON,D.C. 20463

August 9, 1979

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Carlos Bustamante 139-43 88th Avenue Jamaica, New York 11435

RE: MUR 935

Dear Mr. Bustamante:

In a letter to you dated June 12, 1979, we informed you that the Commission had received a complaint against you alleging certain violations of the Federal Election Campaign Act and that the Commission had determined that there is no reason to believe that a violation had occurred. Enclosed is a copy of the General Counsel's Report which was submitted to the Commissioners for their consideration of this matter. A copy of the report has been sent to Mr. Louis William Barnett, the complainant in this matter, pursuant to a letter received from him.

Sincerely, ..

William C. Oldaker General Counsel

Enclosure

First General Counsel's Report



STATE STATE STATES

Hr. Carlos Bustamante 139-43 88th Avenue Jamaida, New York 11435

RE: JAHR 935

Dear Mr. Sustamente:

In a latter to you dated June 12, 1978, we intermed you that the Commission had received a complete squired you alloging cartain violations of the reducal ilection Campaign het and that the Commission had detarmined that there is no reason to believe that a violation had occurred. Englosed is a copy of the General Counsel's Deport which was submitted to the Commissioners for their consideration of this meter. A copy of the report has been sent to by Louis William Barnett — the complete and in this meters pursuant to a latter mostlyed from him.

Sincerely,

William C. Oldaker General Counsel

Enclosure

Gh:

First General Counsel's Report

mg 8/8/29



1325 K STREET N.W. WASHINGTON,D.C. 20463

August 9, 1979

CERTIFIED MAIL RETURN RECEIPT REQUESTED

The Honorable Edmund G. Brown, Jr. Governor of California Sacramento, California

RE: MUR 935

Dear Governor Brown:

In a letter to you dated June 12, 1979, we informed you that the Commission had received a complaint against you alleging certain violations of the Federal Election Campaign Act and that the Commission had determined that there is no reason to believe that a violation had occurred. Enclosed is a copy of the General Counsel's Report which was submitted to the Commissioners for their consideration of this matter. A copy of the report has been sent to Mr. Louis Williams Barnett, the complainant this matter, pursuant to a letter received from him.

Sincepely,

William C. Oldaker General Counsel

Enclosure

First General Counsel's Report



CHRIPTED HALL RETURN RECEIPT REQUESTED

The Honorable Edmund G. Brown, Jr. Governor of California Secremento, California

REI NUM 935

Dear Governor Brown: .

In Allactor to you sheed June 12, 1979 to Informed
you that the Commission had realized a complete and her
you alleging cortain violations of the Track Massellan
Campaign Act and that the Commission had been the Campaign Act and that the Campaign Massellan
there is no realized to believe the Commission had been to be a Commission had been to be a Commission had been to be a Commission on the February to the Commission of the February to the Commission had been to be a Commission of the February to the Commission of the February to the Commission had been to be a Commission of the February to the Commission had been to be a Commission of the February to be a Commission had been to be a Commission of the Commission had been to be a Commission of the Commission had been to be a Commission had been a commis

Sincerely

William C. Oldaker General Counsel

Enclosure

0

First General Counsel's Report

m6 8/8/19

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Governor Edmund Brown, Jr.)
Carlos Bustamante)

MUR 935

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal
Election Commission, do hereby certify, that on August 8,
1979, by a vote of 4-0, the Commission approved the
revised letters attached to the General Counsel's
Memorandum dated August 6, 1979.

Voting for this determination were Commissioners Friedersdorf, Harris, McGarry, and Tiernan.

Attest:

8-8-79

Date

4

4

0

4

C

0

Marjorie W. Emmons

Secretary to the Commission

August 6 .. 1979 51

MENORANDUM TO: Marge

Marge Emons

PARTY.

0

O.

Elissa T. Gazr

SOSTION:

MUR 935

Consission on a 48 hour tally basis.

Thank you.



1825 K STREET N.W. WASHINGTON,DC, 20463 '9 ABG 6 AID: 42

August 6, 1979

MEMORANDUM

70:

The Commission

FROM:

William C. Oldaker

General Counsel

RE:

MUR 935

On July 31, 1979, the Commission approved the proposed letters to Louis William Barnett, the complainant in MUR 935, Governor Brown, and Carlos Bustaments, the respondents. Commissioner Aikens has suggested that the letters to the respondents be changed to indicate that these letters are being sent in connection with the previously sent letters which told the respondents that there was no reason to believe a violations had occurred. Copies of the revised letters are attached herewith.

The Office of General Counsel recommends that the attached letters be sent to the respondents, Governor Brown and Mr. Bustamante instead of the letters which were attached to the General Counsel's Memorandum dated July 25, 1979.

Attachments

6 /

Proposed letters to Governor Brown and Mr. Bustamante





1325 K STREET N.W. WASHINGTON,D.C. 20463

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Carlos Bustamante 139-43 88th Avenue Jamaica, New York 11435

RE: MUR 935

Dear Mr. Bustamante:

In a letter to you dated June 12, 1979, we informed you that the Commission had received a complaint against you alleging certain violations of the Federal Election Campaign Act and that the Commission had determined that there is no reason to believe that a violation had occurred. Enclosed is a copy of the General Counsel's Report which was submitted to the Commissioners for their consideration of this matter. A copy of the report has been sent to Mr. Louis William Barnett, the complainant in this matter, pursuant to a letter received from him.

Sincerely,

William C. Oldaker General Counsel

Enclosure

First General Counsel's Report





FEDERAL ELECTION COMMISSION

1325 K STREET N.W. WASHINGTON,D.C. 20463

CERTIFIED MAIL RETURN RECEIPT REQUESTED

The Honorable Edmund G. Brown, Jr. Governor of California Sacramento, California

RE: MUR 935

Dear Governor Brown:

In a letter to you dated June 12, 1979, we informed you that the Commission had received a complaint against you alleging certain violations of the Federal Election Campaign Act and that the Commission had determined that there is no reason to believe that a violation had occurred. Enclosed is a copy of the General Counsel's Report which was submitted to the Commissioners for their consideration of this matter. A copy of the report has been sent to Mr. Louis Williams Barnett, the complainant this matter, pursuant to a letter received from him.

Sincerely,

William C. Oldaker General Counsel

Enclosure

First General Counsel's Report





0

FEDERAL ELECTION COMMISSION

1325 K STREET N.W. WASHINGTON,D.C. 20463

August 1, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Louis William Barnett 530 East Cypress Street Glendale, California

RE: . MUR 935

Dear Mr. Barnett:

We are in receipt of your letter dated June 22, 1979 regarding the dismissal of your complaint. Attached is a copy of the General Counsel's Report which was circulated to the Commissioners in their consideration of this matter.

As to what actions you may take to appeal the Commission's determination, section 437g(a)(9) of the Federal Election Campaign Act, as amended, outlines the course of actions open to you. A copy of the FECA has been enclosed for your information.

With respect to your requests under the Freedom of Information Act, we have enclosed a copy of the Commission's regulations regarding the Freedom of Information Act. Please note \$4.7 of the regulations outlines certain requirements regarding requests for records. If you wish to re-submit your freedom of information request, please do so in accordance with the regulations. If you require any additional information from this office, please contact me.

Sincerery.

William C. Oldaker General Counsel

Enclosure

First General Counsel's Report
Federal Election Campaign Act
Federal Election Commission Freedom of
Information Act Rules and Regulations

	service is reque from and date de		me)
	from date, and a	PARTICIPATION OF THE PARTY OF T	verv
RESTRICT	TED DELIVERY		
(C) (C) (C) (C) (C) (C) (C) (C)	from and date de TED DELIVERY	elivered	
	nom date and a	ddress of deli	very \$
CONSUL	T POSTMASTER	FOR FEES	
2 ARTICLE AD	DRESSED TO		
1 .	hin!	0	1
Louis !	Willeas	n Re	wet
3 ARTICLE DE	SCRIPTION		
REGISTERED	NO CERTIFIE	ED NO IN	SURED NO
	2 483	370	
(Always ob	tain signature of	addressee or	agent)
I have received			
SIGNATURE	Addressee		orized age
X	1		-
X	The De	viett	970
DATE OF DE	LIVERY	CR	STMARK
1		0 1 1 4 9	- "
	- 4	- 00	-1
5 ADDRESS C	omplete only if red	may to Office	131
		ar I was	HE LOWE
		V 200 10	100.21
6 UNABLE TO		1000	CLERKS

COSTIFIED HALL
ESTUAN ARCHIPT ARCHETED

St. Louis William Bornett
536 Sast Cypress Street
Glendale, California

MA: NOR 930

Dear Mr. Barnetts

We are in reciept of your letter dated June 12, 1979 regarding the cimmissal of your completet. Attented is a copy of the General Counsel's Report which was circulated to the Commissioners in their consideration of this matter.

Sincerely,

nd olipa

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Governor Edmund G. Brown, Jr) MUR 935
Carlos Bustamante)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify, that on July 31, 1979, the Commission approved, by a vote of 4-0, to send the letters attached to the General Counsel's Memorandum dated July 25, 1979 to the above-named respondants.

Voting for this determination were Commissioners Friedersdorf, Aikens, Tiernan and McGarry.

Attest:

7/31/79 Date

0

0

6

Marjorie M. Emmons
Secretary to the Commission

Received by Commission Secretary's Office: Circulated on 48 hour vote basis: 7-25-79, 11:02 7-25-79, 4:00

July 25, 1979

MEMORANDUM TO: Narge Emmons

TROM: Elissa T. Garre

SUBORCE: MUR 935

Please have the attached Namo distributed to the Commission on a 48 hour tally basis.

Thank you.

CVI



1325 K STREET N.W. WASHINGTON,D.C. 20463

July 25, 1979

MUMORANDUM

TO:

The Commission

FROM:

William Oldaker

General Counsel

RE:

MUR 935

Attached is a letter from Louis William Barnett, the complainant in MUR 935. Mr. Barnett disagrees with the Commission's finding of no reason to believe in this matter, however he has provided no additional information which would warrant the Commission changing its finding.

Therefore, the Office of General Counsel recommends the sending of the following letters to Mr. Barnett and to the respondents, Governor Brown and Carlos Bustamante.

Attachments

Letter from Mr. Barnett Proposed letters to Mr. Barnett, Governor Brown and Mr. Bustamante



June 22, 1979

'79 JUI

William C. Oldakar General Counsel Federal Election Commission 1325 K Street N. W. Washington, D. C. 20463

902885

Dear Mr. Oldaker:

Your letter, to say the least, is unbelievable. I can only assume that no on there read my letter and complaint.

Your letter begins "The Commission has determined there is no reason to believe that Carlos Bustamente and Governor Brown have violated the Federal Election Campaign Act."

I sent you several newspaper accounts in which Mr. Bustamante admits, publicly, making such contributions as I specified in my complaint. it not a violation of Federal law for a foreign national to make political contributions in a campaign?

Mr. Oldaker, would you specifically advise me if a public statement (confession or admission) that a person has violated the law is insufficient cause for action by your Commission.

Next, I would request that you reopen your review of this matter.

Next, I would like to be advised of how and to whom I can appeal your decision not to investigate this matter.

Finally, under the Federal Freedom of Information Act I am requesting to know the names of each and every person who you or any other employee of the Federal Election Commission spoke with in connection with this matter. .. regardless of who initiated the communication. Likewise, under the Freedom of Information Act I would like to know what documents are available in your files (Federal Election Commission files) relative to this case and the names of any other Federal Agency who has or who you or other employees of the Federal Election Commission has reason to believe has files on this matter or files which could possibly relate to this matter.

Thank you.

40144

0

Louis War. Barnet

530 East Cypress Street Glendale, California

19 JUN 26 P 2: 18

PS: Please note my new address for your files. (-.



FEDERAL ELECTION COMMISSION

1325 K STREET N.W. WASHINGTON, D.C. 20463

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Louis William Barnett 530 East Cypress Street Glendale, California

RE: MUR 935

Dear Mr. Barnett:

We are in receipt of your letter dated June 22, 1979 regarding the dismissal of your complaint. Attached is a copy of the General Counsel's Report which was circulated to the Commissioners in their consideration of this matter.

As to what actions you may take to appeal the Commission's determination, section 437g(a)(9) of the Federal Election Campaign Act, as amended, outlines the course of actions open to you. A copy of the FECA has been enclosed for your information.

With respect to your requests under the Freedom of Information Act, we have enclosed a copy of the Commission's regulations regarding the Freedom of Information Act. Please note \$4.7 of the regulations outlines certain requirements regarding requests for records. If you wish to re-submit your freedom of information request, please do so in accordance with the regulations. If you require any additional information from this office, please contact me.

Sincerely,

William C. Oldaker General Counsel

Enclosure

First General Counsel's Report Federal Election Campaign Act Federal Election Commission Freedom of Information Act Rules and Regulations



1325 K STREET N.W. WASHINGTON,D.C. 20463

CERTIFIED MAIL RETURN RECEIPT REQUESTED

The Honorable Edmund G. Brown, Jr. Governor of California Sacramento, CA

RE: MUR 935

Dear Governor Brown:

Attached is a copy of the General Counsel's Report which was submitted to the Commissioners for their consideration of this matter. A copy of the report has been sent to Mr. Louis William Barnett, the complainant in this matter, pursuant to a letter received from him.

Sincerely,

William C. Oldaker General Counsel

Enclosure

First General Counsel's Report





1325 K STREET N.W. WASHINGTON, D.C. 20463

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Carlos Bustamante 139-43 88th Avenue Jamaica, New York 11435

RE: MUR 935

Dear Mr. Bustamante:

Attached is a copy of the General Counsel's Report which
was submitted to the Commissioners for their consideration
of this matter. A copy of the report has been sent to
Mr. Louis William Barnett, the complainant in this matter,
pursuant to a letter received from him.

Sincerely,

William C. Oldaker General Counsel

Enclosure

0

First General Counsel's Report



Louis Mm. Barnett FEC

935

June 22, 1979

'79 JUI - 71 12 09

William C. Oldaker General Counsel Federal Election Commission 1325 K Street N. W. Washington, D. C. 20463

902885

Dear Mr. Oldaker:

Your letter, to say the least, is unbelievable. I can only assume that no one there read my letter and complaint.

Your letter begins "The Commission has determined there is no reason to believe that Carlos Bustamante and Governor Brown have violated the Federal Election Campaign Act."

I sent you several newspaper accounts in which Mr. Bustamante admits, publicly, making such contributions as I specified in my complaint. Is it not a violation of Federal law for a foreign national to make political contributions in a campaign?

Mr. Oldaker, would you specifically advise me if a public statement (confession or admission) that a person has violated the law is insufficient cause for action by your Commission.

Next, I would request that you reopen your review of this matter.

Next, I would like to be advised of how and to whom I can appeal your decision not to investigate this matter.

Finally, under the Federal Freedom of Information Act I am requesting to know the names of each and every person who you or any other employee of the Federal Election Commission spoke with in connection with this matter. .. regardless of who initiated the communication. Likewise, under the Freedom of Information Act I would like to know what documents are available in your files (Federal Election Commission files) relative to this case and the names of any other Federal Agency who has or who you or other employees of the Federal Election Commission has reason to believe has files on this matter or files which could possibly relate to this matter.

Thank you.

0

Louis Wm. Barnett

Sincerely yours

530 East Cypress Street Glendale, California

19 JUN 26 P2: 18

DENEST YESHISEL

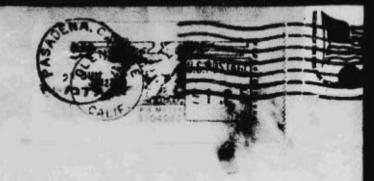
PS: Please note my new address for your files.

En 21 113 02 AMP 61.

CERTIFIED

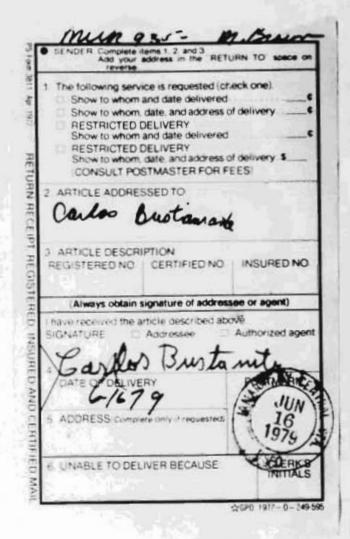
PO1 4135226

MAIL

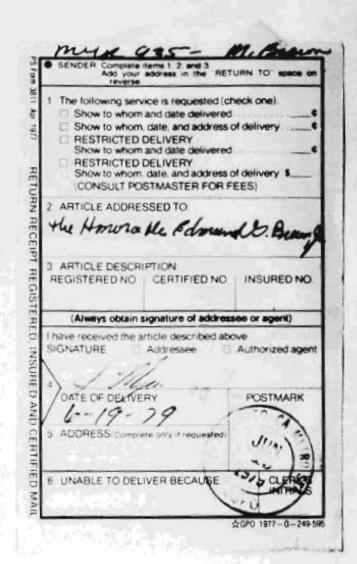


William C. Olaker General Counsel Fderal Election Commission 1325 K Street N. W. Washington, D. C. 20463





_	SEND	R Comple Add yo rever		7 and 3 is in the R	ETURN TO	space o
,	Sh Sh Sh Sh	ow to who ow to who STRICTE ow to who STRICTE ow to who	om and d om, date. ED DELIV om and d ED DELIV om, date.	ate deliver	ed as of delive ed as of delive	ry
5	0		W	to Ular	Ba	net
			CRIPTION CER	N RTIFIED NO	INSU	RED NO
	Alv	rays offici	in signatu	re of addre	assee or as	pent)
57 4	DATE	DELINESS COM	VERY	Bui		and ager





1325 K STREET N.W. WASHINGTON, D.C. 20463

June 12, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Carlos Bustamante 139-43 88th Avenue Jamaica, New York 11435

RE: MUR 935

Dear Mr. Bustamante:

I am forwarding for your information the enclosed complaint which was received by the Commission.

The Commission has determined there is no reason to believe that you or Governor Brown have violated the Federal Election Campaign Act. The reason for the Commission's determination is that the allegations of the complaint, which are based on the news articles accompanying the complaint, are not indicated as based on the complainant's belief and knowledge. A further consideration is that, if the allegations should be as alleged, the contributions would appear to have occurred in 1972 and 1974. This time period presents possible procedural problems which as a policy matter the Commission would not want to pursue without strong evidence of subsequent contributions. Accordingly the Commission intends to close its file on this matter.

Sincerely,,

William C. Oldaker General Counsel

Enclosures Complaint



CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Carlos Bustamante 139-63 88th Avenue Janaica, New York 11135

RES MUR 935

Dear Mr. Bustamantes

complete the which we received by the comment of the challeng

Sincerely,

Gineral Counsel

Complaint

(by 6|||44



1325 K STREET N.W. WASHINGTON,D.C. 20463

June 12, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Louis William Barnett 1715 North Catalina Burbank, CA 91505

RE: MUR 935

Dear Mr. Barnett:

The Commission has determined there is no reason to believe that Carlos Bustamante and Governor Brown have violated the Federal Election Campaign Act. The reason for the Commission's determination is that the allegations of the complaint, which are based on the news articles accompanying the complaint, are not indicated as based on your own belief and knowledge. A further consideration is that, if the allegations should be as alleged, the contributions would appear to have occurred in 1972 and 1974. This time period presents possible procedural problems which as a policy matter the Commission would not want to pursue without strong evidence of subsequent contributions.

We appreciate your interest in helping to enforce the Federal Election Campaign Act. If you wish to submit further evidence, you may, of course, do so. Thank you for bringing this matter to the attention of the Commission.

Sincerely,

William C. Oldaker General Counsel



CERTIFIED HATE

Mr. Louis William Barnatt 1715 North Catalina Burbank, CA 91505

RE: MUR 935

Dear Mr. Barnetti

The Countesion has determined there is no meson to believe that Carlos Sustantion and Covernor Srow have violated the Tedaral Election Campaign Act. The remain for the Commission's determination is that the allegations of the complaint, which are based on the nowe arriving accompanying the complaint, are not indicated as based on your own belief and knowledge. A further consideration is that, if the allegations should be as alleged, the contributions would appear to have occurred in 1972 and 1974.

This time period presents possible procedural problems which as a policy matter the Commission would not want to pursue without strong swidence of subsequent contributions.

We appreciate your interest in balping to enforce the Maderal Election Campaign Rot. If you wish to subsit further evidence, you may, of course, do so. Thank you for bringing this matter to the attention of the Commission.

Sincerely,

William C. Oldaker General Counsel

M



1325 K STREET N.W. WASHINGTON,D.C. 20463

June 12, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Edmund G. Brown, Jr. Governor of California Sacramento, CA

RE: MUR 935

Dear Governor Brown:

I am forwarding for your information the enclosed complaint which was received by the Commission.

The Commission has determined there is no reason to believe that you or Carlos Bustamante have violated the Federal Election Campaign Act. The reason for the Commission's determination is that the allegations of the complaint, which are based on the news articles accompanying the complaint, are not indicated as based on the complainant's belief and knowledge. A further consideration is that, if the allegations should be as alleged, the contributions would appear to have occurred in 1972 and 1974. This time period presents possible procedural problems which as a policy matter the Commission would not want to pursue without strong evidence of subsequent contributions. Accordingly the Commission intends to close its file on this matter.

Sincerely,

William C. Oldaker General Counsel

Enclosures Complaint



0 4 0

RETURN RECEIPT REQUIRETED

The Honorable Edmind G. Brown, Jr. Governor of California Sacramento, CA

E: HUR 933

Dear Governor Brown

in formarding for your into entern the exclosed comply of schick was recitived by the Commission

Sincerely,

William C. Oldaker General Counsel

Complaint

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Carlos Bustamante)
Jerry Brown

MUR 935

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election

Commission, certify that on June 5, 1979, the Commission, meeting

in an executive session at which a quorum was present, took the

following actions in the above-captioned matter:

- Determined by a vote of 6-0 to adopt the recommendation of the General Counsel to find no reason to believe that Carlos Bustamante and Governor Jerry Brown have violated 2 U.S.C. §44le and send the letters attached to the General Counsel's May 29, 1979 report in this matter.
- Determined by a vote of 4-2 to send a letter to the Justice Department advising them of our action in dismissing this complaint and further advising them that we understand their investigation is underway in the Justice Department, and requesting that they keep us advised of the status of this investigation.

Commissioners Aikens, Friedersdorf, McGarry, and Thomson voted affirmatively for this determination.

Commissioners Harris and Tiernan dissented.

Attest:

Date

0

4

Marjorie W. Emmons Secretary to the Commission

margarie W. Commone



C

T

C

0

0

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

PROM: MARJORIE W. EMMONS MOTE Lyfe

DATE: JUNE 1, 1979

SUBJECT: OBJECTION - MUR 935 - First General Counsel's

Report dated 5-29-79; Received in

OCS 5-29-79, 12:22

The above-named document was circulated on a 48 hour vote basis at 4:30, May 29, 1979.

Commissioner Priedersdorf submitted an objection at 3:46, May 31, 1979, thereby placing MUR 935 on the Executive Session Agenda for June 5, 1979.

May 29, 1979

MINORANDUM TO: Marge Eurons

PROMI Elissa T. Garr

SUBJECT: 1 NUR 935

whith you

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

RECEIVED OFFICE OF THE COMMISSION SECRETARY

FIRST GENERAL COUNSEL'S REPORT

MAY 25 PIZ:

DATE AND TIME OF TRANSMITTAL BY OGC TO THE COMMISSION

MAY 2 9 1979

DATE COMPLAINT RECEIVED BY OGC 3-27-79

STAFF MEMBER M. Brown

COMPLAINANT'S NAME:

Louis William Barnett

RESPONDENT'S NAME:

Carlos Bustamante

Jerry Brown

RELEVANT STATUTE: 2 U.S.C. \$441e

INTERNAL REPORTS CHECKED: Brown for President Committee

4

0

0

0

~

FEDERAL AGENCIES CHECKED: Federal Bureau of Investigation

SUMMARY OF ALLEGATIONS

It is alleged that Carlos Bustamante, a Mexican national, contributed to Governor Jerry Brown's campaign(s) and may have contributed to the campaign of Stephen S. Gillis for the California State Senate in 1972 in violation of 2 U.S.C. §44le. The complainant, Mr. Louis William Barnett, also requests an investigation of "all political contributions made by any firms controlled or influenced directly or indirectly by Mr. Carlos Bustamante to determine if additional contributions were made to other candidates due to Mr. Bustamante's efforts".

