



California Fair Political Practices Commission

March 4, 1987

Robert H. Burnham
City Attorney
City of Newport Beach
P.O. Box 1768
Newport Beach, CA 92658-8915

Re: Your Request for Advice
Our File No. A-87-037

Dear Mr. Burnham:

You have written requesting advice on behalf of Newport Beach City Councilmember and Mayor John C. Cox.

QUESTIONS

The Political Reform Act (the "Act")^{1/} defines income to include "forgiveness or payment of indebtedness received by the filer."

1. If debts of similarly situated creditors in bankruptcy are discharged pursuant to a court-approved plan for reorganization or a court order of discharge, does the discharged debt constitute a "forgiveness of indebtedness" within the meaning of the Act?

2. Assuming the discharged indebtedness constitutes a "forgiveness of indebtedness," has it been "received by the filer" so as to constitute "income" within the meaning of the Act?

CONCLUSION

If debts of similarly situated creditors in bankruptcy are discharged in a similar manner pursuant to a court-approved plan for reorganization or a court order of discharge, the

^{1/} Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Administrative Code Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Administrative Code.

discharged debt would not constitute a "forgiveness of indebtedness" within the meaning of the Act. However, to the extent that the debt is not fully discharged, or is reaffirmed following discharge, and made payable over a period of time, it constitutes a loan to the debtor from the creditor and may be considered "income" within the meaning of the Act.

FACTS

John Cox is a City Councilmember who has been selected to serve as Mayor of Newport Beach. Mr. Cox is sole shareholder of Cox & Burch Advertising Company (the "company"). Mr. Cox is actively involved in the operation of the company. The company encountered a downturn in revenue in the early part of 1986. On July 16, 1986, the company filed a voluntary petition in bankruptcy court pursuant to the provisions of Chapter 11 of the Bankruptcy Act. You have provided us with a copy of that petition.

The total amount of unsecured debts shown on the petition is in excess of \$1.4 million. The list of creditors holding the 20 largest unsecured claims shows debts owing which range from a high of \$118,000 to a low of nearly \$14,000. The second largest unsecured creditor is the Irvine Company, to which more than \$110,000 is owed for rent. The Irvine Company owns a number of vacant and undeveloped parcels within the City of Newport Beach. You are concerned that the bankruptcy proceedings may require Mr. Cox to disqualify himself on matters involving the Irvine Company. Other creditors could also be involved in similar situations.

At present, no trustee has been appointed to control the company. A court-appointed trustee does receive and review monthly statements of revenues and expenses. Mr. Cox has been approved by the court as operator of the business, but he is paid for his services only after all current monthly debts are paid.

A plan for reorganization will be developed if, and when, it becomes apparent that the company's revenues will permit pay-off of some or all of the outstanding indebtedness. The plan would almost certainly provide for the same percentage of payment to similarly situated creditors. Given the number of creditors, it is highly unlikely that the company will enter into negotiation with individual creditors. Rather, discussions about the proposed plan of reorganization would involve representatives of a creditor's committee.

ANALYSIS

The conflict of interest provisions of the Act provide that no public official shall make, participate in making, or use his official position to influence any governmental decision in which he has a financial interest. (Section 87100.) An official has a financial interest in a decision if it will have a reasonably foreseeable material financial effect upon the official or any member of his immediate family or on:

(c) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$250) or more in value provided to, received by or promised to the public official within 12 months prior to the time when the decision is made....

(e) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the public official within 12 months prior to the time when the decision is made....

Section 87103(c) and (e).

In addition to being foreseeable and material, the effect of the decision on the official's source of income must be distinguishable from the effect upon the public generally. (Section 87103.)

The term "income" is defined in the Act to include both loans and gifts. (Section 82030(a).) There are certain exceptions to the general, broad definitions of income and gifts. (Sections 82028(b) and 82030(b), respectively.) Loans to business entities are considered income for purposes of disclosure and are reportable when the official's pro rata share of the outstanding balance equals or exceeds \$10,000 during the applicable reporting period. (Section 87207(b).) For purposes of disqualification, loans to business entities will cause the lender to be a source of income whenever the official's pro rata share of the outstanding balance equals or exceeds \$250, unless the loan is from a commercial lender, made in the regular course of business, on terms available to the public without regard to official status. (Section 87103(c).)

