FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 1098

Date Filmed 12/20/82 Camera No. --- 2

Cameraman SPC

FEDERAL ELECTION COMMISSION

(2) — routing slips; intra agency procedural memos
(3) information re: informal conciliation
(8) cancelled checks, info re: security for bank loan

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

____	(1) Classified Information	____	(6) Personal privacy
✓	(2) Internal rules and practices	____	(7) Investigatory files
✓	(3) Exempted by other statute	✓	(8) Banking Information
____	(4) Trade secrets and commercial or financial information	____	(9) Well Information (geographic or geophysical)
____	(5) Internal Documents		

Signed Kim L. Bright

date 11/12/82

FEC 9-21-77

82040307797

203300

RECEIVED AT THE FEC
Cat 8989
82 NOV 10 P 2:26

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

TELEPHONE (202) 452-7000
CABLE: HIPHI
TELEX 440200 HIPH UI
WRITER'S DIRECT DIAL NUMBER
(202) 452-8387

IN PITTSBURGH
KIRKPATRICK, LOCKHART, JOHNSON & HUTCHISON
1500 OLIVER BUILDING
PITTSBURGH, PENNSYLVANIA 15222
(412) 355-6500

12 NOV 3 P 3:40

November 10, 1982

HAND DELIVERED

Mr. Ken Gross
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: MUR 1098 (79)

Dear Ken:

I am enclosing a check in the amount of $1,500 from the Walter Flowers for U.S. Senate Campaign Committee in payment of the civil penalty agreed to in the above-referenced matter.

Thank you for your consideration.

Sincerely,

Michael S. Berman

Michael S. Berman

MSB:rv
Enclosure: check

6204033,0798

8 2 0 4 0 3 6 0 7 9 9

BANK OF MOUNDVILLE

61-328
622

REMITTER:
Walter Flowers For
U.S. Senate Campaign Committee

MOUNDVILLE, ALA. November 3, 19 82

No. 50579

PAY TO THE ORDER OF Treasurer of United States $ 1,500.00

BANK of MOUNDVILLE I 5 0 0 DOLS 0 0 CTS

DOLLARS

CASHIER'S CHECK

Reggie W. Morris

AUTHORIZED SIGNATURE

⑆062203285⑆ 92 0020 0⑈ 95

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

RECEIVED AT THE FEC
82 NOV 10 P 2: 26

Mr. Ken Gross
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

BY MESSENGER

203113

RECEIVED AT THE FEC
Gen 8740
P3:38

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION
1900 M STREET, N.W.
WASHINGTON, D.C. 20036

TELEPHONE (202) 452-7000
CABLE: NIPRI
TELEX 440200 NIPR UI
WRITER'S DIRECT DIAL NUMBER
(202) 452-8387

IN PITTSBURGH
KIRKPATRICK, LOCKHART, JOHNSON & HUTCHISON
1500 OLIVER BUILDING
PITTSBURGH, PENNSYLVANIA 15222
(412) 355-6500

82040308001

October 19, 1982

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: MUR 1098 (79)

Dear Ken:

Thank you very much for your letters of October 12 in the above-referenced matter. The respondents and I very much appreciate the willingness of the General Counsel's office to place our request for reconsideration before the Commission. We also appreciate the cooperation and consideration shown by you, Tom Whitehead and Kim Bright in bringing this matter to a close.

Arrangements are now being made for the Walter Flowers for U.S. Senate Committee to pay the civil penalty and it will be forwarded shortly.

Thank you again.

Sincerely,

Michael S. Berman

MSB:rv
cc: Charles N. Steele
Tom Whitehead
Kim Bright

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

RECEIVED AT THE FEC
82 OCT 21 P3:33

Ms. Kim Bright
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

02040360802

203114

RECEIVED AT THE FEC
Cert 8741
82 OCT 21 P3:38

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

TELEPHONE (202) 452-7000
CABLE: KIPHI
TELEX 440609 KIPH UI
WRITER'S DIRECT DIAL NUMBER
(202) 452-8387

IN PITTSBURGH
KIRKPATRICK, LOCKHART, JOHNSON & HUTCHISON
1500 OLIVER BUILDING
PITTSBURGH, PENNSYLVANIA 15222
(412) 355-6500

82 OCT 21 P3:44

October 19, 1982

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: MUR 1098 (79)

Dear Ken:

Thank you very much for your letters of October 12 in the above-referenced matter. The respondents and I very much appreciate the willingness of the General Counsel's office to place our request for reconsideration before the Commission. We also appreciate the cooperation and consideration shown by you, Tom Whitehead and Kim Bright in bringing this matter to a close.

Arrangements are now being made for the Walter Flowers for U.S. Senate Committee to pay the civil penalty and it will be forwarded shortly.

Thank you again.

Sincerely,

Michael S. Berman

MSB:rv
cc: Charles N. Steele
Tom Whitehead
Kim Bright

8204036083

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

RECEIVED AT THE FEC

82 OCT 21 P3:33

Mr. Charles N. Steele
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

82040350804

RECEIVED AT THE FEC
Ref 8725
P 3: 44

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

TELEPHONE (202) 452-7000
CABLE: HIPHI
TELEX 440200 HIPH UI
WRITER'S DIRECT DIAL NUMBER
(202) 452-8387

IN PITTSBURGH
KIRKPATRICK, LOCKHART, JOHNSON & HUTCHISON
1500 OLIVER BUILDING
PITTSBURGH, PENNSYLVANIA 15222
(412) 355-6500

October 19, 1982

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: MUR 1098 (79)

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Thank you again.