ANALYSIS

Attached to the complaint are copies of articles which appeared in the New York Times, the Los Angeles Herald Examiner and the Sacramento Bee. These articles focus on Governor Brown's 1974 campaign, alleging that Mr. Bustamante, as a foreign national, contributed to that campaign.1/ This could constitute a violation of 2 U.S.C. \$44le.

^{1/} Mention is also made of a contribution allegedly made by Mr. Bustamante in 1972 to the campaign of Stephen Gillis. Mention is also made of a "token contribution" allegedly made by Mr. Bustamante to Governor Brown in 1978.

-2-The Office of General Counsel recommends that the Commission find no reason to believe that there has been a violation of the FECA for the following reasons: The complaint is simply a referral of the news article. 1. The complainant does not adopt the allegations in the new articles as his own. The Commission has no extraneous evidence of the violation alleged in the complaint. There are, of course, no reports filed with the Commission in connection with Governor Brown's gubernatorial races. With respect to reports filed with the Commission in connection with Governor Brown's 1976 presidential campaign, there is no evidence of any contribution from Carlos Bustamante. The focus of the complaint is the 1974 gubernatorial race 3. There is no specific evidence, either in the complaint or the newspaper articles, regarding post-1974 activity. In a recent case (Earl Brian, MUR 524) in which the only possible violations of the FECA had occurred in 1974, the Commission determined not to pursue the matter after considering the weight of the evidence, the seriousness of the violations, whether there were any continuing violations and the complexity of the legal issues involved. As a policy consideration, it was determined that the Commission scrutinize these criteria 0 when deciding whether to act against a respondent for a violation which occurred before January 1, 1975. Similar 4 policy considerations apply here. For this reason, although there is Commission precedent for closing the complaint but opening an internally generated MUR based on the newspaper articles on which a complaint is based (see MUR 438), this office does not recommend that action. RECOMMENDATION It is recommended that the Commission find that there is no reason to believe Carlos Bustamante and Governor Jerry Brown have violated 2 U.S.C. \$441e. The attached letters should be sent. Attachments Complaint Letters

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES



on much	22		19.79
before me, the undersigned, a	Notary Public	in and for said	
Louis Wille	ion	Barnet	known to me to be the
person whose name	in		ed to the within Instrument
and acknowledged to me that =	he executed	I the same.	

WITNESS my hand and official seal.

Welle K. Pront

All the second and a continue of the second

Touis Mm. Barnett RE CEIVED FEDERAL FLECTION March 22,02976510N Mr. Lester N. Scall 79 MAR 27 AM 9:43 Assistant General Counsel Federal Election Commission 1325 "K" Street N. W. 901765 Washington, D. C. Dear Mr. Scall: According to a number of recent newspaper stories (see attached), Mr. Carlos Bustamante, a Mexican national, contributed funds to the carpaign(s) of Governor Jerry Brown and may have contribted or have caused to be contributed funds to the campaign of Stephen S. Gillis for California State Senate in 1972. believe that these contributions would be a violation of the Federal Election Commission Regulations, as set forth under Section 110.4 - Prohibited Contributions, Item (a) (1). The Section holds, in part, that "a foreign national shall not directly or through any other person make a contribution, or expressly or impliedly promise to make a contribution, in connection with a convention, caucus, primary, general, special, or runoff election in connection with any local, State or 4 Federal public office". 4 In making this complaint and requesting an immediate investigation of this matter I wish to state that I am doing so on my own and not at the request of any candidate. 0 In addition to investigating the above allegations - which I will note are based on the statements of Mr. Carlos Bustamante himself - I do also request that you review any and all political contributions made by any firms controled or influenced directly or indirectly by Mr. Carlos Bustamante to determine if additional contributions were made to other candidates due to Mr. Bustamante's efforts and in violation of the above stated Section. Should you feel that the statute of limitations has run out, I would request that you complete your investigation and then refer the matter for prosecution under the Racketeering Influenced Corrupt Organizations Act inasmuch as (1) there is such a Federal probe being conducted now in California and (2) there would appear to be the required "pattern of activity" necessary under RICC. Thanking you in advance for your attention to this matter and I would also request notification to me of the results. Sinorely Wours Louis W Miam Barnet 1715 North Catalina Burbank, California 91505 (213) 843-5761 Encl:

-2-

PS: Allow me to point out to you that California State Law provides that "a loan received by a candidate or committee is a contribution unless the loan is received from a commercial lending institution in the ordinary course of business or it is clear from the surrounding circumstances that it is not made for political purposes." Chapter 4, Article 2, Section 84216 of the Political Reform Act of 1974 as amended. (See attached)

If the loans referenced in the attached articles were not repayed before January 7, 1975, they would be subject to the Political Reform Act of 1974.

79040144948

and, if the loan has been repaid, the date of repayment and by whom paid,

(h) The full name and street address of each person to whom an expenditure or expenditures totaling one hundred dollars (\$100) or more has been made, together with the amount of each separate expenditure to each person during the period covered by the campaign statement; a brief description of the consideration for which the expenditure was made; the full name and street address of the person providing the consideration for which any expenditure was made if different from the payee; and in the case of committees which are listed, the number assigned to each such committee by the Secretary of State or if no such number has been assigned, the full name and street address of the treasurer of the committee

(i) In a campaign statement filed by a committee supporting or opt ing more than one candidate or measure, the amount of ditures for or against each candidate or measure during the period d by the campaign statement and the cumulative amount of expenditures for or against each such candidate or measure.

(j) The full name, residential and business addresses and telephone numbers of the filer or, in the case of a campaign statement filed by a committee, the name, street address and telephone number of the committee and the treasurer's name, street address and telephone number.

(k) In a campaign statement filed by a candidate, the full name and street address of any committee, of which he has knowledge, which has received contributions or made expenditures on behalf of his candidacy, along with the full name, street address and telephone number of the treasurer of such committee.

History: Amended by State 1978, Ch. 650, effective January 1, 1979.

84211. Consideration of Cumulative Amount. In order to determine for purposes of subdivisions (b), (c), (d), (e), (g) and (h) of Section 84210 whether one hundred dollars (\$100) has been contributed by or expended person, only those contributions and expenditures which are ble within the cumulative amount shall be considered. Amended by Stats. 1978. Ch. 650, effective January 1, 1979.

84212. Candidates Who Receive and Spend \$200 or Less. Whenever any provision of this chapter requires the filing of a campaign statement by a candidate or officeholder, the candidate or officeholder may in lieu thereof file a statement signed under penalty of perjury that to the best of his knowledge not more than two hundred dollars (\$200) has been received or expended on behalf of or in support of his candidacy.

History: Amended by Stats 1975. Ch. 915, effective September 20, 1975, operative January 7, 1975.

84213. Consolidated Statements; Candidates and Committees. (a) A candidate and any committee or committees which he controls may file consolidated campaign statements under this chapter.

(b) Two or more committees which act jointly in support of or in opposition to any candidate or measure may file consolidated campaign statements under this chapter.

History: Amended by State 1974. Ch. 1106. effective January 1, 1977.

84214. Late Contributions; Reports. (a) Each candidate or committee who makes or receives a late contribution shall report the late contribution to each office with which that candidate or committee is required to file a campaign statement for the election. The candidate or committee who makes the late contribution shall report his full name and street address, and the full name and street address of the person to whom the late contribution has been made, and the date and amount of the late contribution. The recipient of the late contribution shall report his full name and street address, and the full name, street address, occupation. and the name of the employer, if any, or the principal place of business, if self-employed, of the contributor, and the date and amount of the late contribution.

(b) A late contribution shall be reported by telegram or personal delivery within 48 hours of the time it is made in the case of the candidate or committee who makes the contribution and within 48 hours of the time it is received in the case of the recipient. A late contribution shall be reported on subsequent campaign statements without regard to reports

filed pursuant to this section.

History: Repealed and re-enacted as amended by Stats, 1977, Ch. 344, effective August 20, 1977

84215. Combination of Pre-election and Semi-annual Statements. The commission may by regulation permit candidates and committees to file campaign statements combining preelection statements and semiannual statements

History: Added by Stots. 1978, Ch. 1408, effective October 1, 1978.

84216. Loans. For purposes of this chapter, a loan received by a candidate or committee is a contribution unless the loan is received from a commercial lending institution in the ordinary course of business or it is clear from the surrounding circumstances that it is not made for political purposes. A loan which is not a contribution, but which is used by a candidate or committee for political purposes, shall be reported in the manner described in Section 84210.

History: Added by State 1977, Ch. 1119, effective Jamery 1, 1978.

Article 3. Prohibitions § 84300 - 84305

\$ 84300.	Cash Contributions.
\$ 84301.	Contributions Made Under Legal Name.
6 84302.	Contributions by Intermediary or Agent.
\$ 84303.	Expenditure by Agent or Independent Contractor.
\$ 84304.	Anonymous Contributions.
6 84305.	Requirements for Mass Mailing.

Mexican Link Brown Wants US Probe Of Charges

By JEFF RAIMUNDO Bee Staff Writer

SAN DIEGO — Gov. Brown Wednesday demanded a federal investigation into reports linking him to a Mexican industrialist under investigation in Mexico and San Diego.

The governor's counterattack against the potentially damaging reports was almed at clearing away any question about his relationship with Carlos Bustamante, a prominent political financier in Mexico as well as San Diego and part of a family that owns power companies in Baja California.

Recent stories in the New York Times, and distributed by its news service, asserted Bustamante acted as an intermediary between Brown. Baja California Norte Gov. Roberto de la Madrid and Mexican President Jose Lopez Portillo in discussions of potential Mexican gas sales to California.

Brown made the demand in a statement to reporters before delivering a speech to the California Council of Growers at the Hotel del Coronado.

The governor hinted that political motivation underlay leaks of information to the New York Times.

"I not only invite, I demand that the investigative agencies of the FBI and the federal government take prompt action, not leak stories to Eastern journalists.

"If we could only get an investigation," he sighed, "what we have right now is a very interesting ploy — leak information, distort facts and have no investigation."

Brown said he had no idea who leaked the information, but when pressed to atale that he did not believe President Carter was involved, Brown said, "I wouldn't say that."

Brown added that the New York Times articles seemed to be an attempt to detract from his effort "to wake up the American people to the urgent crisis facing this nation because of our neglect of Mexico. And all of these stories with their misconstrued conclusions will not deter me even a little bit.

"If certain individuals are reaping improper benefits, that's a matter for the federal government and the government of Mexico to work out. But I am not "ing to tell the president of Mexico who he should invite into meetings and who he should not."

T articles said that Bustamante had baned the Brown campaign \$20,-030 during the governor's first bid for the office in 1974.

"That loan was paid back promptly," Brown insisted. "Those people could have ascertained nat. The information now coming out is a direct result of the political reform act that I authored. The law is working fine, just as I intended."

Brown said Bustamante was only one of "literally tens of thousands of people" who have contributed to his campaigns and otherwise has no connection with the governor.

In his speech to the growers, Brown attempted to repair a relationship that deteriorated during his first term in office, largely because of Brown's backing of the Agricultural Labor Relations Act which facilitated w ionization of farm laborers.

He pleased his audience by committing himself to continued development of the California Water Project, further in search by the University of California into-mechanization of farm labor and active encouragement of foreign trade, particularly through a "North American Common Market."

BURBANK PUBLIC LICILIA.

"All the News That's Fa to Print"

The Wein Hork Times

THE WEATHER

Metropolitar area Pertir clearly to lay and terright. Partly Kathry temorrow Temperance carge today 33-39, yesterday 45-52 Details on page 33

VOL.CXXVIII No.44.153

Coy not & M's The has been I am

Iranian Women

- NEW YORK, SUNDAY, MARCH 11, 1979-

85 CE:: 1 S

traught over the bess preferms, fatally shortwo person and wounded four befor- Lilling hims if Page 33

	Today	's Sections
Section	1 1250	News
514	2	Arts and Leisure
Source	3	Bunness and Finance
Sertion	4	The Week in Review
Selen	5	Sports
SHOKE	6	Maration
Secre	7	Book Keriew
Section	9.	Fiel Estate
Seiter	9.	Emplyment Advertising
Same	10	Travel
SHILLIA	11.	Regional heak re
20 0		Proposed to live of season

a come whom a log boat was to

Index to Subjects

Amusements

Erder.

400 11 1.co

Around the Nation

A mullah, Moslem religious leader, attempting to compression is Teheran

Gov. Brown Supporting Projects That Aid a Mexican Contributor

his a templing to persuade Mexico to formulatererest sell its energy, provinces to California companies, his in the process Non-leading the weight of his office to happened 26.21 | provects the would benefit Carlos Ruster , mid series, and narrows with a motive mante, a Mexical friend was has rectabare fluides country, in interviews with the

Bustimuste and prove Brown aider store. The Governor been coursing Mexi-1.21.23 'tar office la de lies President ter leter berick, but the behind beprocess on of the Postermante Some of the to note digital bloom to been in the background the Money street to the day of which Mr. P. St. north care without the biguing before a

Got Edward G Brown Jr of Califore of 1 gas union exemplants, act a strong

In Buttamones have wen'th and political influence on best 100; of the butter, and they are a marginer as vital and videals and compound duty bean ters a Mirene

Some of reindexisters with the common other thru Geretter ber ! at a big. to write a Conference of the word I reducte men att the time to the state of the state of the Anti-

Study Says Trade Pact Could Hurt Northeast

BY CLYDE II. FARNSWORTH

trally of the two time I man

WASHINGTON, March 10 - An authorstative research arm of Congress has contraded that a liberalized would trade agreement being prepared in General westering "significant reward." to the United States but would result in lost sons in the seriou manufacturing areas of the

The maly six was made by the Congress stone: Europe: Office, which is oberred wat making impartial examinations of ecience e issued that come before the iconicaes For the first time. . . synternitic fashion it weighed the livantages and disadvantages for the meson of santa liberal trade prict.

Dier . the story foresow "significurt reviews," including record in towers pressures, more officient producthe and other appointments. But in the treat, openiation of tenting, the Sign on Section and Minda Western. in high record on the factor argumented rice at the papers of the and the second statement and men neg of min other work to put the south

its t but, publical today type the

carried explosive implications for South African domestic politics and for the country's relations with the major West-EIT PUNETS

The 44-year-old Mr. Khoodie, in self exile in Europe, did not say that the bribery Man was carried out and did not name and projets as having been targets, necessary to send a man on handley to of the comparign But his remarks seemed likely it give rise to investigations by the

approve "a propaganda wat to which to rules or regulations would count " 1: paper said Mr. Rhoud e explained that I meant that "we must be able to both.

"Hit was nevertary for me to put in a sable coat or a mink cost for an office. wife. I should be able to do to If it

Continued on Page 15, Column '

Plan for a Taiwan-China Meeting Reported by Olympic Committee

By SAMUEL ALT ton .. in tre ten 1. is I we

The interminental Olympic Committee win on whether the proposed talks with announced here today that both China be held They would be the first poland Talway had agreed to meet to discuss, contacts between representatives of what the committee president contraters . Policing and laber exceptions is and as "the Chinese problem, the Chin. The committee president, Lord E. in a margin of mombered p in the Olympiant and that an Olympia have

and today, when a delegation from in sec that with the Olympic commencorner, board China had not aproped to such tark. It had asked instead the motor of Taiwan. China quit the

verpes indivenient in 1909 and has been we keep to reterm it since 1975.

LAUS -E. Switzerland, March 10 - There was no confirm vion from 1

boudealts C larges travelities had that virite & Poking and Tallac year had been told by the Taiwan t motive "that it will prejured in take ; in sound taken take

Tre Chie & Consult a folio the the Tarwanese by come to be him?

Continued on Park 16, Column 1

and the torne Affine A

Len mal On Le In time Home Fastions 104 Cardens Letters to the Eiffor Nound Reporter to See Symmer & Indes Otheres Don teber Patrix Ma Mesen

Character on Fac. 15 Colores 1

Gov. Brown Supporting Energy Projects That Would Aid Mexican Contributor

Continued From Page !

edeta, grand jur. investigation in San

And the Federal Bureau of Investigaor is conducting a peparate preliminary -trigation into allegations that Mr. THE ! 1974 CATEDIET for Governor alecto report large Bastamante contriattors, according to law enforcement of-

State of California has no authority natural gui from a foreign counand any printe transaction would to have the approval of several Life Apencies Governor Brown debelies meetings with the Mexican ofto as an effort to call attention to the are of the Carter Administration to proprie an energy program with Mexi-

Free Jent Carte L who met will Presidern Lines Forting in Mexico lart month. has said there is no urgency on the Mexiand district Mr. Enyet has said that Que les efa Camerar en ent with Mexis when be a ke I the as should be chal-Trene tar Fre ... in 195).

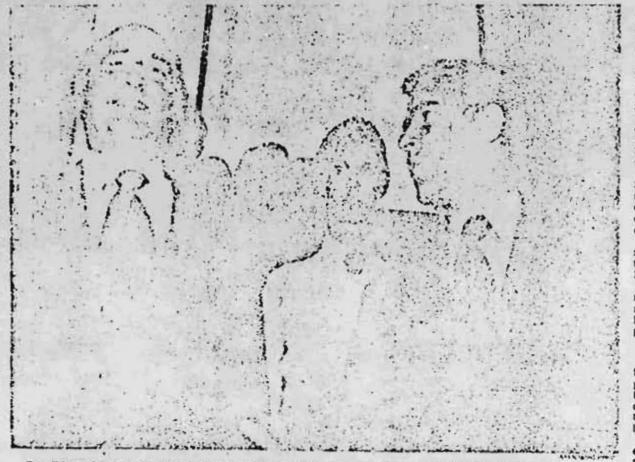
Deals Wille ! ... wn Associates

. Octom . Buid mit discuss his te tilberip with de Eustamantes, but Chery Davit bis thief of staff, said Bere but "the timest connection" bethe Green satteres and the incartity becomes

Tre Fatt martiel are involved in Mexicar e. and fat deals with close associof Mr Erran, including his father, that Gov Etm. I G Brien Sr. sc. to the to principle in the transactions. of can net o his father's business . His fatt ar and his father's asat ... have can inbared tizable rums to . mpagra, hiparet.

helite Govern.) Prown's first meeting and the court in Tipulat Mr. Brown pulse! . - in ter the lirst time.

he at and to Loger Porche met THE MAKES CHY LEG TOWNand rect Mr. Fr en each ret.



Gev. Edmund G. Brown Jr. leaving hotel in Tijuana with President José Lopez Portillo of Mexico last October after one of several meetings the California leader has had with Mexican officials.

The Bain refined: will lower the Busta- | this way: Mr. Loger Pertillo, in April 1977, peraboration equipment correctly taking A -- As the figure enter on tell place between Mr. Fusion and Mexi kar officials Mr. Bustomante root those to control to sale of Mexicar gas to been directly affer ped by Mr. 1 - seffree to bring the er California of to the

Particular Relationship Described

We May be to get all Mr. Brown's oil

Mexico because transportation costs for friend of the Bustamantes, first remem. Some more. Out of that cume a large cost make discording to Mr. bered a fund-mixing discussion he had tribution, between \$10.000 in \$1,0000 in herd foreign oil interests seeking to sell Mexicin, who is leading the proportations. With Mr. Bustamante in San Diego in 1974; the form of a check to be angeles of their services to the Mexican govern-

"Carlos said. " in mieres ed. i'll help popular tre allasy

tice That money was early in the came-

In a subsequent interview, after checking campaign records, Mr. Maullin said he had been mistaken about the Bustamante money, that it was a loan rather than a contribution

The Brown compaign records for 1974. on file in Sacramento, list a \$20,000 loon from Carlos Bustamante deposited on Oct. 11, 1974. On another reporting foris listed the repayment of a \$20,000 loan from Carlos Bustamame, but without the date that the form requires. All the other repaid loans on that schedule, such as \$20,000 from Governor Brown's father. show a date of repayment.

The 1974 campaign records also show \$2,000 in contributions from Mr. Busto. mante. And the records give three differ. ent San Diego addresses as his residencer, although he lives in Tijuana, according to Mr. Gillis.

Some of Mr. Bustamante's associatesay he gave large sums of money - more than fro.000 - to the Brown campaign in 1974 and a token amount in 1974

There is no bitting of a Rustamante contribution in the 1974 Brown compaign records And Mr. Wilson said. "Carlos helped Jerry a lot financially in 1974. He gave stalittle hipservice in 1978."

Alic gatlans of \$19,000 Gift

The F.B.L. in an in gation of Califermia politica has a "red several allegations in ra Democratic politicians and businessmen of unreported Businemantel contributions totaling at least \$40,000 to the 1974 Brown campaign, according to law er forcement officials

One of the . 'legations, which reportedly includ . toils about principals in the transaction? is said to tie unreported contributions to any and oil deals benefittime the Bustamantes.

The Furtamentes are figuring promimently "he development of Mexico's! nowly di vered oil woulth as they shepherd foreign oil interests seeking to sell



Carlos Bustamante

Louisiana group seeking contracts for of drilling and welding. It was breeze to the Bustamantes by Mr. Wilerunother close associate of 1'at L. cording to Mr. Wilson and others in

Mr. Wilson says that the elder life Brown has "got a piece of the deal - towant Pat to do the legal work" and that more projects are in the making

A California utility exectic. wa asked not to be identified by name, to to: Mexican oil officials have told h that they could not sell gas to the state California and were therefore purti- 1" all the trips of Brown officials to w

Tomorrow: The Bustemantis' re-One deal, for example, involves a tienships with At neces businesses





Mr. Br.wn and Mr. Lower Postillo med twice last year, in Mexico City and Tiput-na, an finenters of Mr. Brown's Cabinet, bu hard Maudin, chairman of the cher meetings with Mexican offe Ment of the gatherings concerned energy ISSUES.

of the official meetings als mante and Rote to de la Madrid, Gover-ror of Baja California Norte, Mr. Busta-mante sova. Mr. Bustamante attended some of the meetings, the only non-reernment person present, according to participants.

.in Fr ploration Discussed

At the meetings, Governor Brown and his aides sought to encourage a flow of Mexico's energy products to California companies through, for example, the exploration and development of gus re-sources in Baja California.

At the same time, Mr. Bustamante was teing California companies how, for a ter, he could help them get Mexican gas and power, according to eas company ex-centures and Mr. Bustamante. Governor Brown said after a January

1978 meeting that he had asked President Lopez , ortills to support a power plant project in Baja California that could pro-vide power for the San Diego Gas and

AIr. Bustamante, the only nonofficial at that meeting, was then under contract to San Diego Gas and electric to secure the approval of the Mexican government for the power plant project, according to documents on file with the California Public Utilities Commission. The Busta-mantes received more than \$100,000 from the utility to make contact with and en-tertain Mexican officials.

tertain Mexican officials.

In addition, the Bustamantes were principals in a proposed financing arrangement for the project.

The utility rejected the financing proposal in 1978 locause it could be a "website for improper payments," according to Gordon Pearce, legal counsel and vice president for the San Diego utili-

erarly more than \$100,000 under the original proposals, according to Mr. Pearce. "We always suspected the Hustamantes would estimately build the plant and that it would be on their land," he said. "They were in ting on the come."