Question 1

The term "income" includes "forgiveness or payment of indebtedness received by the filer." (Section 82030(a).) The exceptions which are discussed above regarding loans and gifts are not applicable to the forgiveness or payment of indebtedness, except to the extent that it constitutes a gift due to lack of adequate consideration. (See Section 82028.)

The Bankruptcy Act was enacted to allow debtors to free themselves from hopeless debt and to gain a fresh start.^{2/} The Act was enacted to prevent officials from acting in a manner which constitutes a conflict of interest. (Section 81002(c).) In interpreting the conflict of interest provisions of the Act, other provisions of law should be harmonized to the extent possible.^{3/} While the Act specifically prevails over conflicting provisions of state law enacted by the Legislature, no such provision applies to federal statutes. (Section 81013; but see, Section 81014.)

We believe that when a debt is lawfully discharged in bankruptcy pursuant to court order, that discharge does not constitute a "forgiveness of indebtedness" within the meaning of Section 82030(a) nor a gift in the form of a rebate or discount within the meaning of Section 82028(a). As long as the creditors are treated similarly, there is no volitional decision by any specific creditor to provide an economic benefit to the debtor, which is the thrust of what the Act addresses.

However, if one of the creditors negotiates separately with the debtor and agrees to a more favorable arrangement with the debtor, this may well give rise to the type of situation which the Act seeks to govern. Should such a circumstance occur in Mr. Cox's situation, please contact us again for further advice on this subject.

^{2/} The purpose of bankruptcy from the point of view of the [person] in debt, is relief. The purpose of bankruptcy from the point of view of the creditor is to salvage some recovery where it appears that the debt cannot or will not be paid in full.

Cowan, Bankruptcy Law and Practice, West's 1963, page 1.

^{3/} See, In re Oglesby (1975) 1 FPPC Ops. 71 at 78-79 (No. 75-083), copy enclosed.

If a total discharge is not granted and a reorganization plan is implemented which involves the repayment of the debts over an extended period of time, this may constitute a loan from the creditor to the debtor even if no creditor is separately negotiating more favorable terms.^{4/} Such a loan could form the basis for disqualification.^{5/} Once more is known about the issue of discharge versus reorganization, you may wish to contact us again for further guidance on this issue.

Furthermore, if any of the creditors listed in the petition had extended credit over a period of time to the company prior to the filing for bankruptcy, extension of that credit would constitute a loan.^{6/} For any such loan which had an outstanding balance of \$250 or more at the time of filing bankruptcy, the creditor would be a source of income within the meaning of Section 87103(c) for a period of 12 months from the date of the filing of bankruptcy.^{7/}

Lastly, with respect to the debt owed to the Irvine Company, debts incurred for rent under an unexpired lease may be entitled to priority under the Bankruptcy Act.^{8/} Consequently, this particular debt may not be treated in the same manner as that of otherwise "similarly situated" unsecured creditors. Again, once more is known about the specifics of

^{4/} Once bankruptcy is filed, creditors are barred from taking certain actions to collect their debts. (11 U.S.C. Section 362(a).) Consequently, it is appropriate during the pendency of the bankruptcy proceedings to treat the involuntary continuation of their extension of credit as not constituting a loan within the meaning of the Act. However, agreement by the creditor to subsequent repayment over a period of time would constitute a loan to the debtor.

^{5/} In the event that one or more of the creditors extend credit or otherwise become a source of income to Mr. Cox, he would be required to disqualify himself from decisions having a reasonably foreseeable material financial effect upon any of those creditors. (See Regulations 18702, 18702.1 and 18702.2, copies enclosed.)

^{6/} This does not include normal 30 or 60-day payment-in-full arrangements which are the custom or ordinary course of business; these arrangements do not constitute an extension of credit amounting to a loan.

^{7/} See footnote 4, supra.