Role Called 'Not Usual'

Richard T. Sitterman, California's Di-rector of Finance, a former business as-socials of Mr. Bustamante, was asked if the Governor knew of the flustamante interest, which was not public knowledge until several months after the January meeting

Silberman replied, "It was general Mr. Silberman replied, "It was general knowledge that Carlos Bustainanie and others were going to be the principals who arranged the financing and building of the jower plant. I don't know what the Governor knew at that time."

Mr. Maullin, who attended many of the Mexican meetings, said Mr. Bustamanie's role in the discussions was "not usual" and that the businessman was present at the invitation of the Mexican

present at the invitation of the Mexican government because of his role in that na-

Mr. Maulin minimized Mr. Busta-manto's part in arranging the meetings; he said they were handled by Gov. De la Madrin mough he acknowledged having to call Mr. Bustannante to reach the Baja

California Governor.
San Diego Gus hus shelved the Baja project since complications arose in Micxico City and Washington — 12 United States agencies were involved in approving the project. It is now working, without the Bustamantes, on a more modest proposal to interconnect its transmission lines with those of Mexico's national elec-

trical utility.
The Brown Administration is currently promoting another project, one that would enable the flustamantes, unoug others, to get cheaper gas for their indus-

Under this plan, California oil produ ers would sell crude oil to a refuery planted for Baja that would supply, among other products, butane and propose for the Bustamantes' utility companies. As part of the compilered oil deal, Gulf Coast refuers in the United States. said get oil from southern Mexico in exchaire

the deal, which most be approved by the United States and Mexican authority campanger these would be encountrally advantaged by Michigan, who was in charge that the California C.d. prosincers and names for the 19-1 carrie up of

7 0 4 0 1 4 4

Mr. Moulin described Mr. Brown's oil pointy as diplomate ally correct and eco-monically advantageous for California. And be said in Is-herest the Brown-Bustamante telationship was official, not per-

that other associates of Mr. Brown say Little a personal relationship.
Woody Wilson, a Los Angeles businessman who has been involved politically and personally with the Brown family since 1950 and who is a close associate of the Bustamente family, said Govern Brown has been a frequent guest of Bustamanos

Bustamantes.
"Jerry pors down to Trjuana, he stays at Carles's house. I was there," Mr. Wilson said. "You know how frupal he is, he son said. "You know how fru doesn't like to pay for a hotel.

Mr. Be tamante, in several interv minimized his involvement with Gover-nor Brown's official policies and said be gave campaign money to the Governor simply because they were resonal friends."

The wealth of the Bustdmante family - Alfonso Sr., 64 % are old, and his two sons, Alfonso Jr., 3 and Carlos, 34 - exceeds \$200 million according to a business associate, and includes real estate, con-struction, batels and lo utility companies that distribute propane and batane gas, the sole source of cooking and heating fuel for most of the residents of Baja Cali-

ace of 'a Few Friends

Their political influence in Mexico is equally vast, according to friends of the family and political observers, but Carlos Bustamante said his family's wealth is well below \$200 million and their "influ-ence is just a few friends," Gov. De la Madrid and President Lopez Fortillo among them

Mr. Bustamante was financial director for Mr. de la Madrid's successful cam-puigns for Senator and Governor in 1976 and 1977, and Mr. de la Madrid was ad-ministrative director of Mr. Loper Portil-

lo's 1976 campaign.
The Bustamantes were not a visible

The Bustamantes were not a visible force in American politics until 1972, when, Mr. Pustamante says, he contributed money to the unsaccessful state senatorial companies of a San Diego lawyer, Stephan S. Gillis.

Mr. Gillis, a longtime friend and personal attorney for Mr. Rustamante, says he reported the contribution, although Gillis campaign records show no Bustamante gifts or loans.

Mr. Gillis, who is chairman of the Democratic Party's San Diego County central committee, recalled that he and Mr. Bustamante were active in Mr. Brown's 1974 campaign for Governor. Mr. Gillis said that he helped Mr. Brown get better acquainted with Mr. Bustamane were active in Mr. Gillis said that he helped Mr. Brown get better acquainted with Mr. Bustamane at fund-raisers in San Diego, that he and Mr. Bustamente went to Brown fund-raising dinners elsewhere and that they met privately with Mr. Brown.

Edward T. Buitler, who was luter appointed a Superior Court index in San

they met privately with Mr. Brown.

Edward T. Butler, who was later appointed a Superior Court judge in San Diego, ran the Brown campaign in San Diego with Mr. Gillis.

"Gilie, and linatamante always made a point to get close to Brown," he recalled. "Gillis said they sometimes handed the money personally to Brown."

Mr. Butler said he and other campaign officials were opposed to taking money from foreign interests, like the Bustamantes, even though it was legal if properly reported.

Contradictory Recollections

Contradictory Recollections

Contradictory Recollections

Mr. Bustamante and he attended Brown fund raising affairs in San Diego.

Los Angeles and San Francisco in 1974.

Asked for details on his cont. Introduction in 1974.

Asked for details on his cont. Introduction in 1974.

Asked for details on his cont. Introduction in 1974.

Asked for details on his cont. Introduction in 1974.

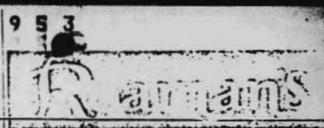
Brown after the dimers, Mr. Hustamante and: "Welf, we had known him before."

Luter in the same interview, Mr. Bustamante gave a different explanation of his involvement in the Brown campaign. He said, "I just bought diamer tickets, no gifts or home — I don't make political contribution in the United States."

In a sub-especial interview, Mr. Bustamante said that be lent the 1974 campaign.

mante said that he lent the 1974 campager \$20,000 and less 'A \$800 in dancer tickets because Mr. Govern was a free not but that he was not a

metang di



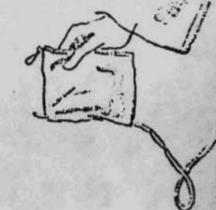
Misty Flarbor welcomes spri -come rain or shin:

Unbeatable weath protection no classic taste combined Beautifully tailored, with ragian shoulders. flap ; i.e detail. side zippui pockets

with unique attached

change purse. Completely wash 'n wear treated with Dupont Zepel* rain 'n stan repellent polyester/cotton. In navy, red or wheat.

588 SIZES 161/2 to 281/2



3 WALS TO CH NEW YORK -- 20 THE

OPEN 7 DAYS

Not Too Bright

Variable cloudiness to far with a 20 percent chance of showers tenicht High today near 70 Overnight low in the mid-son Details Ad

B STAR Noon Stocks MONDAY

E Menday, March 12, 1939 30 Conn

Val. CVIII No. 347

Phone 213-745-7212 Closeled 212 748-4111 Home Drivery, 213-745-1227 Fach Dacon

1111 South Broadway, Los Angeles CA 95015

are wealthy. I grew up with them. Look, they pay me this money. I'm not going to say to these studios. which are multi-national corporations. "Don't pay me so much money. They If just go and waste it on something Sogiven to me. I will take as much money as they are going to give me. How I spend it is an ther thing - that's been well partialed, too I put my money white my mouth u, as my father \$235

Q. Have you done any pletures in t: but few years just to make money to fund your political Activities"

A: Eien if we were completely broie rad derfertete. I weuld mier make a hovie, I don't think, just for mi mes II mean. "California Salle." I cli it. It took two weeks to do. I made I let of money. I didn't like the we can I played, but I thought I court tring some o taplexity and ber, which I think be

d in deine Electric Horseman," the mover it is deing now with thatens Redford is a remantic comedy. I like modes that are pure entertainment fr Im time to time -- as lone as' they are not insuiting to us as an audient degrading or biudeconinc us . In cynieum. That I can not

ed on Page A-10, Col. 11

Bustamante Interests Scrutinized

By JEJF CERTIL M.V. Trees Mars Service

NEW YORK - The wealth of the Bustaminte famil: -- Alfonso 5fel years old, and his two sons Alfonso Jr. 25, and Carles, 34 exceeds \$200 million, according to a business, associate, and includes real e ate, construction, hotely and 10 winty companies that distribute propent and butane cas, the sole source of cooking a heating feel Gillie for ment of the residents of Espa California

Their political influence in Mexico is equally vast, according to friends of the family and political observers, but Carlos Pustamante said he family's wealth is well below (200 million) their "influence is just a a friends," Ellierto de la Madrie, governot of Bars California Norte, and President Jose Lopez Portillo among

Restaurante was finan il director for De la Madrid encessoi comparent for send and goverter in 1976 and 1977, and De la Brown Madrid was administrative director

This is the second article in a series on Gov. Brown's Mexican connection

of Lopes Portillo's 1976 compaign.

The Bustamantes were not a visible force in American politics in San Diego with Giff. until 1972.n. Bustamante says, he contributed money to the unsuccessful state senatorial comparer of a San Dargo attorney, Stephen S.

Gillis, a longtime friend and personal attorney for B. .. mante. says he reported the contribution. although Gillis' campaten records show no Europeante estu ce lecen-

Giller, who is charrents of the Democratic Party's Son Diego Counhe and Es mant were select in Edmund C Brus 1's speciesful 1974 compaien for reservor. Gilliobetter argumented with Bustomante and Instancate went to littorn fund-rueing dinners el cubere and that they met provide with

appointed a Superior Court judge in San Owco, rar, the Broy n campaign

"Gillis and Bustamante always made a point to get close to Brown. he seld " ... Gillis sold they sometime handed the room a personally to Brown"

Butler said he and other campaign officials were opposed to taking money from foreign interers even though it was legal if projetty rejected.

Bustamonte said be attended Brean fund-tapers in San Dicelo. ty central committee recalled that Los Anrole, and San Francisco in 1974 Arked for senalls on his contributions, he said. "Steve Gillic handled all the contributions. So we raid that he belied Brown set said Let's poto the dinners Jerry's gring to be there " Asked shout his at fund rangers in San Largo, that he private meetings vice Server after the dinners. Partamante said: "We have he " Lower him before."

Later in the many interview. to provide the of he involvement Lowerd T 1 . er, who was later in the Eman compound I just

bought dinner tickets, no gifts or loans - I don't make political contributions in the United States."

In a subsequent interview, Eustamante said that he lent the 1974

campaign \$20,000 and bought \$300 in ciriner tickets because Brown was friend but that he was not nationed in the Life re-election campalan

Richar : Maullin, chairman of the California Linergy Commission who was in charge of finances for the 1974 campaign and I friend of the Bustomantes first temembered a fund-taising discussion be had with

arios said. Tim put rested, I'll believome more. Out of that came a large contribution, between \$10000 and 120,000 in the form of 2 check to our Los Anceirs office. That money was early in the campaign: I cast recall any loans

In a subsequent interview offer therking campaign records. Maulbu sent be had been mistaken about

(Captinged on Page A-7, Col. 2)

Following the shorting, poir explained, two suspects fled in to unidentified woman's car with he purse, authorities added

One 15 year old suspect, who was not identified, was captured a shore time later, police reported

Mrs. Williams said she had bees in the market for only a fe minutes, and that when the carout she netted her sen to best to the car.

"I saw a large crowd gathered in a circle and I wert over there ! instinct because ! mails don't over to crowds. Mrs. William explained.

"When I got ever there, I to 1 11 down and saw him with the tae bullet holes," she added.

Mrs. Williams said she tried to give ber sen artificial respiration and then ran into the market. s reaming for help.

Williams brother Terry, a rener-Bustamente in San Iw to in 1 14 al merchandise manager at the murket, came out and began working franticath on his brother.

"I started compine his stomach while one is called the arame area." Williams explained

Paramedics arrived 4: Liv and transported Wilhams to the hospital where he died a short time later

Sections timel before act watypical of him, according to his

(Continued on Page A.7, Cel. 3)

Paranola: Experts Evided on his Origins

V made at representation and the

Insida Today

met the enemy, and School help winter before the I " one of attempt "Firement 11.00 10 1.

Prenial, od many having to the United States again, supplies of gasolile this summer and heating oil seit winter will be tight - and consumers an expect no relief from the upward spiral in fuel prices

That appears to be the consensus of government congressional and cil-industry energy experts as the Senate embarks on what is being billed as "the first real examination" of the nation's latest energy crunch

Now much of the current shortage of gasoline and beating oil is due to the Iranian cutoff?

Very little, claim oil industry officials, who say that lack of U.S. refinely capacity - and not the loss of Iralian oll - is the main reason why Ar . 1020s will find it more and more difficult to obtain gasolinel especially unleaded, and bestirk oil in the months ahead.

unt-

"A bit of us are wondering how we're going to heat the Northeast peat winter," sald b.b Baldwin, resident of the Gulf Ol Refuger

And Energy Secretary Junes R. Setteringer has sold that while the nation can probably ride out the transactions the turmoil there is just of emore warning signal that "the day of reckoning" for U.S. euera policy it drawing near.

lameter was to be the leadoff with today at hearth as the duled by the Senate Energy Committee.

"Evin if Iran resumes production of 3 t 4 million barre's a day, we will full have shortages," said the panel | chairman, Sen. Henry M. - D-Wash. in a prefered CTALL & Statement

Jacil on called the bearings "the furt rid examination, frem A to Z. of the katire situation."

Jacilion, in a television interview program yesterday, predit if the short fur thes and shyrochering oil prices will produce a deep American decesion, with the inflation te ald book a terest rates shoot-

r ub lo : parate televised miter, ew. Sea George S. McGovern called on President Carter to fire Sthirtinget, whose policles, 11:G: era mid bave been "

Took - C. Dalou D. morat end

La to When all the London "withit is year or sa"

But the price of unleaded gamotorisis' worms. Getting it may be a far ereater concern, predicted Gulf official Baldwin in a meeting with energy reporters prior to today's Sepate bearing.

with the of the tent make the the In the United States has been reached." Baldwin taid.

He said U.S. refineries can't. produce enough unleaded gassline to meet increasing demands and that motorists should begin expersencing difficulties in obtaining it. He also said there is a very

The industry is not been en building new reference because of existing price controls on domestic petroleum and because such projects are so easily snarled by litigation from environmental and other groups, Baldwin added.

Meanwhile, the congressional Of-

luture oil shortages poves a serious threat to Americans' reliance on cars as their primary means of transportation.

The report, released Saturday. said cars alone account for about 30 percent of current U.S. oil demand. If there was a serious or

to represent the properties which the creases would reduce still and fuel consumption, the report said.

The study also said serious profi lems with automobile transports. tion will increase throughout the century, despite expected in provements in fuel efficiency, rol. lution control and safety.

(Cottlete from Page A-I)

the Bustamante money, that it was a loan rather than a contribution.

The Brown campaign records for 1974, on file in Sacramento, list a \$20,000 loan from Carlos Bustamente deposited on Oct. 11, 1974 On another reporting form is lated the repayment of a \$20,000 loan from Cat. . Bustemante, but without the date that the form a quint All the other repaid loans on that schodule, such as \$20,000 from Brown's father, former California Gov Edmund G. Brown Sr. starw a date of rejoyment

The 1974 campaign records rico show \$2000 in contributions from Busidmente. And the records give three different San Disposederesses as his residence, although he lives in Tudana, according to Gillis.

Some of Bustamunte's associates say be give large sums of money more than \$20,000 - to the Brown campulen in 1974 and a token amount in 197&

The is no listing of a liustamonty contribution in the 1978. Brown campaign records. And Woody Wilson, a Los Angeles busineuman and friend of the Brown family said, "Corles helped 3 rry a lot financially in 1974 He gave just a httle he service in 197a"

The Fed .. Bureau of Investigation, in an investigation of Califor-13 politics, has received several there; as from Jamo ratio tolltimes and business n of unrejection business contributions totale for kire to 000 to the ROS sold to be unreported contribution



GOV. EDMUND G. BROWN JR. Was he "handed the mone; "?

One of the allerations, which reportedly broto to decode about principals in the transactions, is

AIDE TO BROWN **DENIES CHARGES** ON BUSTAMANTE

A spokesman for Gov. Edmund G. Brown Jr. on Saturday denied that there has been any wrongdoing on the part of the governor or his aides in their relationship with a former campaign contributor who has a strong financial interest in Mexican gas utility companies.

Gray Davis, Brown's chief of staff. commented on a story in yesterday's New York Times that said the governor has proposed energy projects with the Mexican government that would benefit Carlos Bustamante The Times identified ! Bustamante, a Mexican, as a friend of Brown's and a contributor to his 1974 capit aign.

Davis confirmed that Bustan-and had leaned the 1974 came an \$20000 but said that han had be n repaid entirely. Davis added that Enstamente had not contributed to fromt s 1976 campaign for president or his 1973 re- tion campaign.

Dove said it was true, as the Times reported, that Pustamante had participated in 'passibly two meetings" between California offinish and Mexican President Jose Lopes Portillo on the subject of natural gas.

The Pertamenter are for ring prominently in the development of Mexic + newly discovered oil wealth as they shepherd foreign oil interests seeking to sell their services to the Mexican proofigment.

One deal for example, involves a Louisians it mp sweam contracts for a relief and welgher was



CARLOS BUSTAMANTE "Just a few friends"

of Pat Brown, according to Wilson and others in the deal.

Wilson says that the elder Brown has "got a piece of the deal - we want Pat to do the legal work" and that more projects are in the mak. Another close associate and brown financial backer with whom the Bustamantes are involved is David Karr.

Karr, an American investment banker based in Paris described a \$12 million commercial fishing deal to and Bustanting are putting oother in Baja. They are alto

Karr contributed . 0.9 1 Bro on's campaigns as 1970 and 1 and helped organize a 1977 V'-" Street fund raiser fe: liman, ... cording to Richard T. Sillertt California director of finance an former business associate" Bustamante.

Silberman, before joining th. Brown administration, was a 5 Diego businessman who head to bank that Bustomante says he owned stock in and borres. money from. And Silbern n ... he introduced Karr to Bustamanic in 1977.

Karr spoke of his eler : relati .ship with Brown:

"Jerry Brown's a good felend c mine. I campaigned with him in states when he ran for record : 1976. I carried his bags for ham.

Of Brown's oil policy, Karr sait "ile tried to get the Meriti coverament to drill for matural in Boje. He talked w deman about this."

Mexico's nationalized on a re-Pemex, has turned down the Eroproposal, favoring gas explorati in a recien more premising the Eaja.

A California utility execut of who asked not to be it must die name, said top Mexican cal offihave told him that they cen'll i sell gas to the state of California were therefore puzzled by all t trips of Brown official, to,

Jolph Briscoe, the governor Toxas until recently and, in Brown, a Dem wrat and he had he no discussions with Mexican of ficials about energy, even that? he was opposed to Carter's st approach and even theu is To gas companies were no attall with the Mexicans.

Brische said he felt energy 1 intirely a matter between the to

Sentant the state of the thee hit look special .. meta Investor old mutt with shager. sand hour.

But Taffy is lovable, so lovable that for the past few mouths the dog has been the object - the price following ber divince, Flora McGan-

Sin . . . 2 }and detail end until a daughter caused for mother to be locked up in jail.

As the family tells at the fight for Taffy becan late last year when,

notice invalidated they me mother welcomed her daughter. who arrived with many of her household poseessions, pius her two ceildren, John 9, and Patty, 7, and

But after a few weeks the two behind, including Taffy.

one parbt in October, the tighting Live - Mrs To Course became so had that police were railed and they executed the daughter and her children from Mrs. Hughes' Rolling Hills home. The daughter left everything ehe

wanted the der back as a chief present for her children 5. ex-husband, with whom she rounited, cailed the Buches he to ask for the animal

(Continued on Page A-11, Cal. (

Stormy Weather

Showers and chaper of then detablement, engine to income Hybrida the done sees to lave more at late do Al.

8 STAH Noon Stocks TUESDAY

At 1 In There are other things. for colimple, the interview. The : This is very important, but av sale crive. A lot of schools fee! at there could be a personality confli ... and right away the rellow will be turned down Also, the interview is very expensive. (Conjuned on Page A.S. Col. 1)

A

V

C

C



·This Rockwell painting, "Spring", went to an anymous buyer for \$50,000 at auction here yesterday: See A-2.

on the Carter compromises, said in brad that if the cabinet did not approve them, "it would be the duty ii. the government to resign."

He predicted that a treaty would be signed this month, possibly within the next week or two, if his Cabinet and the Knesset approves . utalt accord.

"Still we have to deal with certain

debate in both the Cabinet and Knesset, stressing that Israel h a democratic country

Carter said he and Begin had narrowed the remaining issues in a breakfast meeting today.

These issues were believed to be Israel's desire for Smar oil, Egypt's desire for hairon officials to supervise Palestinian self-rule in the Goza his Mideast norman, and before I. upbeat statement at Tel Avic s 1 . o. Gurion airport the most of Carter forty was gloomy.

But at Ben Gurion Carter venethat negotiations would continue and said, "There are fewer diffences than when I first arrived At those few differences which do

(Continued on Page A.4, Cal 3)

NYMIS FOCUS Bustamente Ties to California Firmu Probod

c*tici

D. JEFF GERTH en vara fires han, Service

Till ANA Mexico - The dealto a California communica with a bowerful Mexican family are under sweeter sho US covernment other, be in one case, almale | are being investigated by a feder. grand jury, according to law ment offerings

The |we California cases underseem to ethic and legal problem facing U.S. businessmen at the to participate in Mexicos

the third is a series of Townstextent if at all should there deal wat, unotheral but willeranerica, middlemen who offer Mexican government?

V. 1.22 border tate of Baja Madrid an addition, according to public documents, the family has British & California politicality

insteaded economic growths reported on the relationship from council at the relationship from council at the relationship

Gov. Bravin's Mexican Connection: Fam III

remodel access to officials of the between the fill-damantes and Gov. Brown of California Brown, a The grand jury investigation national political figure and probprocess the family of Altonso oble appears to the University Eastamante Sr. The Enganantes Party's presidential foot, hattoop his have large basing boldings in the received campaign contributions from one of the bullements and in about the of more than \$10. Conformal Norte and close links to that advocated entering property adthe state's covernor. Roberto de la l'astage ous to busto name business.

> Carlos Bustamente one of Allon reade on the measurents in Califor. so two rate, has said that no need his in recent years and has be- exists any longer for unofficial robetstern it that a her builds Strong, T. New York Times organica a care to be develop-

main Lovernor, De la Madrid, According to Bestamante the trade council offers free harres between fittered beautiful and fatter promote and butane cas to flus-

Suine Atterings busineener stelling Mexican contracts traded on the New York Stock however, that their deals are made. Exchange reported to the Securi through the Rustamana's personal- ties and Exchange Commission that he and do not involve the transe in host reliated almost \$7 million to e al. On American group that hastamante controlled companies sought offshore drilling contracts, to tween 1971 and 1876 in the coarse from the Mexican government was of sching them gas, in recest 1.275. responsibly introduced to key Petrolane accordances Situation Situation programment officials by Carles a year in gas to the limitate

A federal grand mey in San Diego is correctly investigating payments made to the Bustamantes by Petrolane Inc., a Long Beach patroleum-products company, which is the main supplier of tamante utility com; anies in Eap.

In 1977, Pettelane, whose stock is (Corts Jed on Page A.G. L. 1)

Inside Today

# [J: 2:15	
in wer Line	
Bridge.	
Classified	D'2-13
Comics	!
Crossword Puzzle	
I'dneral Page	
Finance	W. VIST.
Passope	
James Bacon	- 10
Marko	1.13
Op FA Page	
Serts Today	111
Siv	F: -
Television	F: 7
Tides	117
Vital States:	

NEWS FOCUS

(Continued from Page A-

companies between 1971 and 1976 in the course of selling them gas, in recent years, Petrolane has sold about \$10 million a year orgas to the life tangante companies, who have made trom 1966 through 1976, were made at the Bustamante's request.

Law enforcement officials contend that the transactions were structured to give the Bustamante gas companies invoices showing they paid \$1 for a certain volume of Petrolane gas products, when in fact the price was only about \$5 cents. The difference allegedly went into the Bustamantes' personal bank accounts as a ki-kh, ck.

In a mital, Carlos Bustamante and in an interview that his family a gas companies had been checked by Mexican officials and found to be in comphance with Mexican law.

Law enforcement officials also say they have for 1 a pattern of transactions that leads them to conclude that the payments did not stop in 1976. Officials say Petrolane's invoices show that most of the company's gas sales to the 16, taniante companies since 1976 have been hindled through a new company. Petrogas, which is based in the office of Carlos Bustamante's personal attorney in San Diego.

In addition, they say they have found that more than SI million in unexplained deposits have flowed since 1976 into the same Bustamante bank accounts that had received the alleged Petrolane kickbacks in the past.

Petrolane kickbacks in the past.

Carlos Bustamante, in an interview earlier this month, contended that the \$4 million had come from the sale of Petrolane istockband other stocks.

In a previous interview, Bustamante had declarined any knowledge of Petrogas. Subsequently, he identified it as a Netherlands Antides company that his tamily had set up to act as a broker in gas sales between Petrolane and the Bustamance gas companies.

Rody J. Munzer, chairman and clost executive officer of Petrelane, said in an interview that his company's questionable payments to the Bustamantewere "unusual, if not out and out illegal."

Carlos Bustamante originally labeled the payments as "bureaucratic inistakes

. It's just errors we make There's been mistakes all along." Subsequently, in response to published reports of kickbacks. Bustamante issued a statement that neither his family nor their companies had ever received any illegal payments or kickbacks.

The Bustamante family is about dping Petrolane sell its services in Mexico. According to Munzer of Petrolane, the Bustamanto's had set up incentives for Petrolane executives with Mexican officials, including De la Madrid of Baja, to assist Petrolane in selling services, such as directional drilling technology, to the Mexican government.

Notwithstanding his expressed misgivings about the payment. Munzer defended his company: reliance on the Bustamantes.

"They are influential," he said. "We have to self our expertise. We have to get the doors open for us. They have the prestign and mailton to do it."

perstige and position to do it."

Petrolane will eventually lose the linetamante gas companies as customers because of the Mexican government's time-tence that local utility companies buy gas in Mexico. According to Woody Wilson, an American has mess associate of the Bustamantes, Petrolane is now relying on the Bustamantes to help petsuade Mexican officials to sell Mexican gas to Petrolane.

Petrolane will be buying propage from Mexico it will be be heaper for them them to ringing at a rome Indonesia," had conversations on this Research There could be a connected soon."

Another California energy company attempting to do business in Mexico chose to sever its relationship with the flustamantes after some questionable

The San Diero Gas and Electric Co., a publicly tracked utility, had the Bustamantes uncer contract in 1977 and 1978 to help it secure the approval of Mexican officials for the construction of a Baja power plant that would sell power across the border to the San Diego company.

The utility company's executives expressly required that any expenditures made to secure Mexican approval had to comply with the Loreign Corrupt Practices. Act, which prohibits American companies from paying foreign officials, directly or indirectly, to secure husiness.

Last year, as part of the power-plant project, the Bustamantes and their associates proposed a complicated financing arrangment. According to Gordon Pearce, vice president and legal counsel for the utility, the plan was rejected because it could have been a "vehicle for improper payments."

SDG&E terminated its relationship with the Biotamantes last year, and it is proceeding on a smaller-scale project involving linkage of existing power lines across the border without the assistance of Mexican middlemen.

While they were under contract to SDGEE, the backamantes received more than \$100,000 in consulting fees and expenses for cutertaining Mexical officials.

According to law enforcement officials, the United States Customs Service is currently investigating whether any of the San Diego utility a funds or Petrolone payments were taken across the border by the histanantes in each for its equivalently without being reported as the law requires.

The Bank Secrety Act requires that cash in amounts breef than \$5,600 taken outside the country be reported to the Treasury Department.

Carles Bustamarte decimed to comment on the handling of the SDG&E funds that he received.

Bustamante said that at present when he received foreign groups seeking to do business in Mexico he did so under the auspices of the trade development council Bustamante said he fractioned on an "natroductory level" offering hiservices at no charge.

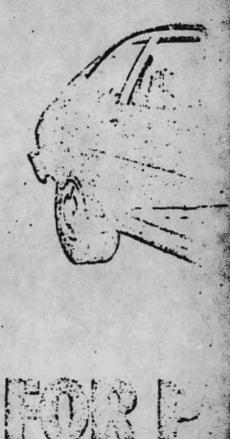
Bustamente handled De la Madrid's comparen finances in 1976 and 1977 and still maintains a joint bank account in their names.

"Carlos has set up so many different things, I can't keep them all straight," said Wilson, who is involved with a Louisiana group seekin. Mexican oil contracts through the Bustamantes.

Bustamante said he could not remember the names of any American corporations now using the trade council

Some Americans disagree with the assumption that one needs intermediaties to get liestness done in Mexico. A California unity executive said that the use of middlemen, such as the Bushamantes, ultimately did more harm than good adding that his ompany had had productive discussions directly with Mexican oil officials.

A Justice Department official familiar with Mexican business practices agreed that it was possible to do business in Slexico without improper payments or incidence. He said, however, that contracts in the be awarded to less honera bidden and contened that this constituted an union advantage that conceivable of 3d violate American autitiust statuts.



FOR W

Check out the standard and destination chart you it find the 3-december 5070 less than the Corolla Littorace to equipped modes of 79 Pinto you get a design, inside and an impressive lest ctat equipment. All at as a low price.

Slicket , we can be tratte

COLLEGE P



FEDERAL ELECTION COMMISSION

1325 K STREET N.W. WASHINGTON, D.C. 20463

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Louis William Barnett 1715 North Catalina Burbank, CA 91505

RE: MUR 935

Dear Mr. Barnett:

The Commission has determined there is no reason to believe that Carlos Bustamante and Governor Brown have violated the Federal Election Campaign Act. The reason for the Commission's determination is that the allegations of the complaint, which are based on the news articles accompanying the complaint, are not indicated as based on your own belief and knowledge. A further consideration is that, if the allegations should be as alleged, the contributions would appear to have occurred in 1972 and 1974. This time period presents possible procedural problems which as a policy matter the Commission would not want to pursue without strong evidence of subsequent contributions.

We appreciate your interest in helping to enforce the Federal Election Campaign Act. If you wish to submit further evidence, you may, of course, do so. Thank you for bringing this matter to the attention of the Commission.

Sincerely,

William C. Oldaker General Counsel



4

0



0

FEDERAL ELECTION COMMISSION

1325 K STREET N.W. WASHINGTON,D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Edmund G. Brown, Jr. Governor of California Sacramento, CA

RE: MUR 935

Dear Governor Brown:

I am forwarding for your information the enclosed complaint which was received by the Commission.

The Commission has determined there is no reason to believe that you or Carlos Bustamante have violated the Federal Election Campaign Act. The reason for the Commission's determination is that the allegations of the complaint, which are based on the news articles accompanying the complaint, are not indicated as based on the complainant's belief and knowledge. A further consideration is that, if the allegations should be as alleged, the contributions would appear to have occurred in 1972 and 1974. This time period presents possible procedural problems which as a policy matter the Commission would not want to pursue without strong evidence of subsequent contributions. Accordingly the Commission intends to close its file on this matter.

Sincerely,

William C. Oldaker General Counsel

Enclosures Complaint





0

1040-4

FEDERAL ELECTION COMMISSION.

1325 K STREET N.W. WASHINGTON,D.C. 20463

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Carlos Bustamante 139-43 88th Avenue Jamaica, New York 11435

RE: MUR 935

Dear Mr. Bustamanto:

I am forwarding for your information the enclosed complaint which was received by the Commission.

The Commission has determined there is no reason to believe that you or Governor Brown have violated the Federal Election Campaign Act. The reason for the Commission's determination is that the allegations of the complaint, which are based on the news articles accompanying the complaint, are not indicated as based on the complainant's belief and knowledge. A further consideration is that, if the allegations should be as alleged, the contributions would appear to have occurred in 1972 and 1974. This time period presents possible procedural problems which as a policy matter the Commission would not want to pursue without strong evidence of subsequent contributions. Accordingly the Commission intends to close its file on this matter.

Sincerely,

William C. Oldaker General Counsel

Enclosures Complaint





0

4

7 9 0

FEDERAL ELECTION COMMISSION

1325 K STREET N.W. WASHINGTON,D.C. 20463

MEMORANDUM TO: CHARLES STEELE

PROM: MARJORIE W. EMMONS

DATE: APRIL 26, 1979

SUBJECT: MUR 935 - First General Counsel's Report

dated 4-25-79; Received in OCS

4-25-79, 9:22

OBJECTION

The above-named document was circulated on a 48 hour vote basis at 12:00, April 25, 1979.

Commissioner Harris submitted an objection at 2:06, April 25, 1979, thereby placing MUR 935 on the Executive Session Agenda for May 3, 1979. April 25, 1979

CONTRACTOR SQL CHARGE CONTRACTOR

PROM: Jane Colgnore

BUBJECT: A. MUR 935

Thank you.

PEDERAL ELECTION COMMISSION CEIVED

DATE AND TIME OF TRANSMITTAL BY OGC TO COMMISSION APR 25 1979 DATE CONTRACTOR RECTEVED

STAFF MEMBER(S) M. RECOUR

COMPLAINANT'S NAME:

Louis William Barnett

RESPONDENT'S NAME:

Carlos Bustamante

Jerry Brown

RELEVANT STATUTE:

2 U.S.C. \$ 441e

C

4

0

INTERNAL REPORTS CHECKED: None

FEDERAL AGENCIES CHECKED: None

SUMMARY OF ALLEGATIONS

It is alleged that Carlos Bustamante, a Mexican national, contributed to Governor Jerry Brown's campaign and may have contributed to the campaign of Stephen S. Gillis for the California State Senate in 1977 in violation of 2 U.S.C. § 441e. The complainant, Mr. Louis William Barnett, also requests an investigation of "all political contributions made by any firms controlled or influenced directly or indirectly by Mr. Carlos Bustamante to determine if additional contributions were made to other candidates due to Mr. Bustamante's efforts."

EVIDENCE

Attached to the complaint are copies of articles which appeared in the New York Times, the Los Angeles Herald Examiner, and the Sacramento Bee. According to these articles, the reports filed in Sacramento in 1974 by Brown's campaign committee show a \$20,000 loan from Mr. Bustamante which was deposited on October 11, 1974. The loan was reported on another report as having been repaid, however, the date of repayment is not listed. The article states further that the reports show \$2,000 in contributions from Mr. Bustamante in 1974. Mr. Bustamante is quoted from an interview in which he said that he lent \$20,000 during the 1974 campaign and bought dinner tickets in the amount of \$800. The articles state that the Federal Bureau of Investigation is investigating allegations that large contributions from Mr. Bustamante to Governor Brown's campaign in 1974 were not reported.

2 -According to Mr. Bustamanta, he contributed to the unsuccessful state senatorial campaign of Stephen S. Gillis in 1972. Mr. Gillis said that he reported the contribution but the article states that the campaign records do not show any contributions or loans from Mr. Bustamante. ANALYSIS The evidence presented in the complaint and in the newspaper articles accompanying the complaint focus on Brown's 1974 campaign. The only allegation of a possible violation after 1974 contained in the newspaper article is that associates of Mr. Bustamarte say he gave a "token amount" to Governor Brown's 1978 campaign. However, the article goes on to state that there were no contributions from Mr. Bustamartelisted in the reports. Because the complaint refers to the "campaign(s)" of Governor Brown and since the newspaper articles which form the basis of the complaint refer to Brown's 1978 as well as his 1974 campaign, the scope of the complaint appears to include post-1974 activity. 4 Should an investigation demonstrate that there were no post-1974 contributions from Bustamante to Brown, the Commission may wish to take no action based on policy considerations similar to those in the Earl Brian case (MUR 524). An investigation appears necessary, however, in order to ascertain whether or not there were post-1974 0 contributions. Since, according to the newspaper articles, the FBI is investigating this matter, we are recommending that an investigation be commenced by sending the attached letter to the FBI. 2 U.S.C. \$431e not only prohibits a foreign national from making a contribution to a political campaign but also prohibits any person from soliciting, accepting or receiving any such contribution from a foreign national. For this reason, we are recommending a finding of reason to believe against both Bustamante and Brown. With respect to Stephen S. Gillis, we are making no recommendation since the allegation concerning Mr. Gillis pertains solely to a 1972 campaign and, due to the limitation on our resources, we would not recommend persuing that allegation. RECOMMENDATION Find reason to believe that Carlos Bustamante and Jerry Brown are in violation of 2 U.S.C. \$44le. Issue an Order for Carlos Bustamante. Send the attached letters and questions.

Attachments

1. Copy of the Complaint 2. Letter to the FBI

3. Letters and Questions for the Respondents (2) 4. Autorization to Issue an Order

5. Order

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES



OFFICIAL SEAL ADELE K. PROVOST

My comm. espires AUG 27, 1932

before me, the undersigned, a Notary Public in and for said State, personally appaared

view William Barnett

subscribed to the within Instrument,

and acknowledged to me that - he - executed the same.

WITNESS my hand and official seal.

Asele K. Pront

ATTACHMENT I

FEDERAL FLECTION

9733

.....

79 MAR 27 AM 9:4

901765

Assistant General Counsel Federal Election Commission 1325 "K" Street N. W. Washington, D. C. 20463

Mr. Lester N. Scall

Dear Mr. Scall:

According to a number of recent newspaper stories (see attached), Mr. Carlos Bustamante, a Mexican national, contributed funds to the campaign(s) of Governor Jerry Brown and may have contribted or have caused to be contributed funds to the campaign of Stephen S. Gillis for California State Senate in 1972. I believe that these contributions would be a violation of the Federal Election Commission Regulations, as set forth under Section 110.4 - Prohibited Contributions, Item (a) (1). This Section holds, in part, that "a foreign national shall not directly or through any other person make a contribution, or expressly or impliedly promise to make a contribution, in connection with a convention, caucus, primary, general, special, or runoff election in connection with any local, State or Federal public office".

In making this complaint and requesting an immediate investigation of this matter I wish to state that I am doing so on my own and not at the request of any candidate.

In addition to investigating the above allegations - which I will note are based on the statements of Mr. Carlos Bustamante himself - I do also request that you review any and all political contributions made by any firms controlled or influenced directly or indirectly by Mr. Carlos Bustamante to determine if additional contributions were made to other candidates due to Mr. Bustamante's efforts and in violation of the above stated Section.

Should you feel that the statute of limitations has run out, I would request that you complete your investigation and then refer the matter for prosecution under the Racketeering Influenced Corrupt Organizations Act inasmuch as (1) there is such a Federal probe being conducted now in California and (2) there would appear to be the required "pattern of activity" necessary under RICO.

Thanking you in advance for your attention to this matter and I would also request notification to me of the results.

1715 North Catalina

Burbank, California 915

(213) 843-5761

Encl:

-2-

PS: Allow me to point out to you that California State Law provides that "a loan received by a candidate or committee is a contribution unless the loan is received from a commercial lending institution in the ordinary course of business or it is clear from the surrounding circumstances that it is not made for political purposes." Chapter 4, Article 2, Section 84216 of the Political Reform Act of 1974 as amended. (See attached)

If the loans referenced in the attached articles were not repayed before January 7, 1975, they would be subject to the Political Reform Act of 1974.

a separate schedule and the foregoing information shall be stated in gard to the lender and any person who is liable directly, indirectly or matingently on the loan, together with the date and amount of the loan id, if the loan has been repaid, the date of repayment and by whom paid.

(h) The full name and street address of each person to whom an spenditure or expenditures totaling one hundred dollars (\$100) or more is been made, together with the amount of each separate expenditure each person during the period covered by the campaign statement; a sef description of the consideration for which the expenditure was ade; the full name and street address of the person providing the insideration for which any expenditure was made if different from the syee; and in the case of committees which are listed, the number signed to each such committee by the Secretary of State or if no such imber has been assigned, the full name and street address of the easurer of the committee.

(i) In a campaign statement filed by a committee supporting or pring more than one candidate or measure, the amount of person pures for or against each candidate or measure during the period were by the campaign statement and the cumulative amount of penditures for or against each such candidate or measure.

(j) The full name, residential and business addresses and telephone umbers of the filer or, in the case of a campaign statement filed by a simulate, the name, street address and telephone number of the simulatee and the treasurer's name, street address and telephone umber.

(k) In a campaign statement filed by a candidate, the full name and reet address of any committee, of which he has knowledge, which has ceived contributions or made expenditures on behalf of his candidacy, ong with the full name, street address and telephone number of the easurer of such committee.

Satury: Amended by State. 1978. Ch. 650, effective January 1, 1979.

84211. Consideration of Cumulative Amount. In order to determine purposes of subdivisions (b), (c), (d), (e), (g) and (h) of Section 84210 bether one hundred dollars (\$100) has been contributed by or expended person, only those contributions and expenditures which are climate within the cumulative amount shall be considered.

84212. Candidates Who Receive and Spend \$200 or Less. Whenever my provision of this chapter requires the filing of a campaign statement a candidate or officeholder, the candidate or officeholder may in lieu creof file a statement signed under penalty of perjury that to the best his knowledge not more than two hundred dollars (\$200) has been ceived or expended on behalf of or in support of his candidacy.

84213. Consolidated Statements; Candidates and Committees. (a) A andidate and any committee or committees which he controls may file

consolidated campaign statements under this chapter.

(b) Two or more committees which act jointly in support of or in opposition to any candidate or measure may file consolidated campaign statements under this chapter.

History: Amended by State 1976. Ch. 1106, effective January 1, 1977.

84214. Late Contributions; Reports. (a) Each candidate or committee who makes or receives a late contribution shall report the late contribution to each office with which that candidate or committee is required to file a campaign statement for the election. The candidate or committee who makes the late contribution shall report his full name and street address, and the full name and street address of the person to whom the late contribution has been made, and the date and amount of the late contribution. The recipient of the late contribution shall report his full name and street address, and the full name, street address, occupation and the name of the employer, if any, or the principal place of business, if self-employed, of the contributor, and the date and amount of the late contribution.

(b) A late contribution shall be reported by telegram or personal delivery within 48 hours of the time it is made in the case of the candidate or committee who makes the contribution and within 48 hours of the time it is received in the case of the recipient. A late contribution shall be reported on subsequent campaign statements without regard to reports filed pursuant to this section.

History: Repealed and re-enacted as amended by Stats. 1977, Ch. 344, effective August 20, 1977.

84215. Combination of Pre-election and Semi-annual Statements. The commission may by regulation permit candidates and committees to file campaign statements combining preelection statements and semiannual statements.

History, Added by State 1978, Ch. 1408, effective October 1, 1978.

84216. Loans. For purposes of this chapter, a loan received by a candidate or committee is a contribution unless the loan is received from a commercial lending institution in the ordinary course of business or it is clear from the surrounding circumstances that it is not made for political purposes. A loan which is not a contribution, but which is used by a candidate or committee for political purposes, shall be reported in the manner described in Section 84210.

History: Added by Store. 1977, Ch. 1119, effective January 1, 1978.

Article 3. Prohibitions § 84300 - 84305

\$ 84300.	Cash Contributions.
\$ 84301.	Contributions Made Under Legal Name.
\$ 84302.	Contributions by Intermediary or Agent.
\$ 84303.	Expenditure by Agent or Independent Contractor.
§ 84304.	Anonymous Contributions.
\$ 84305.	Requirements for Mass Mailing.
	§ 84300. § 84301. § 84302. § 84303. § 84304. § 84305.

Mexican Link Brown Wants US Probe Of Charges

By JEFF RAIMUNDO Bee Staff Writer

SAN DIEGO — Gov. Brown Wednesday demanded a federal investigation into reports linking him to a Mexican industrialist under investigation in Mexico and San Diego.

The governor's counterattack against the potentially damaging reports was almed at clearing away any question about his relationship with Carlos Bustamante, a prominent political financier in Mexico as well as San Diego and part of a family that owns power companies in Baja California.

Recent stories in the New York Times, and distributed by its news service, asserted Bustamante acted as an intermediary between Brown, Baja California Norte Gov. Roberto de la Madrid and Mexican President Jose Lopez Portillo in discussions of potential Mexican gas sales to California.

Brown made the demand in a statement to reporters before delivering a speech to the California Council of Growers at the Hotel del Coronado.

The governor hinted that political motivation underlay leaks of information to the New York Times.

"I not only invite, I demand that the investigative agencies of the FBI and the federal government take prompt action, not leak stories to Eastern journalists."

"If we could only get an investigation," he sighed, "what we have right now is a very interesting ploy — leak information, distort facts and have no investigation."

Brown said he had no idea who leaked the information, but when pressed to state that he did not believe President Carter was involved, Brown said, "I wouldn't say that."

Brown added that the New York Times articles seemed to be an attempt to detract from his effort "to wake up the American people to the urgent crisis facing this nation because of our neglect of Mexico. And all of these stories with their misconstrued conclusions will not deter me even a little bit.

"If certain individuals are reaping improper benefits, that's a matter for the federal government and the government of Mexico to work out. But I am not "ing to tell the president of Mexico who he should invite into meetings and who he should not."

T articles said that Bustomante had loaned the Brown campaign \$20,-000 during the governor's first bid for the office in 1974.

"That loan was paid back promptly," Brown Insisted. "Those people could have ascertained nat. The information now coming out is a direct result of the political reform act that I authored. The law is working line, just as I intended."

Brown said Bustamante was only one of "literally tens of thousands of people" who have contributed to his campaigns and otherwise has no connection with the governor.

In his speech to the growers. Brown attempted to repair a relationship that deteriorated during his first term in office, largely because of Brown's backing of the Agricultural Labor Relations Act which facilitated w ion-ization of farm laborers.

He pleased his audience by committing himself to continued development of the California Water Project, further is search by the University of California into-mechanization of farm labor and active encouragement of foreign trude, particularly through a "North American Common Market."

"All the News That's Fa to Print"

THE WEATHER

Metropolitan area: Partiv cloudy to lay and tonight Partly sunny tomorrow Temperature range: today 33-29, yesterday 45-52. Details on page 33

VOL.CXXVIII ... No.44.153

in me I has the ten tom I am

- NEW YORK, SUNDAY, MARCH 11, 1979-

E 18 housed Mirtie !- You have York Co.

85 CENTS

ress problems, facally two person and wounded four be-A Lilling hims If Page 13

Today's Sections

News 1 12 7441 Arts and Leisure Burmess and Finance The Week in Review Source Magazine Book Keriew Fice! I tute malayment Advertising Kepanel heak! es

Index to Subjects

77	Taldes to	Subje	cra	
		,	-	2.0
	sements '		1 4	6.45
-	and the Nation		1	26 31
	III Die Liebeni		2	31
Art	920		2	45
Pris	24		5	40
Ctes	,		2	51
DAT				16-21
Ecil	nal Op Ed	S	3 .	
F	ioni Home Fast	12001		
Lun.			2 6	1.15
100				t.
(mr			2	35
1	m to the Eiftor		4	21,2
1	r Recorder		1 13	21.2
, iu	Tree and I	1.	1	8
		dex	1	- 5
	Laries			- 7
Par	rrapr's		4	4.7
P. ::			6	1:
41 ,	Mesener		1	E
5			1	
	gra Count		2	4.1
			2	1.5
-	Lideo		9	33 1
1	1.1 610			

Th de elimoen

Iranian Women

A mullah, Moslem religious leader, attempting to colimprocesters in Teheran

Gov. Brown Supporting Projects That Aid a Mexican Contributor

By JEFF G! RTH

TOTATISENSE CONTACTOR

his a temping to persuade Mexico to Imanimalisteres; Sell in every, products to California companies, has in the process here lending the weight of his office to trapped projects the would benefit Carlos Bustamarce, a Mostical friend who has creety,bete tuches compared interpress with Mr. Bustaniante and joine Brown aide: \$1.64

The Governor been courting Maxicut officials de ... big Pret dent ater light Periods with the behind the sector do of the E. Timente Come of the to note Gig one themen has been to to be with the Mich on forththe the diship Mr. Base par-

Gov. Ecreand G. Prown Jr. of Cultiers of I. gas units companied names strong

The Bustamantes have wen'th and political influence on but after of the butter, and they are a marginal as with tages and disadvantages for the marion of mid-lemen and partners will American ind viduals and companies doing bear

other than Governor Buy a - unit Sibs, per and a deremport markers. But in the recognition of the entry to early products they a more butter of the notice, the constant to the him and a \$10 to 10 to 5, ato make not beadle. Western

Study Says Trade Pact Could Hurt Northeast

B) CLYDE II. FARNSWORTH

WASHINGTON, March 10 - An auinormative research arm of Congress has contraded that a liberalized world trade agreement being negotiated in Geneva would bring "significant reward." Let United States but would result in test lobs in the within manufacturing areas of the

To- analysis was made by the Congress streat Ranget Office, which is oberged wit making impartial examinations of economic issues that come before the legislature. For the first time 1 50%temptic fashion, it weighed the coansuch a lite rat trade pact.