^{8/} See 11 U.S.C. Section 365(b)(1).

Robert H. Burnham
March 4, 1987
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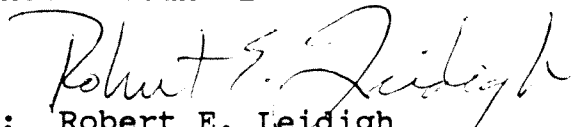
the discharge or reorganization arrangements, please do not hesitate to contact us for further advice.

Question 2

Our answer to your first question is dispositive of your second question. Our advice applies only to future conduct and implies no position as to any past conduct on the part of Mayor Cox. If you have any questions regarding this letter, I may be reached at (916) 322-5901.

Sincerely,

Diane M. Griffiths
General Counsel


By: Robert E. Leidigh
Counsel, Legal Division

DMG:REL:plh
Enclosures



CITY OF NEWPORT BEACH

OFFICE OF THE CITY ATTORNEY
P.O. BOX 1768, NEWPORT BEACH, CA 92658-8915

(714) 644-3131

F P P C
JAN 30 8 54 AM '87

January 27, 1987

Diane Griffith, Esq.
General Counsel
Fair Political Practices Commission
P.O. Box 807
Sacramento, CA 95804

Re: Request for Advice
John C. Cox, Newport Beach City Councilmember

Dear Ms. Griffith:

John Cox, the Mayor of Newport Beach, has asked me to request your advice on a matter which could affect his ability to participate in matters affecting creditors of his Company. I have discussed this matter with Kathy Donovan, F.P.P.C. staff counsel, and she indicates that the subject of this request, i.e., the extent to which a discharge in bankruptcy constitutes income under the Political Reform Act, has not previously been considered by your office.

John Cox was elected to the City Council in April, 1980, and has served continuously since that date. The Newport Beach Charter requires the City Council to select the Mayor from one of its own, and Cox was selected as Mayor in November, 1986.

Cox & Burch Advertising Company ("Company") is a California corporation in good standing. John Cox is the sole shareholder having purchased the interest of Ralph Burch in 1978. Mr. Cox is actively involved in the operation of the Company.

The Company encountered a downturn in revenue in the early part of 1986. On July 16, 1986, the Company filed a Voluntary Petition in the United States Bankruptcy Court for the Central District of California pursuant to the provisions of Chapter 11 of the Bankruptcy Act. (See copy of Petition enclosed.)

Company is a debtor in possession and no trustee has been appointed to control the Company. However, a court trustee

3300 Newport Boulevard, Newport Beach

Diane Griffith, Esq.

Page 2

January 27, 1987

receives and reviews a monthly statement of revenues and expense. Mr. Cox has been approved by the court as operator of the business, but he is paid for his services only after all current monthly debts are paid.

A plan for reorganization will be developed if, and when, it becomes apparent that Company revenues will permit pay-off of some or all of the outstanding indebtedness. The plan would almost certainly provide for the same percentage of payment to similarly-situated creditors. Given the number of creditors, it is highly unlikely the debtor will enter into negotiations with individual creditors, rather, discussions about the proposed plan of reorganization would involve representatives of a creditor's committee.

The Irvine Company ("TIC") is a creditor of Company and owns a number of vacant and undeveloped parcels within the City of Newport Beach. It is possible that matters affecting TIC or other creditors could come before the City Council in the future.

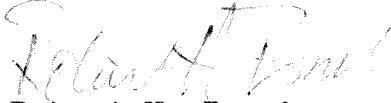
The Political Reform Act defines income to include a "forgiveness or payment of indebtedness received by filer." We are asking for advice on the following:

1. Assuming debts of similarly situated creditors are discharged, in whole or in part, pursuant to a court approved plan for reorganization or a court order of discharge, does the discharged debt constitute a forgiveness of indebtedness;

2. Assuming the discharged indebtedness constitutes a "forgiveness," has it been "received by the filer" so as to constitute income to Cox?

Please call me if you have any questions.