Narthment

Over a the study foresaw "sign.) cult rewards," including reduced ind Some of relationalists with the executed inform programs, more officient producthe inforce carries would not at the expense of the North and State And action and work and of E age expendity warner, and north bors of min-rior week to east the nint

The st port, published today ages the

Continued on Fund 15 Column 1

carried explosive implications for South African domestic politics and for the country's relations with the major Western powers.

The 44-year-old Mr. Rhoodie, in self exile in Europe, did not say that the bribery plan was carried out and did not name any people as having been targets perestary to send a man on habitay to " of the campaign But his remarks seemed likely to give rise to investigations by the

approve "a propaganda war in which to rules or regulations would count " 1; paper said Mr. Rhoud e explained that I meant that "we muer beable to brib."

"If it was necessary for me to parch! a sable coat or a mick coat for an editor wife. I should be able to do so If it it.

Continued on Page 15, Column !

Plan for a Taiwan-China Meeting Reported by Olympic Committee

By SAMUEL ATT Second revenue Land

LAUS ... E. Switzerland, March 10 - There was no confirmation from T. The interactional Olympic Committee win on whether the proposed talks we announced here today that both China be held. They would be the first pull a and Taiwan had agreed to meet to discuss contacts between representatives c' what the committee president characters, Pelling and Laiper governments tred at "the Chinese problem, the Chin The committee president, Lord Kit these purzie of membership in the Olym- nin said that an Olympia literati

" fall testay, when a delegation from I saint that with the Olympic committex's executar, board. China had not priceed to such lark. It had asked instead a the ouster of Talwan. China suit the ympic inexement in 1955 and has been sections to rejoin it since 1975.

touded by C Large S Croylette. 1 land that virited Poking and Tarne year had been told by the Taiwen Co. mittee "that it was prepared to take;" in round-table talks

The Chiene Concattin to by the the Turk exists to come to freque " ...

Continued on Page 16, Column 1

Gov. Brown Supporting Energy Projects That Would Aid Mexican Contributor

Continued From Page !

errai grand jury investigation in San

And the Federal Pureau of Investigaon is conducting a separate preliminary estigation unto allegations that Mr. TIAL'S 1974 CAT CALLETT for Governor alled to report large Battamante continmura, according to law enforcement of-

state of Cal. Irris has no authority getural gas from a foreign counany pri- he transaction would to have the approval of several 12. Epancies Covernor Brown dethe mittel with the Mexican ofils as an effort to call attention to the re of the Carter Administration to note an energy program with Mexi-

Freigent Carred, who met w. Pretito Mexico last atomb, alle sa i more is all cryency in the Mexican officers for Mr. Erowa has said that . co. fa Catter ar . ment with Mex-On the Prof. ... in 196)

Deals With I , an Arrociates

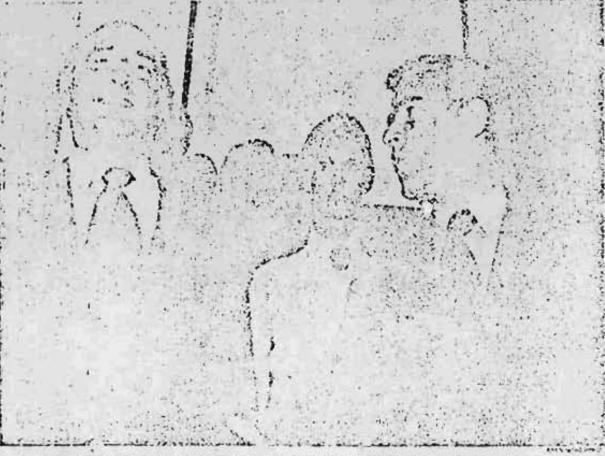
Granm Word mit discuss his to take with the Laturation, but Caval tas thief of staff, said there nit "the s. " test connecting" bea the Green. Is actives and the in-

art married are involved in Mexi-Net the and fair deals with close associof the Lerwin meluding his father, mer Gov Etm. 1 G Briwn Sr., acthe transfer in the translations.

The second of publicly dissioned of counter of his factor's business. . His far er and his father's ax-- have can intered strable sums to mpages, hipsyst

hatters Govern. Prown's first meeting in the 23 different mention Manage At 1 meeting in Topolat Mr. Brown purv requested the sale of Mexicur gas to " min for the lirst time.

the Annua and to Logar Porellinmet. " I' please Cay are Timb. amount of Mr. Fr was callett.



Gev. Edmund G. Brown Jr. leaving hotel in Tijuana with President José Lopez Portillo of Mexico last October after one. of several meetings the California leader has lack with Mexican officials.

Metico because transportation costs for

The Basa refined; will lower the Busta. | this way: mantes' gas corts, but the exact amount ! Mr. Logica Cortillo, in April 1977, it subjects to neg coursens correctly taking Actualists the flatements on tell place between My Fusion one and Mexwar off male. Mr. Bustomante cour those the street have pet to be by wholes. beer directly affected by Mr. ! ... seffree to toring the or California or to the Telan D

Personal Relitionship P Scribed

" Mr. Man de , mb-1 Mr. Brown and

friend of the Burtamantes, first remem- some more. Out of that came a leane conbut would be red and according to Mr. | bered a fund-raising discussion be had tribation, between \$10.000 m \$1.400, m Mealin, who is leading the reputations. | with Mr. Bustamante in San Diego in 1974; the form of a check to the Los Appeles of |

"Carlot said. . in morres ed. i'll help purp. i retail and

tice. That money was early is the com-

In a subsequent interview, after checking campaign records, Mr. Maullin said he had been mistaken about the Bustamante mency, that it was a loan rather than a contribution

The Brown companyn records for 1974, on file in Sacramento, list a \$20,000 Joan from Carlos Bustamente deposited on Oct. 11, 1974. On another reporting form is listed the repayment of a \$20,000 loan from Carlos Bustamante, but without the date that the form requires. All the other repord loans on that schedule, such as 120,000 from Governor Brown's father. show a date of repayment.

The 1974 campaign records also show \$2 (eq in contributions from Mr. Bustamante. And the records give three differen: San Diego addresses as his residenres, although he lives in Tijuana, according to Mr. Gillis.

Some of Mr. Bustamante's associate: say he gave large sums of money - more than \$25,000 - to the Brown campaign in 1973 and a token amount in 1975.

There is no listing of a Bustamante contribution in the 1974 Brown campaign records. And Mr. Wilson said, "Carios helped Jerry a lot financially in 1974. He gave . « a little tip service in 1978 "

Allegations of \$10,000 Gift

forms political has a lived several affegations in at Democratic politicians andbut not smen of unrest med Bustemante Ceal contributions totaling at least \$40,000 to the 1974 Born campaign, according tolaw enforcement officials.

One of the Plagations, which reportedly includ . wils about principals in the transaction? is said to tie unrecorted contributions to Just and oil deals banefitting the Hustamantos

The Bustamontes are figuring promipositive the development of Mexico's month di evered oil wealth as they shepherd foreign oil interests seeking to sell their services to the Mexican govern-



Carlos Bustamante

Louisiana group seeking contracts for oil drilling and welding. It was breeged to The F.S.L. in an in this gation of Call, the Bustamantes by Mr. William another close associate of fat b. cording to Mr. Wilson and others in

Mr. Wilson says that the elder Mr. Brown has "got a piece of the deal - we want Pat to do the legal work" and that more projects are in the making

A Conforma utility ever the, we asked not to be identified by name, to too Mexican oil officials have told he that they could not sell gas to the state ." California and were therefore purfied by all the trips of Brown officials to we

Tomorrow: The Bustomantis' real One deal, for example, involves a tirrilips with Ar neon buttersteen





twice last year, in Mexico City and Lipid respect to the Act of the part of the last year and the last was a count act attending to the country of the count sach as Forbard Manihu, chairman of the other meetings with Mexican off-Mest of the gatherings concerned encing

Some of the official meetings about mante and Roberto de la Madrid, Govermante sava. Mr. Bustamante attended some of the meetings, the only non ernment person present, according to

.ja I'- nie ration Discussed

At the meetings, Governor Brown and his aides sought to encourage a flow of Mexico's energy products to California companies through, for example, the explaration and disclopment of gas resources in Baja California.

At the same time, Mr. Bustamante was the same time, Mr. Bustamante was tell in California companies how, for a tell tell them pet Mexican gas and power, according to gas company executions and Mr. dustamante.

Governor Brown said after a January 1978 meeting that he had asked President

Lopez , ortillo to support a power plant project in Baja California that could provide power for the San Diego Gas and Electric Company.

Mr. Bustamante, the only nonofficial at that meeting, was then under contract to San Diego Gas and electric to secure the approval of the Mexicon government for the power plant project, according to documents on file with the California Public Utilities Commission. The Bustaniantes received more than \$100,000 from the utility to make contact with and en-tertain Mexican officials.

In addition, the Bustamantes were

In addition, the Bustamantes were principals in a proposed financing arrangement for the project. The utility rejected the financing proposal in 1978 laccouse it could be a "wetscle for improper payments," according to Gordon Pearce, legal counsel and vice president for the San Diego utili-

Mr. Bustamante stood to make considerately more than \$100,000 under the original mal proposals, secording to Mr. Pearce, "We are ave suspected the Bustamunies would minutely hald the plant and that it would be on their land," he said. "They were botting on the come."

Role Called 'Not Usual'

Richard T. Stiterman, California's Director of Finance, a former business as-sociate of Mr. Bustamante, was asked if the Governor knew of the Bustamante in-terest. Which was not public knowledge until several months after the January

meeting.
Mr. Silberman replied, "It was general knowledge that Carlos Bustemante and others were going to be the principals who arranged the manning and building of the lower plant. I don't know what the

Governor knew at that time."

Mr. Maulin, who attended many of the Mr. Maulin, who attended many of the Mexican meetings, said Mr. Bustamante's role in the discinsions was "not usual" and that the businessman was present at the invitation of the Mexican government because of his role in that na-

Mr. Maulin minimized Mr. Busta-mante's part in arranging the meetings; he said they were handled by Gov. De la Madria mough he acknowledged having to call Mr. Bustamante to reach the Baja California Governor.

San Diego Gas has shelved the Baja project since complications arose in Nick-ico City and Washington — 12 United States agencies were involved in approving the project. It is now working, without the Bustamantes, on a more modest proposal to interconnect its transmis with those of Mexico's national electracat utility.

The Brown Administration is currently prometing another project, one that would enable the flustamantes, unusing others, to get cheaper was for their indus-

Under this plan. California oil producother this plan. California off produc-ers would sell crude of to a refusery planned for Baja that would supply, smoot other products, butane and pro-june for the flustamantes' utility compa-tures. As part of the complicated oil deal, Gulf Coast refiners in the United States would get oil from southern Mexico in exchange.

deal, which must be approved by the United States and Mexican authority ties, would be economically infountable. Mr Manton, who we in crough if the total California and producers and miners for the total composition and its analysis as

Ir Moulin described Mr. Brown's oil policy as diplomatically correct and eco nomically advantageous for California.

And he said he believed the Brown Bustamante relationship was official, not per

But other associates of Mr. Brown say

it is a personal relationship.

Woody Wilson, a Los Angeles business-man who has been involved politically and personally with the Brown family since 1950 and who is a close associate of the Bustamante family, said Govern Hown has been a frequent guest of the

"Jerry goes down to Tijuana, he stays at Carles's house. I was there," Mr. Wil-son said. "You know how trupal he is, he doesn't like to pay for a hotel."

Mr. Be tamante, in several interviews, minimized his involvement with Gover-nor Brown's official policies and said he gave campaign money to the Governor simply because they were personal friends."

The wealth of the Bustamante family - Allomo Sr., 64 and old, and his two sons, Allomo Jr., 2 and Carlos, 34 - ec-creds \$200 million at conting to a business associate, and includes real estate, con-struction, batels and loutility companies that distribute propage and butane gas, the soir source of cooking and heating fuel for most of the residents of Baja Cali-lornia.

Influence of 'a Few Friends'

Their political influence in Mexico is equally vast, according to friends of the family and political observers, but Corlos Bustamante said his family's wouldn't well below \$200 million and their "influence is just a few friends," Gov. De la Madrid and President Lopez Fortillo

mong them.

Mr. Bustamante was financial director for Mr. de la Madrid's successful cam-puigns for Senator and Gevernor in 1976 and 1977, and Mr. de la Madrid was ad-ministrative director of Mr. Loper Portil-

and 1977, and Mr. de la Madrid was administrative director of Mr. Loper Portillo's 1976 campaign.

The Bustamantes were not a visible force in American politics until 1972, when, Mr. Pustamante pays, he contributed money to the unsuccessful state senatorial compagn of a San Diego lawyer, Stephant S. Gillis.

Mr. Gillis, a longtime friend and personal attorney for Mr. Russamante, says he reported the contribution, o'though Gillis campaign records show no Bustamante gifts or loans.

Mr. Gillis, who is chairman of the Democratic Party's San Diego County central committee, recalled that he and Mr. Gillis and that he helped Mr. Brown's 1974 campaign for Governor Mr. Gillis and that he helped Mr. Brown get Letter acquainted with Mr. Bustamante at fund-raisers in San Diego, that he and Mr. Bustamente went to Brown fund-raising dimners elsewhere and that they met privately with Mr. Brown.

Edward T. Butter, who was later appointed a Superior Court judge in San Diego, ran the Brown campaign in San Diego with Mr. Gillis.

"Gillis and Bustamante always made a point to get close to Brown," he recalled "Gillis and they sometimes hands if the money personally to Brown."

point to get close to Brown," he recalled "Gillis said they sometimes handed the money personally to Brown."

Mr. Butler said he and other campaign officials were opposed to taking money from foreign interests, like the Bustamantes, even though it was legal if properly reported.

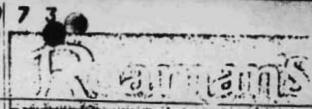
Contradictory Recollections

Mr. Bustamante said he attended Brown fund raising affairs in San Diego. Las Angeles and San Francisco in 1974. Asked for derails on his cont. futures, he said: "Steve Gillis handled as the contribute. Steve Said, 'Let's 19 to the dimers, Jerry's going to be there." "Asked about his microst. about his private meetings with Mr. Brown after the dimers, Mr. Bustamunte said: "Well, we had known him before."

Later in the same interview, Mr. Bustamante gave a different explanation of

his involvement in the Brown campages, the said, "I just bought disner tickets, no giffs or home — I don't make political contribution in the United States."

In a sub-squent interview, Mr. Busta-mante sand that be lent the 1974 compagn \$20,000 and lone 'at \$800 in domest tickets because Mr. Bee an way a friend but that And in the 19 are election Cattigran, 19



Misty Harbor welcomes sp. -come rain or shir

Unbeatable weath protection .ne. classic taste combined Beautifully tailored. with raglan shoulders. flap ; i.e detail, side zippu pockets

with unique attached

change purse. Completely wash 'n wear treated with Dupont Zepel* rain 'n stan repellent polyester/cotton. In navy, red or wheat.

\$88 SIZES 161/2 to 281/2



WAIS TO C

NEW YORK-20 1

OPEN 7 DAYS

(SUNPAYS 12 to 3) * Afficial to the town the self-

Not Too Bright

Variable cloudiness to fac with a 20 percent chance of showers tenight High Inday avar 70 Overnight low in the mid son Details Ad.

8 STAR Noon Stocks MONDAY

E Menday, March 12, 1979 30 Conn

Phone 213-744 7212 Closeded 213-745-4111 Home Delvery 213-745-1227

1111 South Broadway, Las Angeles CA 95015

Val. CVIII tie 347

are wealthy I grew up with them.

Look they pay me this money. I'm not gette to say to these studios. which are multi-national corporations. "Den't pay me so much money." They Il just go and waste it or something Sogice a to me. I will take as much money as they are going to give the How I spend it is an ther thing - that's been well published too I put my money which my mouth u, as my father

Q. Have you done any pictures in to last few years just to make makes to fund your political Attivit. 53

At Exc. if we were completely breie and desperate, I would saver make a movie. I don't think, just for money II mean, "California Scite." Idlin it took two weeks to do. I made I for of money. I didn't like the werean I played, but I thought I tour thing some complexity as ! bet, which I think us d in deing

Electric Horseman," the move in doing now with thinkens Redford is a remattic comedy. I like mores that are pure entertainment fr in time to time -- as long as they are not insulting to us as an audient degrading or bludgeonind us a h cymen m That I can not of on Page A-16, Col. 11 Ke:

Bustamante Interests Scrutinized

By JEFF GERTH MY. Tower been berner

NEW YORK - The wealth of the Bustamente famili - Alfonso 5fol trars old and he two some Alfonso Jr. 35, and Carlos, 34 exceeds \$2.9 million, according to a business associate, and includes real r are, donstruction, hotels and 10 courts componies that distribute propune and butane too, the sole source of cooking at heating fact for most of the readents of Eura Coldingram

Their political influence in Mexico is equally vast, according to friends of the family and political observers, but Carlos Pustamante. said his family's wrolth is well believ (500 million | their "in-Steener is just a " friends." Projetto de la Madrie, gavernor ef-Bays California Norte, and Prosident Jose Lopez Portillo among

Businessie was toran il director for De la Madret - successful composite for some and goverfor in 1956 and 1955, and De it Mourtin was administrative director.

This is the second article in a series on Gov. Brown's Mexican connection

of Loger Portillo's 1976 campaign. The Bustamantes were not a visible force in American politics until 1972. - ... Bustamante says. he contributed manes to the unsuecessful state sengtorial comparer of a San Diego attorney, Stephen S.

Gilling a longtime friend and personal attorney for Bullemante. says he reported the contribution. although Gillis' campail's records show no bustomente qu'u et lect...

Gillit, who is chairman of the Democratic Party's Son Diego County central extrangues provided that he and he many wree active in Edmand C bres - c's speces ful and Instructive went to finish fundeneme dispers el cubere and "Well we had been him before. that they met provotely with

appointed a Superior Court judge in San Dieco, rar the Eroy n campaign in San Diego with Gall.

"Gillis and Bustamant" always made a point to get chee to Brown. he wild ... Gilla well they somethese handed the room , to roomally 16 Brown"

Eatler sold be and other campairn officials were opposed to taking money from foreign interests even though it was legal if projectly feet ried.

Bestamonte said he attended Brean fund-rasers in San Dicto. Los Aperia - and Sin Francisco in 1974. Aried for desails on his contributions, he said "Steve Gillis 1974 compairs for greetner. Gilles handled all the contributions. Serve and that he belied Brown get said Let's perotisting dispers Jerry's better a cuarated with Businesante coinc to be there " Asked about his at fund tomer in Son Integ, that he private electings with British after the dinners. Pustamente suid-

Lane in the ment interview. In the state of the strengthen Edward T. I are who was later in the Erown compared I just

bought dinner tickets, no gifts or toans - I don't make potitical contributions in the Latted States."

In a subsequent Interview, Eustamante said that he lent the 1974

cammaign \$20,000 and bought \$300 in traner tickets bycaute Brown was a friend but that he was not manisod in the line re-election campaign

Richard Maullin, chairman of the California Linergy Commission who was in charge of finances for the 1974 campaign and friend of the Burtamantes first remembered a fund-raising discussion he had with

"arise said. Tim tracrested, Ill. help some muse. Out of that came a large contribution, between \$10000 and 120,000, in the form of 2 che's. to our Los Angeles office. That money was early in the campaign ! ran't result any boats"

In a sub-equest interview offer the king campagen records. Maulhe wast he had been mistaken about

(Capterged on Page A-7, Col. 2)

Fast Dassa Da Following the shorting, political explained, two suspects fled in the unidentified woman's car with he purse, authorities added

One 15 year old suspect, who was not identified, was captured a shore time later, police reported

Mrs. Williams said she had becoin the market for only a feminutes, and that when the ranout, she receed her sen to sent to the car.

"I saw a large crowd gathered in a circle and I went over there !instinct because ! in all doubt. over to crowds. Mrs. Walliam explained.

"When I got over there, I lo. 1 1; down and saw him with the two bullet holes," she added.

Mrs. Williams said the tried to give her sen artificial retriests at and then ren into the mark-ti streaming for bein-

Williams brother Terry, a rener-Bustamente in San Di-co in 1 4 al morehandue manager at the must at earne out and began works ing frusts all on his brother.

"I started " ampine his stomach while time in called the preame like." Williams explained

Paramedias arrived 4: Lie and transported Wilhams to the heightal where he died a short time Live.

Saturdia total bereit act was typical of him according to he

(Costisued as Page A.T. Cel. 31

RENIS FOCUS Paranola: Experts Phyloded on his Origins

must the enemy, and School by writing before you . . C'ul attract (proces

V made at contented to exert.

Inside Today

United States again, supplies of gasolite this summer and heating oil nest winter will be tight - and consumers an expect no relief from the upward spiral in fuel prices

That appears to be the consensus of government, congressional and culindustry energy experts as the Senate embarks on what is being billed as "the first real examination" of the nation's latest energy crunch

How much of the current shortage of gasoline and heating oil is due to the Iranian cutoff?

Very little, claim oil ladustry officials, who say that lack of U.S. refinely capacity - and not the loss of Iratian oil - is the main reason why As . 1020s will find it more and more difficult to obtain gasoline especially unleaded, and bestirk oil in the months ahead.

"A be of us are wondering how we're going to heat the Northeast pest winter," sold L.b Eridwin. resident of the Gulf Ol Refunng

And Energy Secretary Jimes R. Settedager has said that while the nation can probably ride out the framial crisis, the turmoul there is surt ofe more warning signal that "the day of reckoning" for U.S. energ policy it drawing near.

Sel suger was to be the leades! with a lodgy at hearth a scheduled. by the Senate Energy Committee.

Es la if Iran resum a production of 3 th 4 million harrels a day, we will full have shortages," said the panel chairman, Sen Henry M. Jack D. Wash, in a projected Cieta & statement

Jack on called the brazings "the furt real crammation, from A to Z. of the entire situation."

Jackson, in a television interview program yesterday, predict 4 the short fur thes and skyrothering oil prices will produce a deep Ameriran discusson, with the inflation the said bank it terest rates shoot-

r ch. lo : parate televised marin lew, Sea George S. McGovern called on Prosident Carter to fire Sthickert, whose policles, Hi-Golera said have boes "4

To Emil. Datom Dogeraterid

"withing year or so."

But the price of unleaded casoline fully be the least of U.S. motorisis' worms, belting it may be a far greater concern, predicted Gulf official Baldwin in a meeting with energy reporters prior to today's Schale bearing.

in the United States has been reached," Baldwin said.

He said U.S. relineries can'tproduce enough unleaded gasoline to meet increasing demands and that motorists should begin expertencing difficulties in obtaining it. He also said there is a very

The industry is not less on building new refineries because of existing price controls on domestic petroleum and berause such projects are so easily snarled by litigation from environmental and other groups, Baldwin added.

Meanwhile, the congressional Of-

future oil shortages poses a serious threat to Americans' reliance on cars as their primary means of transportation.

The report, released Saturday, said cars alone account for about 30 percent of current U.S. oil demand. If there was a serious or

creases would reduce beautiful fuel consumption, the report said.

The study also said serious prob lems with automobile transports. tion will increase throughout this century, despite expected in provements in fuel efficiency, pollution control and safety.

BROWN

(Cathaurd from Page A-1)

the Bustamante money, that it was a loan rather than a contribution.

The Brown campaign regords for 1974 on file in Sacramento, list a \$20,000 loan from Carlos Bustamente deposited on Oct. 11, 1974 On another reporting form is lated the repayment of a \$20,000 kan from Cat. . Bustomante, but without the date that the form regularia All the other repaid loans on that schedule, such as \$20,000 from Brown's father, former California Gov. Edmund G. Brown Sr. Blow a date of repayment

The 1974 campaign records riso show \$2 (00) in contributions from Busumente. And the records give three different San Disposideresses as his residenced, although he lives in Tijuana, amerdang to Galis.

Some of Bustamente's associates say be gave large some of money more than \$20,000 - to the Brown campuirn in 1974 and a token emount in 1978.

The is no listing of a liustemptity contribution in the 1978 Brown camualen records. And Woods Wilson, a Los Angeles butineuman and friend of the Brown family said, "Carles helped 3, rry a lot financially in 1974 He gave just a little hip service in 1978."

The l'of Bureau of Investigation, in an investigation of Califor-. . 10 Thes. has received several there as from Jamo ratio politicial's and businesses a of unreject Lucion, sie contributions principals in the transactions, is total fut hart \$4 000 to the 1973 get to the unreported contribution



GOV. EDMUND G. BROWN JR. Was be "handed the money"?

One of the allerations, which reportedly include metals about

AIDE TO BROWN **DENIES CHARGES** ON BUSTAMANTE

A spokesman for Gov. Edmund G. Brown Jr. on Saturday denied that there has been any wrongdoing on the part of the go, ernor or his aides in their relationship with a former campaign contributor who has a strong financial interest in Mexican gas utility companies.

Gray Davis, Brown's chief of staff, commented on a story in yesterday's New York Times that said the covernor has proposed energy projects with the Mexican government that would benefit Carlos Bustamante The Tigues identified Bustamiante, a Mexican, as a friend of Drown's and a contributor to his 1974 cantraien.

Davis confirmed that Bustamer !! had leaned the 1974 came an savined but said that from had be in repaid entirely. Davis added that Sustamente had not contributed to Lowns 1976 campaign for president or his 1978 re- mion campaign.

Davie said it was true, as the Tunes reported, that Pustamente had participated in 'possibly two meetings" between California offireals and Mexican President Jose Loger Portillo on the subject of notural gas.

The Bestamenter are for ring prominently in the development of Mexic v newly discovered oil wealth as they shepherd foreign oil volved is David Karr. interests seeking to sell their ser-Vecta to the Mexican provergment



CARLOS BUSTAMANTE "Just a few felends"

of Pat Brown, according to Wilson and others in the deal.

Wilson says that the elder Brown has "got a piece of the deal - we want Pat to do the legal work" and that more projects are in the max. Another close associate and brown financial backer with whom the Bustamantes are in-

Kerr, an American investment banker based in Paris described a Che deve for example, involves a \$13 million commercial fishing deal Loughton a map several contracts the and Basian and are putting for our printy and worldness was a cether in Bara. They are sire

Karr contributed ". (9,0) : Bro in's campaigns sa 1970 and 1;" and belped organize a 1977 Visit Street fund raiser for Brown, atcording to Richard T. Silberti. California director of finance an former business associate" of Bustamante.

Silberman, before joining the Brown administration, was a S Diego businessman who beads ! ! bank that Bustamante says he owned stock in and borreas money from. And Silbern a cohe introduced Karr to Bustamanic in 1977.

Karr spoke of his cles relation ship with Brown:

"Jerry Brown's a good friend c mine. I campaigned with him in 11 states when he can for proside: 1976. I carried his bags for hum."

Of Brown's oil policy, Earr said "He tried to get the Mestre government to drill for ratural a about this."

Mexico's nationalized oil a ten-Pemex, has turned down the Broproposal, favoring gas explorate of in a region more promising them Eaja.

A California utility executive who asked not to be identified." name, said top Mexican cil offered have told him that they could n sell gas to the state of California an were therefore puzzled to all the trips of Brown officials to, s.

Dolph Briscoe, the governor of Texas until recently und. in Brown, a Dern west and he had ha no discussions with Mexican o ficials about energy, even though he was exposed to Carter's si approach and even theuch Tex gas companies were negativities with the Moxicans.

Brische said he felt energy v. "s stirely a matter between the to ... steller between the t

ther tot brok Special - meta the for old mutt with shares. sand horr.

But Taffy is lovable, so lovable that for the past few months the dog has been the object - the prize

, do take a wind region and defict end until a daughter caused her mother to be locked up in jail.

As the family tells it, the fight for Taffy becan late last year when, following her divorce, Flora McGanmother welcomed her doughter. who arrived with many of her household poseessions, plus her two children, John 9, and Patty, 7, and

But after a few weeks the two behind, including Tally.

medical, carlo in care of the size one pight in October, the nighting became so bad that police were called and they escorted the daughter and her children from Mrs. Hughes' Rolling Hills home. The daughter left everything else

hie - Vis. arient may wanted the der back as at Litt present for her children So to ex-husband, with wheen she rounited, called the Huckes br to ask for the animal

(Continued on Page A-11, Cal. 1)

LOS ANGELES

Stormy Weather

Showers and chaper of then derendender, eading to entire Hytela the days court to lare to at State de Ale.



8 STAH Noon Stocks TUESDAY

tit. There are other than ". for colmple, the interview. The : This is very important, but ry subjective. A lot of schools feel at there could be a personainty cently... and right away the reliev will be turned down Also, the interview is very expensive. (Cectioned on Page A-8, Cot. 1)



This Rockwell painting, "Spring", went to an antaymous buyer for \$50,000 at auction here yesterday: See A-2.

on the Carter compremises, said in brael that if the calenct did not approve them, "It would be the duty to the government to resign."

He predicted that a treaty would be signed this greath, possibly within the next week or two, it his Cabinet and the Knesset approves a draft accord.

"Still we have to deal with certain

debate in both the Cabinet and Knesset, stressing that Israel is a democratic country.

Carter said he and Begin had narrowed the remaining issues in a breakfast meeting today.

These issues were believed to be Israel's desire for Smar oil, Egypt's desire for hamon officials to supervise Palestonan self-rule in the Gyra

his Mideast mirrorit, and before to upbest statement at Tel Avic s I . o. Gurion airport the mood of Carter torty was gloomy.

But at Ben Gurion Carter voves! that negotiations would continue and said. "There are fewer diffences than when I first arrayed Acco those few differences which do (Continued on Page A-4. Cal. 2) -

NYMS FOCUS Bustamente Ties to California Firmu Probed

77. 1 o-lice

EN JEFF GERTH en Yers "imes he a Service

THE ANA Mexico - The dealinto California communios with a powerful Mexican family are under events als US covernment biliotable in one case, alenfor. ment officials

facing U.S. businessmen as the to participate in " and

the third in a series of Townstextent, if at all, should they dial with anotheral but with connected, middlemen who offer Mexican government?

feder, crand jury according to law. Madrid its addition, according to interests. The [wo California excess und to imple size bloom comments in California) two roots, has said that no need seem to 6th a and logal problem and in recent years and has her exists any honeys for unofficial

Gov. Breven's Mexican Connection: Fare III

Brown of California Brown, a The crand jury investigation national political figure and probrevelves the family of Altonio oble argered to the Democrate Lustamente Sr. The Burtamantes Party's pressential near introce has have large busine boldings in the received campaign contributions We this border tate of Bajo from one of the businesses and in blacks of more than \$10. Conforms. Note and close links to that advocated enters projects adare being investigated by a time state a governor Roberto de la santageous to busta come business

public documents, the family has Cartos Bustamante one of Alfon Street downforms politicisms - politicisms House, the series so day, To New York Times organize I git sie toole developinefacted economic growth responsed on the relationship from countries in respect of the

princial access to officials of the software the followings and dov. Pap governor, De la Madrid, According to Restaurante the trade council offers free harms, between efficials.

Nome Attaches businessie. however, that their finals are mane through the Rusianian personal ties and Exchange Commission that h and do not involve the trane et ital One American group that Bustamante controlled companies sought of shore drilling centrally between 1971 and 1876 in the course from the Mexican government was personally introduced to key Petrolahe account about \$10 william Littameete

A federal grand men in San Diego is currently investigating payments marie to the Bustamontes by Petrolane Inc., > Long Beach petroleum-products company. which is the main supplier of fictered businessmen and there'she propane and butane gas to Bustuniante utility conganies in Eaga-

In 1977, Petrolane, whose stock is seeling Mexican contracts and traded on the New York Stock Exchange tree world to the Securiit had reliated almost \$7 million to Riberts and on Parts Arte, to 11

Inside Today

* n Lanters	1
Lacwer Line	VI.
Bridge	
Clausies By	1.
Comics	P.
Crossword Puzzle.	111
L'esterial Page	
Forece	
Haracepe	11
James Bacon	
Mayies	1.6
Op-12 Page	19
Sperts Today	
Sit	39
Television	1.20
Tides	
Vital Statistics	11

משישטיו כעובטו

(Continued from Page

companies between 1971 and 1976 in the course of selling them gas. In recent years, Petrolane has sold about \$10 million a year or eas to the life tanante companies, who have made trom 1976 through 1976, were made at the Bustamante's request.

Law enforcement officials contend that the transactions were structured to give the Bustamante gas companies invoices showing they paid \$1 for a certain volume of Petrolane gas products, when in fact the price was only about 85 cents. The difference allegedly went into the Bustamantes' personal bank accounts as a kicknet.

In a buttal, Carlos Bustamante and in an interview that his family's gas companies had been checked by Mexican officials and found to be in compliance with Mexican law.

Law enforcement officials also say they have for it a pattern of transactions that leads them to conclude that the payments did not stop in 1976. Officials say Petrolane's invoices show that most of the company's gas sales to the Bi, tanante companies since 1976 have been he died through a new company. Petrogas, which is based in the office of Carlos Bustamante's personal attorney in San Diego.

In addition, they say they have found that more than 84 million in unexplained deposits have flowed since 1976 into the same Bustamante bank accounts that had received the alleged Petrolane kickbacks in the past

Carles Bustamante, in an interview cartie? this month, contended that the \$4 million had come from the sale of Petrolane (stock) and other (dock).

In a previous interview, Bustamante had disclaimed any knowledge of Petrogas. Subsequently, he identified it as a Netherlands Antiles company that his tamily had set up to act as a broker in gas sales between Petrolane and the Bustamance gas companies.

Rody J. Munzer, chairman and chief executive officer of Petrelane, said in an interview that his company's questionable payments to the foistamantewere "unusual, if not out and outillegal."

Carlos Bustamante originally labeled

the payments as "bureaucratic inistakes". It's just errors we make There's been metakes all along "Subsequently, in response to published reports of kirkbacks, Bustamante issaed a statement that neither his family nor their companies had ever received any illegal payments or kickbacks.

The Bustamante family is also helping Petrolane sell its pervices in Mexico. According to Munior of Petrolane, the Bustamanto's had set up facetimes for Petrolane executives with Mexican officials, aicluding De la Madrid of Baja, to assist Petrolane in selling services, such as directional deilling technology, to the Mexican government

Notwithstanding his expressed misgivenes about the perment. Munzer defended his company rehance on the Bustamantes.

"They are influential," he said. "We have to self our expertise. We have to get the doors open for us. They have the prestige and position to do it."

prestige and position to do it."

Petrolane will eventually lose the hustamante has companies as customers because of the Mexican government's time-fence that local utility companies buy gas in Mexica. According to Woody Wilson, an American business associate of the Bustamantes. Petrolane is now relying on the Bustamantes to help persuade Mexican officials to sell Mexican gas to Petrolane.

Petrolane will be buying propular troat Sexuo it will be heaper for them than tanging it from Indonesia." Stern There could be a connection Zer

Another California energy company attempting to do business in Mexico chose to sever its relationship with the fustamentes after some questionable

The San Diero Gay and Electric Co., a publicly traded utility, had the Bustaniantes in a contract in 1977 and 1978 to help it secure the approval of Mexican officials for the construction of a Itaja power plant that would sell power across the border to the San Diego company.

The utility cotapany's executives expressly required that any expenditures made to secure Mexican approval had to comply with the Loreign Corrupt Practices. Act, which prohibits American companies from paying foreign officials, directly or indirectly, to secure lusiness.

Last year, as part of the power-plant project, the Bustamantes and their associates proposed a complicated imancing arrangment. According to Gordon Pearce, vice president and legal counsel for the utility, the plan was rejected because it could have been a "vehicle for improper payments."

SDG&E terminated its relationship with the Bastamandes last year, and it is proceeding on a smaller-scale project involving limbage of existing power lines across the border without the assistance of Mexican middlemen.

While they were under contract to SDGLE the baseamant's received more than \$100,000 in consulting fees and expenses for catertaining Mexican officials.

According to law enforcement officials, the United States Customs Service is currently investigating whether any of the San Dieco utility funds or Petrolone payments were taken across the border by the liustanantes in each on its equivalent without being reported as the law requires.

The Bank Secrety Act requires that east in amounts larger than \$5,600 taken outside the country be reported to the freasury Department.

Carles finstantiate decimed to comment on the handling of the SDG&E funds that he received.

Bustamente said that at presen; when he received forcida groups seeking to do business in Mexico he did so under the anspices of the trade development council fustamente said he fractioned on an instruductory level intering hiservices at hos harve.

Bustamante handled De la Madrid's campaign finances in 1970 and 1977 and still maintains a joint bank account in their names.

"Carlos has set up so many different things, I can't keep them all straight," said Wilson, who is involved with a Louisiana group seekit. Mexican oil contracts through the Bustamantes.

Bustamante said he could not remember the names of any American corporations now using the trade council.

Some Americans disagree with the assumption that one needs intermediaties to get business done in Mexico. A California unfilty executive said that the use of middlemen, such as the Businessates ultimately distance harminan good adding that he company had had productive discussions directly with Mexican oil Officials.

A Justice Department official familiar with Mexican business practices agreed that it was possible to do business in Mexico without improper payments or middlemen He said, however, that contracts no hit be awarded to less howest hidd and content of that this constituted an accordance that that concervably of 31 yieldate. American authrust statute.

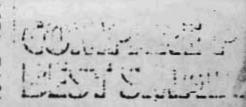


FORE

例图例

Check out the attention of an and restination chart. You thind the 3-december of the stocker of

Whicher, we excude at the





FEDERAL ELECTION COMMISSION

1325 K STREET N.W. WASHINGTON, D.C. 20463

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Contract of the Contract of th

Mr. Harper Wilson
Federal Bureau of Investigation
J. Edgar Hoover Building
9th Street and Pennsylvania Avenue, N.W.
Washington, D.C. 20535

Re: MUR 935

Dear Mr. Wilson:

The Commission has received a complaint which alleges that Mr. Carlos Bustamante made contributions to the campaign of Governor Jerry Brown during 1974 and to Stephen S. Gillis during his campaign for the state senate in 1972.

Newspaper articles attached to the complaint state that your agency is investigating the matter. We are interested in being informed of any contributions to Governor Brown subsequent to 1974. Such information will be held in strict confidence by the Commission and will not be released without the prior written consent of the FBI.

Should you need further information, please contact Michele Brown at (202) 523-4060. Your assistance is greatly appreciated.

Sincerely,

William C. Oldaker General Counsel





FEDERAL ELECTION COMMISSION

1325 K STREET IN.W. WASHINGTON, D.C. 20463

CERTIFIED MAIL RETURN RECEIPT REQUESTED

The Honorable Edmund G. Brown, Jr. Governor of California Sacramento, CA

RE: MUR 935

Dear Governor Brown:

The Federal Election Commission has received a complaint which alleges you committed certain violations 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 935.

The Commission has found reason to believe that the matters alleged in the complaint state a violation of 2 U.S.C. \$431e. Specifically, it appears that you may have accepted contributions from Mr. Carlos Bustamante in connection with your campaigns.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Please respond to the enclosed questions. Where appropriate, statements should be submitted under oath.

The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days of your receipt of this notification.

If you have any questions, please contact Michele Brown, the staff member assigned to this matter at 202/523-4060.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.



MO 1 4

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker General Counsel

Enclosure

Complaint Questions

- Did you receive any contributions from Mr. Carlos Bustamante during the period from 1974 to the present?
 - a. if so, please provide the dates and amounts for any and all contributions.
 - b. if so, who solicited the contributions?
 - c. to whom were the contributions given?
- What was the name of your committee during your campaign in 1974? in 1978?
- 3. Did you receive any contributions from any corporations or businesses in the United States or in Mexico in which Mr. Bustamate has an interest?
 - a. if so, please state the name and location of the corporation or business along with the date and amount of the contribution.



FEDERAL ELECTION COMMISSION

1325 K STREET N.W. WASHINGTON,D.C. 20463

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Carlos Bustamante 139-43 88th Avenue Jamaica, New York 11435

RE: MUR 935

Dear Mr. Bustamante:

The Federal Election Commission has received a complaint which alleges you committed certain violations 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 935.

The Commission has found reason to believe that the matters alleged in the complaint state a violation of 2 U.S.C. §43le. Specifically, it appears that you may have contributed to the campaigns of Jerry Brown.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Please submit responses to the enclosed questions. In accordance with the enclosed Order, statements should be submitted under oath.

The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days of your receipt of this notification.

If you have any questions, please contact Michele Brown, the staff member assigned to this matter at 202/523-4060.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.



If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker General Counsel

Enclosure

Complaint Order Questions

0 4 0

- Did you contribute to Governor Brown's campaigns from 1974 to the present, including his campaign for the presidency in 1976?
 - a. if so, please provide the dates and amounts for any and all contributions.
 - b. if so, who solicited your contribution?
 - c. to whom did you give your contribution?
- 2. What is your citizenship status?
- 3. What are the corporations and businesses in the United States and in Mexico, if any, in which you have an interest?
- 4. To your knowledge, did any of the corporations or businesses in which you have an interest contribute to Governor Brown?



4 4

0

4

0 6 1

FEDERAL ELECTION COMMISSION

1325 K STREET N.W. WASHINGTON, D.C. 20463

AUTHORISATION TO ISSUE AN ORDER

The Pederal Election Commission hereby authorises the issuance of an order to the following named individual in connection with MEM 935:

Carlos Bustamente 139-43 88th Avenue Jamaica, New York 11435

Joan D. Aikens	Thomas E. Harris
Chairman	Commissioner
Robert O. Tiernan	John W. McGarry
Vice Chairman	Commissioner
Vernon W. Thomson	Max I Friedersdorf
Commissioner	Commissioner





UNITED STATES OF AMERICA FEDERAL ELECTION COMMISSION In the Matter of RE: MUR 935 Carlos Bustamante Jerry Brown ORDER TO: Carlos Bustamante 139-43 88th Avenue Jamaica, New York 11435 Pursuant to the authority set forth in Section 437d(a) (1) of Title 2, United States Code, and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the attached questions. The answers must be submitted under oath, within ten (10) days of your receipt of this order, to the Federal Election Commission, 1325 K Street, N.W., Washington, D.C. 20463, Attention: Office of General Counsel.

Whereas, the Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., on this, the day of , 1979.

Joan D. Aikens Chairman

ATTEST:

1

Marjorie W. Emmons Secretary to the Commission



William Trans. Mil

FEDERAL ELECTION COMMISSION

1325 K STREET N.W. WASHINGTON, D.C. 20463

March 29, 1979

Louis William Barnett 1715 North Catalina Burbank, California 91505

Dear Mr. Barnett:

This is to acknowledge receipt of your complaint of March 22, 1979, alleging violations of the Federal Election Campaign Laws. A staff member has been assigned to analyze your allegations and a recommendation to the Federal Election Commission as to how this matter should be handled will be made shortly. You will be notified as soon as the Commission determines what action should be taken. For your information, we have attached a brief description of the Commission's preliminary procedures for the handling of complaints.

Sincerely,

Hal Ponder

Assistant General Counsel

Enclosure



T S VA MARA

ADRIE K. PROVOST
MOTHER PUBLIC - CALIFORNIA
LOS AMBELIS COUNTY
Mp. comm. aprirs AUG 27, 1982

me	1	22			1979
efects the, the un	dertigned,		in and for	said State,	personally appears
Louis	Will	idon	Bur	nett	
eraca _ whose o	ame.	in	sut		nown to me to be the he within Instrumen

1 6 6 b b hours have in any to pile 1

estal al little de Pares \$10-der. 3

FEDERAL ELECTION
March 22, COMMISSION

9733

Mr. Lester N. Scall Assistant General Counsel Federal Election Commission 1325 "K" Street N. W. Washington, D. C. 20463

78 MAR 27 MM 9:43

901765

Dear Mr. Scall:

According to a number of recent newspaper stories (see attached), Mr. Carlos Bustamante, a Mexican national, contributed funds to the campaign(s) of Governor Jerry Brown and may have contribted or have caused to be contributed funds to the campaign of Stephen S. Gillis for California State Senate in 1972. I believe that these contributions would be a violation of the Federal Election Commission Regulations, as set forth under Section 110.4 - Prohibited Contributions, Item (a) (1). This Section holds, in part, that "a foreign national shall not directly or through any other person make a contribution, or expressly or impliedly promise to make a contribution, in connection with a convention, caucus, primary, general, special, or runoff election in connection with any local, State or Federal public office".

In making this complaint and requesting an immediate investigation of this matter I wish to state that I am doing so on my own and not at the request of any candidate.

In addition to investigating the above allegations - which I will note are based on the statements of Mr. Carlos Bustamante himself - I do also request that you review any and all political contributions made by any firms controlled or influenced directly or indirectly by Mr. Carlos Bustamante to determine if additional contributions were made to other candidates due to Mr. Bustamante's efforts and in violation of the above stated Section.

Should you feel that the statute of limitations has run out, I would request that you complete your investigation and then refer the matter for prosecution under the Racketeering Influenced Corrupt Organizations Act inasmuch as (1) there is such a Federal probe being conducted now in California and (2) there would appear to be the required "pattern of activity" necessary under RICO.

Thanking you in advance for your attention to this matter and I would also request notification to me of the results.

1715 North Catalina

Burbank, California 91505

(213) 843-5761

0

PS: Allow me to point out to you that California State Law provides that "a loan received by a candidate or committee is a contribution unless the loan is received from a commercial lending institution in the ordinary course of business or it is clear from the surrounding circumstances that it is not made for political purposes." Chapter 4, Article 2, Section 84216 of the Political Faform Act of 1974 as amended. (See attached)

If the loans referenced in the attached articles were not repayed before January 7, 1975, they would be subject to the Political Reform Act of 1974.

79040144993

in a separate schedule and the foregoing information shall be stated in regard to the lender and any person who is liable directly, indirectly or contingently on the loan, together with the date and amount of the loan and, if the loan has been repaid, the date of repayment and by whom paid.

(h) The full name and street address of each person to whom an expenditure or expenditures totaling one hundred dollars (\$100) or more has been made, together with the amount of each separate expenditure to each person during the period covered by the campaign statement; a brief description of the consideration for which the expenditure was made, the full name and street address of the person providing the consideration for which any expenditure was made if different from the payee; and in the case of committees which are listed, the number assigned to each such committee by the Secretary of State or if no such number has been assigned, the full name and street address of the treasurer of the committee.

(i) In a campaign statement filed by a committee supporting or oping more than one candidate or measure, the amount of expenditures for or against each candidate or measure during the period covered by the campaign statement and the cumulative amount of expenditures for or against each such candidate or measure.