Very truly yours,


Robert H. Burnham
City Attorney

RHB/jc
Enclosures

Attorney for Petitioner

Clerk's Stamp

4000 MacArthur Blvd., Suite 450

Address

Newport Beach, California 92660

City State Zip
(714) 752-2522

Telephone Number

JUL 16 3 28 PM '86

UNITED STATES BANKRUPTCY COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA

In re

THE COX & BURCH ADVERTISING
COMPANY, a California
corporation, also doing business
as CBA Marketing

Debtor

Set forth all names including trade names used by
Debtor within the last six years.

Social Security No. _____

Debtor's Employer's Identification No. 95-2994546

Case No. SA 86 03877 PE

VOLUNTARY PETITION UNDER CHAPTER ELEVEN

Individual Husband and Wife Corporation Partnership

1. Petitioner's mailing address, including county, is ORANGE

610 Newport Center Drive, Suite 930, Newport Beach, California 92660

2. Petitioner (1) has had his principal place of business

(2) for the preceding 180 days in this district

3. Petitioners are qualified to file this petition and are entitled to the benefits of Title Eleven, United States Code as a voluntary debtor.

4. *If petitioner is an individual whose debts are primarily consumer debts.* Petitioner is aware that they may proceed under Chapter 7 or 13 of Title 11, United States Code, understands the relief available under such chapter, and chooses to proceed under Chapter 11 of such title.

5. *If petitioner is an individual whose debts are primarily consumer debts and such petitioner is represented by an attorney.* A declaration or an affidavit in the form of Exhibit B is attached to and made a part of this petition.

7. A copy of petitioner's proposed plan dated the _____ is attached.
 Petitioner intends to file a plan pursuant to Chapter Eleven of Title Eleven, United States Code.

Wherefore, Petitioner prays for relief in accordance with Chapter Eleven, United States Code.

Petitioner signs if not represented by an attorney

Laura A. Myers
Attorney for Petitioner

4000 MacArthur Blvd. Suite 450

Address

Newport Beach, CA 92660

City State Zip

Petitioner

(1) Insert "has resided" or "has had his domicile" or "has had his principal place of business" or "has had his principal assets within this district."
(2) Insert "for the preceding 180 days" or "for a longer portion of the preceding 180 days than in any other district."

UNSWORN DECLARATION UNDER PENALTY OF PERJURY OF INDIVIDUALS TO PETITION

I or we _____ the petitioners named in the foregoing petition declare under penalty of perjury that the foregoing is true and correct.

Executed on _____

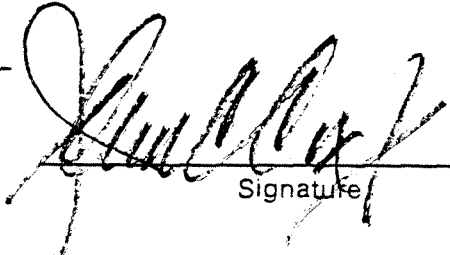
Signature

Signature

UNSWORN DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF A CORPORATION

I JOHN C. COX, Jr. the PRESIDENT ~~agent~~
~~authorized agent~~ of the corporation named as petitioner in the foregoing petition, declare under penalty of perjury that the foregoing is true and correct and the filing of this petition on behalf of the corporation has been authorized.

Executed on July 16, 1986



Signature

UNSWORN DECLARATION UNDER PENALTY OF PERJURY ON BEHALF OF A PARTNERSHIP

_____ a member or an authorized agent of the partnership named as petitioner in the foregoing petition declare under penalty of perjury that the foregoing is true and correct and that the filing of this petition on behalf of the partnership has been authorized.

Executed on _____

Signature

EXHIBIT "A"

In re

THE COX & BURCH ADVERTISING
COMPANY, a California
corporation, also doing business
as CBA Marketing

Debtor

FOR COURT USE ONLY
Date Petition Filed
Case Number
Bankruptcy Judge

1. Petitioner's employer identification number is 95-2994546
2. If any of petitioner's securities are registered under Section Twelve of the Securities and Exchange Act of 1934, S.E.C. file number is N/A
3. The following financial data is the latest available information and refers to petitioner's condition on July 14, 1986

(a) Total assets\$ 242,015.98
 (b) Total liabilities\$ 1,438,111.30

	Approximate number of holders
Secured debt, excluding that listed below\$ 0	
Debt securities held by more than 100 holders\$ 0	
Secured\$ 0	
Unsecured\$ 1,421,124.40	
Other liabilities, excluding contingent or unliquidated claims\$ 16,986.93	
Number of shares of common stock\$	

Comments, if any

4. Brief description of petitioner's business Advertising Public Relations Agency
5. The name of any person who directly or indirectly owns, controls, or holds, with power to vote, 20% or more of the voting securities of petitioner is John C. Cox, Jr.
6. The names of all corporations 20% or more of the outstanding voting securities of which are directly or indirectly owned, controlled, or held, with power to vote, by petitioner are None

A-3 — CREDITORS HAVING UNSECURED CLAIMS WITHOUT PRIORITY

(1) Name of creditor and complete mailing address including zip code. Include last known holder of any negotiable instrument.	(2) Specify when claim was incurred and the consideration therefore; when claim is contingent, unliquidated, disputed, subject to setoff, evidenced by a judgment, negotiable instrument or other writing or incurred as partner or joint contractor, so indicate; specify name of any partner or joint contractor on any debt.	(3) Indicate if claim is contingent, unliquidated or disputed.	(4) Amount of claim
Information Center 38 Chauncy Street Boston, MA 02111	Invoice dated 08/01/85 for magazine space		\$ 7,348.25
Insurance Conference Planner 500 Summer Street Stamford, CT 06901	Invoice dated 10/31/85 for trade debt		\$ 1,827.50
The Irvine Company P.O. Box 8600 Newport Beach, CA 92658	Rent due pursuant to lease from 02/01/86 through 7/86		\$110,653.00
J.G. Kennedy & Co. Ltd. 22 Metheun Park London, N1, 02JS	Invoice dated 04/04/86 for magazine space		\$ 941.80
The Journal of Bone & Joint 10 Shattuck Street Boston, MA 02115	Invoice dated 03/19/85 for magazine space		\$ 277.00
K-Surf 1425 Fifth Street Santa Monica, CA 90401	Invoice dated 10/31/85 for radio time plus amounts due but not yet invoiced		\$ 3,488.49
Santa Monica Broadcasting, Inc. c/o A. Lee Bleckman, a Professional Law Corporation 1299 Ocean Avenue Penthouse Santa Monica, CA 90401	Complaint filed March 25, 1986 in the Los Angeles County Municipal Court of the Santa Monica Judicial as Case No. C74654 for services rendered.		\$ 3,222.82 + interest
KABC ABC Broadcasting 1000 W. Temple Street Los Angeles, CA 90074	Invoice dated 12/29/85 for radio time		\$ 6,961.50

TOTAL.....\$ 134,720.36

COXBK1/CBBK1/117-23

-11-

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Following is the list of the Debtor's creditors holding the 20 largest unsecured claims which is prepared in accordance with Rule 1007(d) for filing in this chapter 11 (or chapter 9) case. The list does not include (1) those persons who come within the definition of insider set forth in 11 U.S.C. § 101(25), (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims, or (3) governmental units.

(1) Name of creditor and complete mailing address including zip code	(2) Name, telephone number and complete mailing address including zip code of employee, agent or department of creditor familiar with claim who may be contacted	(3) Nature of claim (trade debt, bank loan, type of judgment, etc.)	(4) Indicate if claim is contingent, unliquidated, disputed or subject to setoff	(5) Amount of claim (if secured also state value of security)
1. CMP CS Computer System News CMP Worldwide Adjustment Bureau Inc. 38 W. 32nd St. #1300 New York, NY 10001	Stanley Davis, Esq., Agent World Wide Adjustment Bureau Inc. 38 W. 32nd St. #1300 New York, NY 10001 800/233-1670	Trade Debt		\$118,013.00
2. The Irvine Company P.O. Box 8600 Newport Beach, CA 92660	David Thompson, Asset Manager P.O. Box I Newport Beach, CA 92658-8904 714/720-5500	Debt for rent		\$110,653.00
3. McGraw Hill Publications P.O. Box 688 Hightstown, NY 08520	Roy Clevenger Credit Dept. 38 W. 32nd St. #1300 New York, NY 10001 800/223-1670	Trade Debt		\$79,259.65
4. Technical Publishing Co. 1301 S. Grove Avenue Barrington, IL 60010	Melvin F. Cohen Law Offices of 22992 Mill Creek Road Laguna Hills, CA 92653 714/770-7688	Trade Debt		\$74,844.75