(j) The full name, residential and business addresses and telephone numbers of the filer or, in the case of a campaign statement filed by a committee, the name, street address and telephone number of the committee and the treasurer's name, street address and telephone

number.

(k) In a campaign statement filed by a candidate, the full name and street address of any committee, of which he has knowledge, which has received contributions or made expenditures on behalf of his candidacy, along with the full name, street address and telephone number of the treasurer of such committee.

Mistory: Amended by State. 1978, Ch. 650, effective January 1, 1979.

84211. Consideration of Cumulative Amount. In order to determine for purposes of subdivisions (b), (c), (d), (e), (g) and (h) of Section 84210 whether one hundred dollars (\$100) has been contributed by or expended to person, only those contributions and expenditures which are increasable within the cumulative amount shall be considered.

Matery, Amended by State. 1978, Ch. 650, effective January 1, 1979.

84212. Candidates Who Receive and Spend \$200 or Less. Whenever any provision of this chapter requires the filing of a campaign statement by a candidate or officeholder, the candidate or officeholder may in lieu thereof file a statement signed under penalty of perjury that to the best of his knowledge not more than two hundred dollars (\$200) has been received or expended on behalf of or in support of his candidacy.

Mintery. Amended by State. 1975, Ot. 915, effective September 20, 1975, operative January 7, 1975.

84213. Consolidated Statements; Candidates and Committees. (a) A candidate and any committee or committees which he controls may file

consolidated campaign statements under this chapter.

(b) Two or more committees which act jointly in support of or in opposition to any candidate or measure may file consolidated campaign statements under this chapter.

History: Amended by Stats. 1976, Ch. 1106, effective January 1, 1977.

84214. Late Contributions; Reports. (a) Each candidate or committee who makes or receives a late contribution shall report the late contribution to each office with which that candidate or committee is required to file a campaign statement for the election. The candidate or committee who makes the late contribution shall report his full name and street address, and the full name and street address of the person to whom the late contribution has been made, and the date and amount of the late contribution. The recipient of the late contribution shall report his full name and street address, and the full name, street address, occupation, and the name of the employer, if any, or the principal place of business, if self-employed, of the contributor, and the date and amount of the late contribution.

(b) A late contribution shall be reported by telegram or personal delivery within 48 hours of the time it is made in the case of the candidate or committee who makes the contribution and within 48 hours of the time it is received in the case of the recipient. A late contribution shall be reported on subsequent campaign statements without regard to reports

filed pursuant to this section.

History. Repealed and re-enacted as amended by Stats. 1977, Ch. 344, effective August 20, 1977.

84215. Combination of Pre-election and Semi-annual Statements. The commission may by regulation permit candidates and committees to file campaign statements combining preelection statements and semiannual statements.

History: Added by Stats. 1978. Ch. 1408, effective October 1, 1978.

84216. Loans. For purposes of this chapter, a loan received by a candidate or committee is a contribution unless the loan is received from a commercial lending institution in the ordinary course of business or it is clear from the surrounding circumstances that it is not made for political purposes. A loan which is not a contribution, but which is used by a candidate or committee for political purposes, shall be reported in the manner described in Section 84210.

History: Added by State 1977, Ch. 1119, effective January 1, 1978.

Article 3. Prohibitions § 84300 - 84305

§ 84300.	Cash Contributions.
§ 84301.	Contributions Made Under Legal Name.
\$ 84302.	Contributions by Intermediary or Agent.
5 84303.	Expenditure by Agent or Independent Contractor.
5 84304.	Anonymous Contributions.
\$ 84305.	Requirements for Mass Mailing.

Mexican Link Brown Wants US Probe Of Charges

By JEFF RAIMUNDO Boe Staff Writer

SAN DIEGO — Gov. Brown Wednesday demanded a federal investigation into reports linking him to a Mexican industrialist under investigation in Mexico and San Diego.

The governor's counterattack against the potentially damaging reports was aimed at clearing away any question about his relationship with Carlos Bustamante, a prominent political financier in Mexico as well as San Diego and part of a family that owns power companies in Baja California.

Recept stories in the New York Times, and distributed by its news service, asserted Bustamante acted as an intermediary between Brown, Baja California Norte Gov. Roberto de la Madrid and Mexican President Jase Legez Portillo in discussions of potential Mexican gas sales to Caliloraia.

Brown made the demand in a statement to reporters before delivering a speech to the California Council of Growers at the Hotel del Coronado.

The governor hinted that political motivetion underlay leaks of information to the New York Times.

"I not only invite, I demand that the investigative agencies of the FBI and the federal government take prompt action, not leak stories to Eastern journalists.

"If we could only get an investigation." he sighed, "what we have right now is a very interesting ploy — leak information, distort facts and have no investigation."

Brown said he had no idea who leaked the information, but when pressed to state that he did not believe President Carter was involved, Brown said, "I wouldn't say that."

Brown added that the New York Times articles seemed to be an attempt to detract from his effort "to wake up the American people to the urgent crisis facing this nation because of our neglect of Mexico. And all of these stories with their misconstrued conclusions will not deter me even a little bit.

"If certain individuals are reaping improper benefits, that's a matter for the federal government and the government of Mexico to work out. But I am not "ing to tell the president of Mexico who he should invite into mer'ings and who he should not."

T articles said that Bustamante had loaned the Brown campaign \$20,-990 during the governor's first bid for the office in 1974.

"That loan was paid back promptly," Brown insisted, "Those people could have ascertained nat. The information now coming out is a direct result of the political reform act that I authored. The law is working fine, just as I intended."

Brown said Bustamante was only one of "literally tens of thousands of people" who have contributed to his campaigns and otherwise has no connection with the governor.

In his speech to the growers, Brown attempted to repair a relationship that deteriorated during his first term in office, largely because of Brown's backing of the Agricultural Labor Relations Act which facilitated w ionization of farm laborers.

He pleased his audience by committing himself to continued development of the California Water Project, further research by the University of California into-mechanization of farm labor and active encouragement of foreign trude, particularly through a "North American Common Market."

"All the News That's Fa to Print"

The New York Times

THE WEATHER

Metropolitan area: Partiv cloudy today and tonight Partly sunny tomorrow Temperature range: today 33-39. vesterday 45-52 Details on page 33

VOL.CXXVIII ... No.44.153

Les right & 16's The has York Torre

- NEW YORK, SUNDAY, MARCH 11, 1979-

E H levery Kirolis !! Trait New York Con

85 CENTS

traught over but ness problems, fatally On stor two persons and wounded four before Lilling hims !! Page 33.

	Today	's Sections
Com	1 12 Per	
6.10	2	Arts and Leisure
Sertist	3	Business and Finance
Supan	4	The Week in Review
Section	5	Sporte
Section	6	Marazine
System	7	Book Review
Section	8"	Real Estate
Seite	9"	Employment Advertising
Section	10	Iravel

the same manufacting house there are

	Index	to Sub	jects	
4.	usements '		term	46.4
Arr	und the Nation		1	26
Art		100	2	3
Ent	78		2	44
C	1		2	43
DAL			2	20
Edit	nal Op Ed	and a	4	20-2
	ioni Home	**Pioch	6	. 51
Fin			2	1,11
Fo.				5
Car	dens	12.0	- 2	3
Lati	en in the Equ	w		1 21 2
.50 th	Summary &	1.1.	;	121.4
	tuaries	Inge L	- 1	- 3
	- craphy		2	1
P			6	3.5
6.	Mesen		1	- 1
300			1	\$1.5
	-pr. Coin		2	4.1
	374#		2	1.5
	Kedio		2	\$3.5
TV	de Lutinge		1	3

Iranian Women

A mullah, Moslem religious leader, attempting to coim procesters in Teheran

Gov. Brown Supporting Projects That Aid a Mexican Contributor

By JEFF G! RTH

his all empting to persuade Mexico to sell its energy products to California companies, has in the process been lending the weight of his office to proposed projects the 'would benefit Carlos Bustsmante a Minical Inent was has contributed to his campa its interviews with My Bustamante and some Brown aide. Slov

The Governor been coursing Mexiter officiale, : Pret dent Lets Portale wit the behind besecond and of Mr. B. comments being at the or seek Gipen is broken to a feet p time in the by with the Minter of plants deter those if which Mr. Port nat

TO PERSON AT MOST THE ATTEMPTS AND A TOTAL AND A STATE OF

Gov. Edward G. Brown Jr. of Cubier- of the gas union companies have a strong financial interest

> The Bustamantes have wealth and political influence or bert and of the backer, and they are emerging as vital mid Pemen and partners with American and violately and companies doing bulle-

Continuer on Page 15 Column 1

Study Says Trade Pact Could Hurt Northeast

Continued on Page 44, Column I

BY CLYDE IL FARNSWORTH

to Latherter to The

WASHINGTON, March 10 - Ar authorstative research arm of Congress has opening of that a liberalized world trade agreement being repotiated in Geneva would bring "significant reward." 10 t. United States but would result in that loos in the tunest manufacturing areas of the

The analysis was made by the Congresssince Easter Office, which is oberged with many impartial examinations of economic issues that come before the legislatura. For the first time. . systemptic fashion, it weighed the trantages and disadvantages for the famon of such a liberal trade pact.

Over 1 the study foresaw. "significart rewards," including recared in: Same of relationships with an exicant monary prossures, more efficient producthe past - der export markets. But in president of tenetics. Il South to Western and Middle Western rarens would gam at the expense of the Nontread a rate And some and worket. Priestally wiener, and men bers of min other would be but the mist.

he tiport published today sets the

carried explosive implications for South African domestic politics and for the country's relations with the major West-

The 44-year-old Mr. Rhoodie, in self exile in Europe, did not say that the bribery plan was carried out and did not name any people as having been targets of the campaign But his remarks seemed like's to give rise to investigations by the

approve "a propaganda war in which no rules or regulations would count " The naper said Mr. Rhoudie explained that he meant that "we must be able to both "

"If it was necessary for me to purchase a sable cost or a mink coat for an educawife. I should be able to do to If it.w. necessary to send a man on halling to the

Continued on Page 11, Column 1

Plan for a Taiwan-China Meeting Reported by Olympic Committee

By SAMUEL AND Special trades to a firmer

The Interactional Olympic Committee wan on whether the proposed talks wo announced here today that both China be held. They would be the first put and Talwan had agreed to meet to discuss contacts between representatives of what the committee president enutraters, Peking and Taipe: governments and as "the Chinese problem, the Chiin to tourzie" of membership in the Olympining said that an Olympia learner

tatel today, when a delegation from count that with the Olympic commitlet's executive hoard. China had not arrived to such lath. It had asked instead the ouster of Talwan. China guit the

ympic recyement in 1905 and has been STEKER to rejoin it since 1975.

LAUS ... E. Switzerland, March 10 - There was no confirmation from T

The committee president, Lord Kill headed by C Large S Cross Charles land that virtued Peking and Tarken year had been told by the Taiwen committee "that it was prepared to take ou! in round-table talks

The China of Colegation today their the Tarwanese to come to Peking " Co

Continued or Page 16, Column 1

Gov. Brown Supporting Energy Projects That Would Aid Mexican Contributor

Continued From Page 1

ederal grand jur- investigation in San

And the Federal Bureau of Investigaon is conducting a separate preliminary stigation into allegations that Mr. TOWE'S 1974 campaign for Governor a led to report large Bastamante contributiers, according to law enforcement of-

state of California has no authority y natural gas from a fore:gn counin, and any private transaction would have to have the approval of several ederal agencies Governor Brown dehar bed his meetings with the Mexican of-We all as an effort to call attention to the are of the Carter Administration to The pittate an energy program with Mexi-

President Carted, who met w. President Lanes Forting in Mexico last month, has said there is no urgency on the Mexi-Par oil question. Mr. Erown has said that I the lack of a Carter agreement with Mextre would be a key issue should be chalen re :: Pre: in 1950.

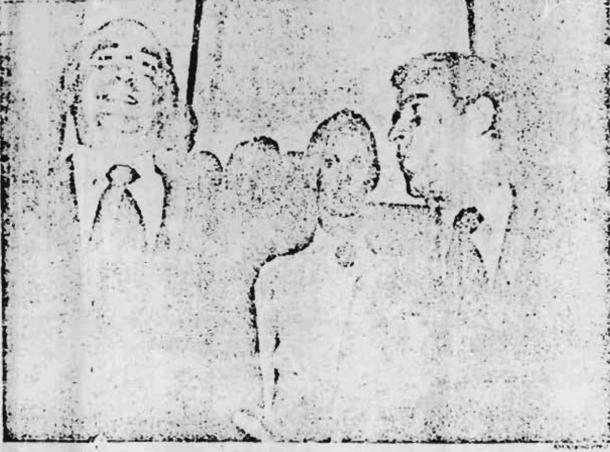
Deals Witt. Hown Associates

Governor bold my discuss his tidathip with the Eastamantes, but Gray Davis, his chief of staff, said there not "the si miest connection" bethe Governor s actions and the inersefthe bastamantes.

The Furthmanted are involved in Mexicar oil and gas deals with close associtimer Gov Edm. : G Brewn St., acterding to principals in the transactions. erf - real her to his father's business the ... His fatter and his father's asto the have not ributed smable sums to at compargns, however

Betere Govern. Prown's first meeting Mr. Lopez Pertillo, in April 1977, of Alministration flatements on oil gas mean did not mention Manico. At meeting in Tiparta Mr. Brown pair V requested the sale of Mexicus gas to mia for the first time.

Breve and its Lopes Possillo met T. P. Achice City of C Tirus-THE WES OF Mr. Br. of a call not



Gov. Edmund G. Brown Jr. leaving hetel in Tijuana with President José López Portillo of Mexico last October after one of several meetings the California leader has had with Mexican officials.

The Basa refine to will lower the Busta. I this way mantes' gas costs, but the exact amount | is subject to nescenations currently taking place bet ever Mr. Bustam are and Mexcar officials. Mr Battomante there there neg : 211000 have not, to his he windge. been directly affected by Mr. ! ... vefforts to bring cheat or California at the

Personal Retritionship It scribed

Mr Maullin & united Mr Brown all correct state of

"Carlos said. " in interes ed. i'll help purge car's recall any ic-

Mexico because transportation costs for friend of the Bustamantes, first rememboth would be ref. ed. according to Mr. bered a fund-raising discussion he had tribution, between 110 WC 1. No. in Manifin, who is leading the negotiations. With Mr. Bustamante in San Diego in 1974; the form of a checktorist Lo. Appeles C. fice. That money was early is the cam-

In a subsequent interview, after checkthe campaign records, Mr. Maultin said he had been mistaken about the Bustamante money, that it was a loan rather than a contribution

The Brown campaign records for 1974, on file in Sacramento, list a \$25,000 loss from Carlos Bustamente deposited 6 Oct. 11, 1974 On another reporting form if listed the repayment of a \$20,000 lo from Carlos Bustamante, but without the dare that the form requires. All the other repaid loans on that schedule, such as \$20,000 from Governor Brown's father, show a gate of repayment.

The 1974 campaign records also show 17.000 in contributions from Mr. Bust. mente. And the records give three different San Diego addresses as his restdences, although he lives in Tijuana, according to Mr. Gillis.

Some of Mr. Bustamante's associated say he gave large sums of money - more than 120,007 - to the Brown campaign in 19 1 35 2 a token amount in 1978.

There is no butting of a Bustamante conir bution in the 1978 Brown campaign records And Mr. Walson said, "Carlos below Jerry a lot financially in 1974. He gave stallittle lip service in 1978."

Allegations of \$10,000 Gift

The F.B.1. in an in stigation of Caliternie politic 1881 voor several after gations from Democratic politicians and businessmen of unreported Bustamante contributions totaling at least \$40,000 to the 1974 Brown campaign, according to By enforcement officials.

One of the . legations, which report edly includ ... ils about principals in the transactions is said to tie unreported contributions to , as and oil deals benefittime the Bustamantes.

The Buttamantes are figuring promidevelopment of Mexico's! realy c rered oil wealth as they shepherd foreign oil interests seeking to sell them. their services to the Mexican govern



Carles Bustamagte

Louisiana group seeking contracts for oil drilling and welding. It was brought to another close associate of Par L. cording to Mr. Wilson and others to the

Mr. Wilson says that the elder Mr. Brown has "got a piece of the deal - we want Pat to do the legal work" and that more projects are in the making

A California utility exec. e. who asked not to be identified by name, said op Mexican oil officials have told him that they could not sell gas to the state of California and were therefore purried by all the trips of Brown officials to see

Tomorrow: The Bustomantes' relo-One deal, for example, involves a tionships with Ar nean businesses.



I'd for the anne

Mr. Brown and Mr. Lopez Portillo met twice last year, in Mexico City and Tijua-na, and members of Mr. Brown's cabinet, see him Pichard Maulin, chairman of the California Energy Commission, have other meetings with Mexican office Most of the gatherings concerned energy

ESMICS.

Some of the official meetings ab some of the official meetings about energy were arranged by Carlor Bucks mante and Roberto de la Madrid, Governor of Baja California Norte, Mr. Bustamante sava. Mr. Bustamante attended some of the meetings, the only nonenvernment person present, according to participants.

... is Exploration Discussed

At the meetings, Governor Brown and his aides sought to encourage a flow of Mexico's energy products to California companies through, for example, the exploration and development of gas resources in Baja California.

At the same time, Mr. Bustamante was telling California companies how, for a fee, he could help thom get Mexican gas and power, according to gas company executives and Mr. Bustamante.

Governor Brown said after a January

19/8 meeting that he had asked President Lopez Fortillo to support a power plant project in Baja California that could pro-vide power for the San Diego Gas and

vide power for the San Diego Gas and Electric Company.

Mr. Bustamante, the only nonofficial at that meeting, was then under contract to San Diego Gas and electric to secure the approval of the Meanau government for the power plant project, according to documents on file with the California Public Utilities Commission. The Bustamantes received more than \$100,000 from the utility to make contact with and entertain Mexican officials.

In addition, the Bustamantes were principals in a proposed financing arrangement for the project.

The utility rejected the financing proposal in 1978 because it could be a "vehicle for improper payments," according to Gordon Pearce, legal counsel and vice president for the San Diego utility.

Mr. Bustamante stood to make considerably more than \$100,000 under the original proposals, according to Mr. Pearce. "We always suspected the Bustamantes would oltimately build the plant and that it would be on their land," he said. "They were betting on the come."

de Called 'Not Ue

Richard T. Silverman, California's Director of Finance, a former business associate of Mr. Bustamante, was asked if the Governor knew of the Bustamante interest, which was not public knowledge until several months after the January

terest, which was not public knowledge until several months after the January meeting.

Mr. Silberman replied, "It was general knowledge that Carlos Bustamante and others were going to be the principals who arranged the linancing and building of the power plant. I don't know what the Governor knew at that time."

Mr. Maullin, who attended many of the Mexican meetings, said Mr. Bustamante's role in the discussions was "hot usual" and that the businessman was present at the invitation of the Mexican government because of his role in that nation's to onomic development.

Mr. Maullin minimized Mr. Bustamante's part in arranging the meetings; he said they were handled by Gov. De la Madrid hough he scknowledged having to call Mr. Bustamante to reach the Baja project since complications arose in Mexico City and Washington — 12 United States agencies were involved in approving the project. It is now working, without the Bustamantes, on a more modest proposal to interconnect its transmission lines with those of Mexico's national electrical utility.

The Brown Administration is currently

trical utility.

The Brown Administration is currently promoting another project, one that would enable the Bustamantes, among others, to get cheaper was for their industries.

Under this plan, California oil producers would sell crude oil to a refinery planned for Baja that would supply, among other products, butane and propose for the Bustamantes' utility companies. As part of the complicated oil deal, Guif Coast refiners in the United States would get oil from southern Mexico in exchange. change

deal, which must be approved by the United States and Mexican authori-ties, would be economically advanta-geous to California oil producers and

forts to bung cheaper com 0

Mr. Maultin described Mr. Brown's oil policy as diplomatically correct and eco-nomically advantageous for California. And be said he believed the Brown-He mante relationship was official, not per-

But other associates of Mr. Brown say

it is a personal relationship.

Woody Wilson, a Los Angeles businessman who has been involved politically and personally with the Brown family since 1950 and who is a close associate of the Bustamante family, said Governor Brown has been a frequent guest of the Bustamantes.

"Jerry goes down to Tijuana, he stays at Carlos's house. I was there," Mr. Wilson said. "You know how frugal he is, he doesn't like to pay for a hotel."

Mr. Bustamante, in several interviews,

minimized his involvement with Gover-nor Brown's official policies and said be gave campaign money to the Governs simply because they were "croom friends."

The wealth of the Bustdmante family

Allonso Sr., 84 y. us old, and his two
sons, Allonso Jr., 3. and Carlos, 34 — exceeds \$200 million according to a business
associate, and includes real estate, construction, hotels and lo utility companies
that distribute propane and butane gas,
the sole source of cooking and locating the sole source of cooking and heating fuel for most of the residents of Haja Cali-

Influence of 'a Few Friends'

Their political influence in Mexico is equally vast, according to friends of the family and political observers, but Carlos Bustamante said his family's world is well below \$200 million and their "influence is just a few friends," Gov. De la Madrid and President Lopez Portillo amons them. among them

Mr. Bustamante was financial director for Mr. de la Madrid's successful cam-paigns for Senator and Governor in 1976 and 1977, and Mr. de la Madrid was ad-ministrative director of Mr. Lopez Portil-

and 1977, and Mr. de la Madrid was administrative director of Mr. Lopez Portilio's 1976 campaign.

The Bustamantes, were not a visible force in American politics, until 1877.

Green, Mr. Bustamantes ways, he contributed money to the linauccessful state breateral campaign of a San Diego lawyer, stepsien S. Ciliffs.

Ar. Ciliffs, a longtime friend and parsocial attorney for fift, howard after your stepsien S. Ciliffs.

Ar. Ciliffs, a longtime friend and parsocial attorney for fift, howard after or loans.

Ar. Ciliffs, who is chairman of the Democratic Party's San Diego County central committee, recalled that he and Mr. Bustamante were active in Mr. Brown's 1974 campaign for Governor.

Mr. Gillis and that he helped Mr. Brown Mr. Gillis and that he helped Mr. Brown Mr. Gillis and that he helped Mr. Brown Mr. Bustamante were active in Mr. Brown Mr. Bustamante went to before, that the helped Mr. Brown Mr. Bustamante went to before and that may may provide a Superior Court judge in San Diego, ran the Brown campaign in San Diego with Mr. Gillis.

"Gillis and they songetimes handed the "Gillis and they songetimes handed the

Diego with Mr. Gillis.

"Gillis, and Bustamante always made a point to get close to Brown," he recalled.

"Gillis said they sorgetimes handed the money personanty to Brown."

Mr. Butler said he and other campaign officials were opposed to taking money from foreign interests, like the Bustamantes, even though it was legal if properly reported.

Contradictory Reco

Contradictory Recollections

Mr. Busiannante said he attended
Brown fund-rais he attended brown fund-rais he attended brown fund-rais he attended brown fund-rais he attended brown fund-rais he attended by the contributions. Steve said, "I et's pu to the diament, Jerry's going to be there." "Asked about his private meetings with Mr. Brown after the diamers, Mr. Busiannante said: "Well, we had known him before."

Later in the same interview, Mr. Busiannante gave a different explanation of his involvement in the Brown campaign. He said, "I just bought diamer lickets, no forth of the said." I fust bought diamer lickets, no contribution in the United States."

his a sub-action interview. Mr. Busto-mante hard that he lent the 1974 campa po-source and tage ht say in dinner to kets because Mr. Bus an way a friend but that he was not it. Aved in the 1978 re electa

campaign.

Mr Maulion, who was in charge (fimances for the 1914 campaign and is a



Misty Harbor welcomes sprin —come rain or shine

Unbeatable weather protection and

classic taste combined!

Beautifully tailored. with ragian shoulders. flap y he detail. side zippu pockets

with unique attached change purse.