Date:

July 16, 1986

The Cox & Couch Advertising Agency
by *[Signature]*
Debtor.

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Following is the list of the Debtor's creditors holding the 20 largest unsecured claims which is prepared in accordance with Rule 1007(d) for filing in this chapter 11 (or chapter 9) case. The list does not include (1) those persons who come within the definition of insider set forth in 11 U.S.C. § 101(25), (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims, or (3) governmental units.

(1) Name of creditor and complete mailing address including zip code	(2) Name, telephone number and complete mailing address including zip code of employee, agent or department of creditor familiar with claim who may be contacted	(3) Nature of claim (trade debt, bank loan, type of judgment, etc.)	(4) Indicate if claim is contingent, unliquidated, disputed or subject to setoff	(5) Amount of claim (if secured also state value of security)
5. Ziff-Davis c/o Toba Adjustments 1457 Broadway New York, NY 10036	John Ellsworth, Jr., Agent TOBA Adjustments, Inc. 1457 Broadway Suite 1007 New York, NY 10036 212/944-2600	Trade Debt		\$48,369.05
6. Scan Health Plan 521 East 4th St. Long Beach, CA 90802	Stradling, Yocca Carlson & Rauth A Professional Corporation Richard C. Goodman Nancy Rader Whitehead 660 Newport Center Drive, Suite 1600 Newport Beach, CA 92660 714/640-7035	Trade Debt	Unliquidated, Disputed	\$40,000.00
7. Computer World P.O. Box 3581 Boston, MA 02241	George L. Cohn Attorney at Law 8316 Kirkwood Dr. Los Angeles, CA 90046-1926 213/650-9560	Trade Debt	Disputed	\$36,555.00
8. Press Telegram 604 Bine Avenue P.O. Box 230 Long Beach, CA 90844	Kim E. Midanik Credit Manager 604 Pine Avenue Long Beach, CA 90844-00001 213/435-1161	Trade Debt	Disputed	\$32,820.97

Date:

July 16, 1986

Law Corp of Burch-Hunting Company
Debtor.
by Schullert

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(1) Name of creditor and complete mailing address including zip code	(2) Name, telephone number and complete mailing address including zip code of employee, agent or department of creditor familiar with claim who may be contacted	(3) Nature of claim (trade debt, bank loan, type of judgment, etc.)	(4) Indicate if claim is contingent, unliquidated, disputed or subject to setoff	(5) Amount of claim (if secured also state value of security)
9. Spectra 3020 S. Orange Avenue Santa Ana, CA 92707	ATTN: Manual 3020 So. Orange Avenue Santa Ana, CA 92707 714/540-0533	Trade Debt		\$29,405.44
10. Winston Network Inc. 275 Madison Avenue New York, NY 10016	Jim Gerard Agent Stanley Tulchin Associates 591 Stewart Ave. Garden City, NY 11530 800/STA-PAYS	Trade Debt		\$27,986.25
11. Hayden Publishing P.O. Box 23097 Newark, NJ 07189	Michael W. Roberts Simmons, Ritchie, Segal and Stark 615 S. Flower St Suite 1700 Los Angeles, CA 90017-2859 213/624-7391	Trade Debt		\$25,107.10
12. Commercial Press Inc. 617 7th Avenue San Diego CA 92101	Collections Dept. 617 7th Avenue San Diego, CA 92101 619/231-1031	Trade Debt	Disputed	\$23,724.00

Date:

July 16, 1986

Joe Cox & Branch Administrators Company
Debtor.
by [Signature]

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

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(1) Name of creditor and complete mailing address including zip code	(2) Name, telephone number and complete mailing address including zip code of employee, agent or department of creditor familiar with claim who may be contacted	(3) Nature of claim (trade debt, bank loan, type of judgment, etc.)	(4) Indicate if claim is contingent, unliquidated, disputed or subject to setoff	(5) Amount of claim (if secured also state value of security)
13. Mini Micro Systems Cahners Publishing Co. P.O. Box 4572 Boston, MA 02212	Jeannie Accounts Receivable Dept. Cahners Publishing Co. P.O. Box 4572 Boston, MA 02212 617/536-7780	Trade Debt	Disputed	\$22,238.13
14. LT Litho & Printing Co. 16811 Noyes Ave. Irvine, CA 92714	Credit Department 16811 Noyes Ave. Irvine, CA 92714 714/863-1340	Trade Debt	Disputed	\$19,067.70
15. East West Network, Inc. 5900 Wilshire Boulevard 8th Floor Los Angeles, CA 90036	Law Offices of Richard L. Grant Agent Wellington Square 970 West 17th St. Suite A P.O. Box 10134 Santa Ana, CA 92711 714/547-4949	Trade Debt		\$16,023.65
16. Frye & Smith American Standard Co. P.O. Box 85328 San Diego, CA 92138	Ray Martin, Atty. Agent Vengroff, Weiss and Associates, Inc. 93 Centershore Road Centerpoint, NY 11721 516/757-5100	Trade Debt		\$15,651.66

Date: *July 16, 1986*

The Cox & Branch Advertising Agency
 Debtor.
By [Signature]

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

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(1) Name of creditor and complete mailing address including zip code	(2) Name, telephone number and complete mailing address including zip code of employee, agent or department of creditor familiar with claim who may be contacted	(3) Nature of claim (trade debt, bank loan, type of judgment, etc.)	(4) Indicate if claim is contingent, unliquidated, disputed or subject to setoff	(5) Amount of claim (if secured also state value of security)
17. Newsweek c/o Credit Clearing House P.O. Box 739 Harrison, NY 10528	Alan Marshall Agent Credit Clearing House P.O. Box 739 Harrison, NY 10528 212/350-4153	Trade Debt		\$15,541.25
18. Murdoch HT Hotel & Travel Index Murdoch Pub. Marketing Inc. P.O. Box 7247-8957 Philadelphia PA 19170	James Renehan Assistant Credit Manager Murdoch Magazines One Park Avenue New York NY 10016 212/503-5900	Trade Debt	Disputed	\$15,461.50
19. Ultra-Graphics 1050-1054 Lillian Way Hollywood, CA 90038	Leslie Stuart Dumas & Mallatt Agent Creditor 12400 Wilshire Blvd., Suite 450 Los Angeles, CA 90025 213/207-4406	Trade Debt	Disputed	\$14,916.83
20. KIIS FM 6430 Sunset Blvd. Suite#601 Los Angeles, CA 90028	Bridget Aguilera Credit Manager KIIS FM 6255 Sunset Blvd. Los Angeles, CA 90028 213/466-8381	Trade Debt		\$13,940.00

Date:

July 16, 1986

Allen & Branch Advertising Company
Debtor
by [Signature]



California Fair Political Practices Commission

February 2, 1987

Robert H. Burnham
City Attorney
P.O. Box 1768
Newport Beach, CA 92658-8915

Re: 87-037

Dear Mr. Burnham:

Your letter requesting advice under the Political Reform Act was received on January 30, 1987 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact Robert E. Leidigh, an attorney in the Legal Division, directly at (916) 322-5901.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or more information is needed, you should expect a response within 21 working days. You also should be aware that your letter and our response are public records which may be disclosed to the public upon receipt of a proper request for disclosure.

Very truly yours,

A handwritten signature in cursive script that reads "Diane M. Griffiths".

Diane M. Griffiths
General Counsel

DMG:plh
John Cox