Completely wash 'n wear treated with Dupcat Zepel* rain 'n stan repellent polyester/cotton. In navy, red or wheat.

** ***

***88** SIZES 161/2 to 281/4



3 WAIS TO CHIE

NEW YORK-20 WES

OPEN 7 DAYS

COMMONYS 12 to 51 h BROOM 17 Manuscom Planner S. 5 JAMAN A 07 43 hour turb mode of the state of

The state of the s

Not Too Bright

Variable cloudiness today with a 20 percent chance of abowers tenight. High today near 70 Overnight low in the mid-50s Details: A6.

B STAR Noon Stocks MONDAY

E Menday, March 12, 1979 20 Conn

Vel CVIII No. 347

Phone 213-748-7212 Clossified 213-748-4111 Home Delivery, 213-748-1222

1511 South Brandway, Los Angeles CA 90015

and Manaa Ma

are wealth). I grew up with them. Look they pay me this money. I'm not going to say to these studios. which are multi-national corporations, "Don't pay me so much money.' They Il just go and waste it or something So give it to me. I will take as much money as they are going to give me. How I spend it is an ther thing - that's been well publiched, too I put my money where my mouth is, as my father

5211 O Have you done any pictures in the last few years just to make money to fund your political

activities.

0

A: Even if we were completely broke and desperate. I would never make a movie. I don't think, fust for money I mean, "California Suite," Id fit It took two weeks to do. I made & lot of money. I didn't like the we tan I played, but I thought I countring some o uplexity and ber, which I think we d in doing.

Electric Horseman," the movie I'm doing now with (Esbert) Redford is a remantic comedy, I like mostes that are pure entertainment fr In time to time -- as long as they are not insulting to us as an audience degrading or pludgeoning us - th cynicism. That I can not

ed on Page A-10. Col. 1)

Bustamante Interests Scrutinized

By JEFF GERTH N. Y. Times News Service

NEW YORK - The wealth of the Bustaminte famil: - Alfonso S. 64 years old, and his two sons Alfonso Jr., 35, and Carlos, 34 exceeds \$200 million according to a business associate, and includes real ate, construction, hotels and 10 withits companies that distribute propane and butane can the sole source of cooking a heatme fuel for most of the residents of Baja Colifornia

Their political influence in Mexico is equally vast according to friends of the family and political observers, but Carlos Dustamante said his family's woulth is well below \$200 million their "influence is just a " friends." Roberto de la Madric governor of Bain California Norte, and President Jose Lopez Portillo among

Eustamante was finan _1 director for De la Madri' accessfui campaign, for send! and governot in 1966 and 1966, and De is Madrid was administrative director

less dust a aftergat Theomer.

met the enemy, and Schrene by written before to

This is the second article in a series on Gov. Brown's Mexican connection

of Lopez Portillo's 1976 compaign

The Bustamantes were not a visible force in American politics in San Diego with Gife. until 1972. - ... n. Bustamante says. he contributed money to the unsuccessful state senatorist campaign of a San Diego attorney, Stephen S. Gillis

Gillis, a longtime friend and personal attorney for Bullamante. says he reported the contribution. although Gillis campaign records show no Bustamante gifts or least

Gillis, who is chairman of the Democratic Party's Son Diego County central examittee, recalled that he and Be mant were active in Edmond C Brov f's successful 1974 compaien for covernor Gillio said that he helped Brown get better acquainted with Bustamante at fund-ramers in San Ineco, that he and Bustamante went to Brown funderasing dinners elsewhere and that they met proceeds with Brown

appointed a Superior Court judge in San Diego, far, the Brown campaign

"Gillis and Bustamente always made a point to get close to Brown." by Sid " ... Gilla said they sometimes handed the from a personally to Brown."

Butler said he and other campaign officials were opposed to taking money from foreign interests even though it was legal if property reported.

Bustamante said be attended Brean Jund-raisers in San Diego. 105 Angele and San Francisco in 1974 Asked for details on his contributions, be said. Steve Gillio handled all the contributions. Steve SIE Let's go to the dinners Jerry ; Reing to be there " Asked about his Proble meetings with Errar after the dinners. Bustamante said: "Well we he 'known him before'

Later in the same inserview. he amonte said of his involvement Edward T. I. or, who was later in the Brown campain. If just

bought dinner tickets, no gifts or loans - I don't make political contributions in the United States"

In a subsequent interview, Bustalmante said that he lent the 1974

campaign \$20,000 and bought \$800 if. Ther tickets because Brown was a friend but that he was not myolved in the lole re-election campaign

Richar: Maullin, chairman of the California Energy Commission who was in charge of finances for the 1974 campaign and a friend of the Bustamantes, first temembered a fund-raising discussion he had with Bustamente in San In-to in 1 74 this way:

"carlos said. 'I'm interested. I'll help some more 'Out of that came's large contribution, between \$10 per and \$20,000, in the form of a check to our Los Angeles office. That money was early in the campaign 1 can't recall any loans."

In a subsequent interview after checking campaign records. Maulhis said he had been mistaken about

(Captinged on Page A-7, Col. 2)

Fellowing the shorting, police explained, two suspects fied in the unidentified woman's car with her purse, authorities added.

One 15 year-old suspect, who was not identified, was captured a short time later, police reported.

Mrs. Williams said she had been in the market for only a few minutes, and that when the rami out, she noticed her sen 1 . . not in

"I saw a large crowd gathered in a circle and I went over there ha instinct because ! . : mally don't . over to crowds, Mrs. Williams explained.

"When I got over there, I to: ked down and saw him with the too bullet holes," she added.

Mrs. Williams said she tried to give her son artificial respiration and then ran into the market. streaming for help.

Williams' brothe: Terry, a coneral merchandue manager at the murket, came out and began working frantically on his brother.

"I started tumping his stomach while somethe called the parand Jos." Williams explained

Paramedics arrived quality and transported Wilhams to the hospital where he died a short time later

Williams tital beroic act was typical of him, according to his mother.

(Continued on Page A-7, Ccf. 3)

NEWS FOCUS

Paranola: Experts Divided on Its Origins

V insificel controlled by outside forces

her is to so today. With

Inside Today

Franks of starts flowing to the United States again, supplies of gasolise this summer and beating oil next winter will be tight - and consumers an expect no relief from the upward spiral in fuel prices

That appears to be the consensus of government, congressional and cil-industry energy experts as the Senate embarks on what is being billed as "the first real examination" of the nation's latest energy crunch

How much of the current shortage of gasoline and heating oil is due to the francan cutoff?

Very little, claim oil industry officials, who say that lack of U.S. refinery capacity - and not the loss of Iratian oil - is the main reason why An... icans will find it more and more difficult to obtain gasolinel especially unleaded, and heating oil in the months ahead.

"A bt of us are wondering how we're going to heat the Northeast pext winter," sald Bob Baldwin, president of the Gulf Oil Refining

In

C

C

And Energy Secretary Junes R. Schlesinger has said that while the nation can probably ride out the Iraniah crisis, the turmoil there is just one more warning signal that "the day of reckoning" for U.S. energy policy is drawing near.

Schleinger was to be the leadoff wither today at hearthes scheduled by the Senate Energy Committee.

Even if Iran resumes production of 3 to 4 million barrels a day, we will still have shortages," said the panel chairman, Sen. Henry M. D-Wash, in a prepared oreni e statement

Jackson called the bearings "the first real examination, from A to Z. of the entire situation."

Jackson in a television interview program yesterday, predict d the short supplies and skyrocketing oil prices will produce a deep American decesion, with the inflation te and bank therest rates shootub. In a parate televised mien ew, Sen George S. McGovern called on President Carter to fire Schiedinger, whose policies, McGorlern said, have been "a

"with it a year or so."

But the price of unleaded gasoline fily be the least of U.S. motorisis' worries. Letting it may be a far greater concern, predicted Gulf official Baldwin in a meeting with energy reporters prior to today's Senate bearing.

He also said there is a very

gas to I would exer to the guiton with the fact that to imme connectly in the United States has been reached," Baldwin said.

He said U.S. refineries can't. produce enough unleaded gasoline to meet increasing demands and that motorists should begin expertenoing difficulties in obtaining it.

short of next whilet

The industry is not keen on building new refineries because of existing price controls on domestic petroleum and because such projects are so easily snarled by litigation from environmental and other groups, Baidwin added.

Meanwhile, the congressional Of-

in a report that the prospect of future oil shortages poses a scrious threat to Americans' reliance on cars as their primary means of ter asportation.

The report, released Saturday, said cars alone account for about 30 percent of current U.S. oil demand.

If there was a serious or

tioning of significant price in 2 creases would reduce automobile fuel consumption, the report said.

The study also said serious problems with automobile transportation will increase throughout this century, despite expected improvements in fuel efficiency, pollution control and safety.

BROWN

(Continued from Page A-I)

the Bustamante money, that it was a loan rather than a contribution.

The Brown campaign records for 1974 on file in Sacramento, list a \$20,000 loan from Carlos Bustamante deposited on Oct. 11, 1974. On another reporting form is listed the repayment of a \$20,000 loan from Car. .. Bustamante, but without the date that the form requires. All the other repaid loans on that schedule, such as \$20,000 from Brown's father, former California Gov. Edmund G. Brown Sr. show a date of relayment

The 1974 campaign records also show \$2,000 in contributions from Bustamente. And the records give three different San Diego addresses as his residences, although he lives in Tipuana, according to Gillis.

Some of Bustamante's associates say be cave large sums of money more than \$20,000 - to the Brown campaign in 1974 and a token amount in 1978.

The is no listing of a flestamanic contribution in the 1978 Brown campaign records. And Woody Wilson, a Los Angeles businessman and friend of the Brown family said, "Carlos helped Jurry a lot financially in 1974. He gave just a little lip service in 1978"

The Fre Bureau of Investigation, in an investigation of Califor-To hiles has received several rifego; as from Domo ratio polimeters and businessman of un-Bustamante contributions The South Debote Democrat said Dialit | at least \$40,000 to the 1975 Settle over stellage had more and Brook ampropy according to law



GOV. EDMUND G. EROWN JR. Was he "handed the money"?

One of the alleration, which reportedly include statute about principals in the transactions, is said to be unreported contribit ins to gas and oil doch benefiting the forment to the Bu terms.

AIDE TO BROWN **DENIES CHARGES** ON BUSTAMANTE

A spokesman for Gov. Edmund G. Brown Jr. on Saturday denied that there has been any wrongdoing on the part of the governor or his aides in their relationship with a former campaign contributor who has a strong financial interest in Mexican gas utility companies.

Gray Davis, Brown's chief of staff, commented on a story in yesterday's New York Times that said the governor has proposed energy projects with the Mexican government that would benefit Carlos Bustamante The Times identified Bustamante, a Rexican, as a friend of Brown's and a contributor to his 1974 campaign.

Davis confirmed that Bustame had Toaned the 1974 came an \$20,000 but said that loan had be in repaid entirely. Davis added that Eastemante had not contributed to fround 1976 campaign for president or his 1978 re- ction campaign.

Davis said it was true, as the Times reported, that Pustamante had participated in 'pusibly two meetings" between California offinials and Mexican President Jose Lorez Pertillo on the subject of natural gas.

The Bestamantes are figuring prominently in the development of Mexic - newly discovered oil wealth as they shepherd foreign oil interests seeking to sell their services to the Mexican government.

One dev. for example, involves a Louising a hip several contracts for a letting and welding



CARLOS BUSTAMANTE "Just a few friends"

of Pat Brown, according to Wilson and others in the deal.

Wilson says that the elder Brown has "got a piece of the deal - we want Pat to do the legal work" and that more projects are in the mak. Another close associate and Brown financial backer with whom the Bustamantes are involved is David Karr.

Karr, an American investment banker based in Paris described a \$43 million commercial fishing deal 1. and Busta: are putting tocother in Baja. They are alto by involved in some real column

Karr contributed 7, 000 to Brown's campaigns at 1970 and 1975 and helped organize a 1977 Walt Street fund-raiser for lirowa according to Richard T. Silberman. California director of finance and former business associate of Bustamante.

Silberman, before joining the Brown administration, was a San Diego businessman who headed a bank that Bustamante says het owned stock in and borrewed! money from. And Silbern in says he introduced Karr to Bustamante in 1977.

Karr spoke of his close relationship with Brown:

"Jerry Brown's a good friend of mine. I campaigned with him in 11 states when he ran for president in 1976. I carried his bags for ...m."

Of Brown's oil policy, Karr said, "He tried to get the Mexican government to drill for -stural grad in Boy. He talked w ... dainante about this."

Mexico's nationalized oil agency. Pemer, has turned down the Brown proposal, favoring gas explorations in a region more promising than !

A California utility executive ? who asked not to be identified by name, said top Mexican oil officials have told him that they could no sell gas to the state of California and were therefore puzzled to all the trips of Brown officials to see

Dolph Briscoe, the governor of Texas until recently and, like Brown, a Democrat said he had had no discussions with Mexican of ficials about energy, even though he was opposed to Carter's slow ! approach and even though Text gas compenies were negotiation with the Mexicans.

Briscoe said he felt energy was entirely a matter between the tan intries, between the two

the best med an arme s though think special - just a fre dear old mutt with shares. sand hair.

10 - E m

But Taffy is lovable, so lovable that for the past few months the Taffy becan late last year when. dog has been the object - the prize following her divorce. Flora McGan-

that as a man compa and detail end until a daughter caused her mother to be locked up

As the family tells it, the fight for

mother. Flora Her are 31 first, the mother welcomed her daughter. who arrived with many of her household possessions, plus her two entidree, John 9, and Patty, 7, and

1 . 10 . 2 10 4

But after a few weeks the two behind, including Taffy.

one pirtt in October, the fighting became so had that police were called and they excerted the daughter and her children from Mrs. Hughes' Rolling Hills home The daughter left everything else

4. 41.621 Sand

TV : May 2 mm Derivated Eve - Mrs. Mc Common of to 1 50 wanted the dog back as a Chir to present for her children So h ex-husband, with whom she w rounited, called the Huches hors to ask for the animal

(Continued on Page A-11, Col. 1)

ANGELES

Stormy Weather

Showers and charge of thun dec howers, embed to menter High tath days war in Low Boar SU Delado Ada

8 STAR Noon Stocks TUESDAY

V ... (... 14 :41

A: 1 a bt There are other things. for example, the interview. The : niew is very important, but Ty subjective. A lot of schools feel at there could be a personality confir ... and right away the rellow will be turned down Also, the interview is very expensive. (Continued on Page A-8, Col. 1)



This Rockwell painting, "Spring" went to an anonymous buyer for \$50,000 at auction here yesterday: See A-2.

on the Carter compromises, said in brael that if the calenct del not approve them, "It would be the duty of the government to resign."

He predicted that a treaty would be signed this month, possibly within the next week or two, if his Cabinet and the Knesset approves . draft accord.

debate in both the Cabinet and Knesset, stressing that Israel is a democratic country.

Carter said he and Begin had narrowed the remaining issues in a breakfast meeting today.

These using were believed to be Israel's desire for Sinai oil, Egypt's desire for haison officials to super-"Still we have to deal with certain vise Palestinian self-rule in the Gaza

his Mideast mission, and tefore his upbeat statement at Tel Aviv > Ren Gurion airport the moud of Carter's farty was gloomy.

But at Ben Gurion Carter vower! that necotiations would continue. and said. There are fewer differ. ences than when I first arrived And those few differences which do

(Continued on Page A-4, Col. 2) -

NEWS FOCUS Bustamante Ties to California Firms Probed

Tr. s articis

0

By JEFF GERTH en York Times have Service

TIJUANA Mexico - The dealings of two California companies with a powerful Mexican family are under investion in by US government luthorities. In one case, alleged lickbacks of more than \$10 males are being investigated by a federal grand tury, according to law enford ment officials

The two California cases underscore in ethic, and legal problem facing U.S. businessmen as the participate in Mexico's petro com fueled economic growth

the third in a series of Townstextent, if at all, should they deal with unofficial but willeranected, micritemen who offer remical access to officials of the Mexican government?

> tryches the family of Attonso Eastamante Sr. The Burtamantes have large basing holdings in the My head border state of Bajo C. Morras Norte and close links to the state s povernor. Roberto de la Madrid dn addition, according to public documents, the family has made souble investments in Califorin retent years and has be-Treated California Militierens

Forts T New York Timer reported on the relationship ment council at the report of the

Gov. Brown's Mexican Connection: Fart III

between the Easternantes and Gov. Brown of California Brown, a The grand jury investigation national political figure and probable aspirant to the Dinocratic Party's presidential not matton has received campaign contributions from one of the bullomantes and has advocated energy projects advantageous to hust, "ante business interests.

> Carlos Bustamente, one of Alfonso' two sons, has said that no need exats any longer for unofficial co-betweens He taid is had beiged organize a fin lie traile develop-

Itab governor, De la Madrid. According to Bustamente the trade council offers free harror, between foreign businessmen and Monran officials.

Some American businessair seeling Mexican contracts however, that their deals are mane through the Bustamantes personalir and do not involve the trace re and One American group that from the Mexican government was re-recessly introduced to key Bustamarte

A federal grand pers in San Diego is currently investigating payments made to the Bustamantes by Petrefane Inc., a Long Beach petroleum-products company,

In 1977. Petrolane, whose stock is traded on the New York Stock Exchange reported to the Securi ties and Exchange Commission that it had rebated almost \$7 million to bustamante controlled companies sought offshore drilling contracts between 1971 and 1976 in the course of selling them gas. In recent cars.

which is the main supplier of

propane and butane gas to Bus-

tamante utility companies in Page.

Petrolane our sold about \$16 : alion (Corts and on Page A.c. t. 1)

Inside Today

" o Landers	
Jarmer Line	
Bridge	
Classified	
Comics	B:
Crossword Puzzle	B12
Editorial Page	
Figatie	
Horoscope	
James Bacon	B6
Movks	
Op-Ed Page	
Sperts Today	C1:12
Siv.	
Television.	E 19
Tides	
Vital Statistics	A13

NEWS FOCUS

companies between 1971 and 1976 in the course of selling them gas. In recent years, Petrolane has sold about \$10 million a year in gas to the Bustamante companies w some to Laterage, me payments, which were made from 1986 through 1976, were made at the Bus-

tamantes' request.

Law enforcement officials contend that the transactions were structured to give the Bustamante gas companies invoices showing they paid \$1 certain volume of Petrolane gas products, when in fact the price was only about 85 cents. The difference personal bank accounts as a kirkback

In a touttal, Carlos Bustamante and in an interview that his family's gas companies had been checked by Mex-ican officials and found to be in compliance with Mexican law.

Law enforcement officials also say they have for at a rattern of transact tions that least them to conclude that the payments did not stop in 1976. Officials say Petrolane's invoices show that most of the company's gas sales to the Bi. tamante companies since 1976 have been hoodled through a new company. Petrogas, which is based in the office of Carlos Bustamante's personal attorney in San Diego.

In addition, they say they have found that more than \$4 million in unex-plained deposits have flowed since 1976 into the same Bustamante bank ac counts that had received the alleged Petrolane kickbacks in the past

Carles Bustamante, in an interview earlier this month, contended that the 84 million had come from the sale of "Petrolane (stock) and other size ks."

In a previous interview, Bustamante had disclaimed any knowledge of Petrogas. Subsequently, he identified it as a Netherlands Antilles company that his family had set up to act as a broker in gas sales between Petrolane and the Bustamatae gas companies

Rudy J. Munzer, chairman and chief executive officer of Petrolane, said in an interview that his company's ques tionable payments to the Bustamante were "unusual, if not out and out illegal"

Carlos Bustamante originally labeled the payments as "bureaucratic inistakes

. It's just errors we make There's been mistakes all along," Subsequently, in response to published reports of kickbacks. Bustamante issued a sta-tement that neither his family nor their companies had ever received any illegal payments or kickbacks

The Bustamante family is also helping Petrolane sell its services in Mexico. According to Munzer of Petrolane, the Bustamantes had set up meetings for Petrolane executives with Mexican officials, including De la Madrid of Baja. to assist Petrolane in selling services such as directional drilling technology. to the Messian government

Notwithstanding his expressed mis-givings about the payment. Munzer defended his company a reliance on the

Bustamantes.

They are influential," he said. "We have to sell our expertise. We have to get the doors open for us. They have the

prestige and position to do it."
Petrolane will eventually lose the Bustamante gas companies as tus tomers because of the Mexican gove ment's insertence that local utility companies buy gas in Mexico. Accord-ing to Woody Wilson, an American business associate of the Bustamantes, Petrolane is now relying on the Bus-tamantes to help persuade Mexican officials to sell Mexican gas to Petrolane

Petrolane will be buying propane from Mexico it will be cheaper for them than bringing it from Indonesia,

had conversations on this

Another California energy compan attempting to do business in Mexic chose to sever its relationship with th Bustamantes after some questionab

The San Diego Gas and Electric Co., a publicly traded utility, had the Ban-tamantes une r contract in 1977 and 1978 to help it secure the approval of Mexican officials for the construction of a Baja power plant that would sell power across the border to the San Diego company.

The utility company's executives expressly required that any expenditures made to secure Mexican approval had to comply with the Foreign Corrupt Practices Act, which prohibits American companies from paying foreign officials, directly or indirectly, to secure business

Last year, as part of the power-plant project, the Bustamantes and thefr associates proposed a complicated finaneing arrangment. According to Gor don Pearce, vice president and legal counsel for the utility, the plan was rejected because it could have been a vehicle for improper payments.

SDG&E terminated its relationship with the Bustamantes last year, and it is proceeding on a smaller-scale project linkage of existing pow myolying lines across the border without the assistance of Mexican middlemen.

While they were under contract to Shiel, the Lantamantes received more than \$100,000 in consulting fees and expenses for entertaining Mexican officials

According to law enforcement of-ficials, the United States Customs Service is currently investigating whether any of the San Diego utility's funds or Petrolone payments were taken across the border by the Bustaniantes in cash or es equivalent) without being reported as the law

The Bank Secreey Act requires that cash in amounts larger than \$5,600 taken outside the country be reported to the Treasury Department.

Carles Bustamande decimed to comment on the handling of the SIGEE tunds that he received

Bustamante said that at present when received foreign groups weking to do business in Mexico, he did so under the auspices of the trade development council Bustamante said he functioned on an "introductory level "offering his services at no charge.

Bustamante handled De la Madrid's campaign finances in 1979 and 1977 and still maintains a joint bank account in their names

Carlos has set up so many different things, I can't keep them all straight. said Wilson, who is involved with a Louisiana group seekii. Mexican oil contracts through the Bustamantes.

Bustamante said he could not remember the names of any American corporations now using the council

Some Americans disagree with the assumption that one needs intermediaries to get business done in Mexico. California utility executive said that the ose of middlemen, such as the Bustamantes, ultimately did more barm than good adding that he ompany had had productive discussions directly with Mexican oil officials.

A Justice Department official familiar with Mexican business prac-tices agreed that it was possible to do business in Mexico without improper payments or middlemen He said, how ever, that contracts mucht be awarded to less hourst bidden and contented that this constituted an union advan-tage that concervably or id violate American autitrust statuts



FOR

FOR W

Check cut the star metadag Califo nias and destination charge You II find the 3-door king Ruis Livel IS Slicker I'm Saro less than the less Corolla Lathace for equipped models. And 79 Pinto you get a no... design, inside and out a an impressive list of stark equipment. All at a surprise low price.

Slicket , one car udes the

Jouis Mm. Barnett 1715 N Catalina

BURBANK, CALIFORNIA 91505

rv .



79 MAR 27 MM 9: 3

Mr. Lester N. Scall Assistant General Counsel Federal Election Commission 1325 "K" Street N. W. Washington, D. C. 20463



FLUERAL ELECTION COMMISSION

1925 K STREET N.W. WASHINGTON,D.C. 20163

THIS IS THE BEGINNING OF MUR # 935

Date Filmed 4/23/79 Camera No. --- 2

Cameraman Y.A. Q.