Sincerely,

Michael S. Berman

MSB:rv
cc: Charles N. Steele
Tom Whitehead
Kim Bright

6204030805

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

RECEIVED AT THE FEC
82 OCT 20 P 2:59

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

203103

RECEIVED AT THE FEC
Cat # 8724

82 OCT 20 P 3:

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

1900 M STREET, N. W.

WASHINGTON, D. C. 20036

TELEPHONE (202) 452-7000
CABLE: KIPHI
TELEX 440200 KIPH UI
WRITER'S DIRECT DIAL NUMBER

(202) 452-8387

IN PITTSBURGH
KIRKPATRICK, LOCKHART, JOHNSON & HUTCHISON
1500 OLIVER BUILDING
PITTSBURGH, PENNSYLVANIA 15222
(412) 355-6500

October 19, 1982

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: MUR 1098 (79)

Dear Ken:

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Arrangements are now being made for the Walter Flowers for U.S. Senate Committee to pay the civil penalty and it will be forwarded shortly.

Thank you again.

Sincerely,

Michael S. Berman

MSB:rv
cc: Charles N. Steele
Tom Whitehead
Kim Bright

0 2 0 4 0 3 0 0 8 0 7

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
1900 M STREET, N.W.
WASHINGTON, D.C. 20036

RECEIVED AT THE FEC
82 OCT 20 P 2:59

Mr. Tom Whitehead
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 12 1982

Michael S. Berman, Esquire
Kirkpatrick, Lockhart, Hill,
Christopher and Phillips
1900 M Street, N.W.
Suite 800
Washington, D.C. 20036

RE: MUR 1098 (79)

Dear Mr. Berman:

On October 5, 1982, the Commission accepted the conciliation agreement signed by you on behalf of your client, Dr. Robert S. Flowers, in settlement of violations of 2 U.S.C. §§ 441a(a)(1)(A) and 441a(a)(3), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

cc: Dr. Robert S. Flowers

6204030809

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 12, 1982

Michael S. Berman, Esquire
Kirkpatrick, Lockhart, Hill,
Christopher and Phillips
1900 M Street, N.W.
Suite 800
Washington, D.C. 20036

RE: MUR 1098 (79)

Dear Mr. Berman:

On October 5, 1982, the Commission accepted the conciliation agreement signed by you on behalf of your client, the Walter Flowers for U.S. Senate Committee, in settlement of a violation of 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

cc: Walter Flowers for U.S. Senate Committee

6204030810

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 12, 1982

Michael S. Berman, Esquire
Kirkpatrick, Lockhart, Hill,
Christopher and Phillips
1900 M Street, N.W.
Suite 800
Washington, D.C. 20036

RE: MUR 1098 (79)

Dear Mr. Berman:

On October 5, 1982, the Commission accepted the conciliation agreement signed by you on behalf of your client, Walter Flowers, in settlement of a violation of 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

cc: Walter Flowers

6204036081

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 12, 1982

Thomas Zieman, Esquire
Miller, Hamilton, Snider and Odom
2312 First National Bank Building
P.O. Box 46
Mobile, Alabama 36601

RE: MUR 1098 (79)

Dear Mr. Zieman:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within thirty days.

Should you have any questions, contact Kim L. Bright, the attorney assigned to this matter, at (202) 523-5071.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

cc: Bank of Moundville

6204036081 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Walter Flowers for	)	
U.S. Senate Committee	)	MUR 1098 (79)
Walter Flowers	)	
Dr. Robert Flowers	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (hereinafter "the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Reason to believe was found that the Walter Flowers for U.S. Senate Committee ("Committee") and Walter Flowers ("Candidate") violated 2 U.S.C. § 441a(f) by accepting an excessive contribution from an individual and 2 U.S.C. § 441b(a) by accepting loans from an incorporated State bank. Reason to believe was also found that Dr. Robert S. Flowers ("Contributor") violated 2 U.S.C. § 441a(a)(1)(A) and § 441a(a)(3) by making an excessive contribution.

NOW, THEREFORE, the Commission and Respondents, having participated in informal methods of conciliation prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

6204035081 3

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

a. Respondent, the Walter Flowers for U.S. Senate Committee, was the principal campaign committee for Walter Flowers, a candidate for the U.S. Senate in 1978.

b. Respondent Walter Flowers, the Candidate, obtained a contribution in the form of a loan from his brother, Robert S. Flowers, during the 1978 campaign for U.S. Senate.

c. A review of the 1978 Ten Day Pre-Runoff Report filed with the Commission by the Committee was routinely undertaken by the Reports Analysis Division after the 1978 general election.

d. The review of the report disclosed that the Committee accepted a loan of $35,000 from the Candidate. The Report also disclosed that the source of the Candidate's loan to the Committee was in turn a loan from his brother, the Contributor. An amendment to the report was filed by the Committee shortly afterwards which disclosed that a refund was made to the Contributor within ten days of its receipt.

e. Under the Federal Election Campaign Act of 1971, as amended ("Act"), a loan from a person is

9204036081 4

considered a contribution to the extent of the outstanding balance and is subject to the contribution limits of the Act.

f. The Committee, Candidate, and Contributor contend that while the loan from the Candidate to the Committee was made on the final day for closing the books on the Ten Day Pre-Runoff Report, the loan from the Contributor to the Candidate was not received by the Candidate until four days later, at which time the Ten Day Pre-Runoff Report was being prepared. Respondents further contend that upon learning that the ultimte source of the funds loaned to the Committee was subject to the limitations of the Act, the Commission staff was contacted by telephone for advice, the complete details of the source of the loan were included in the report for the public record, and immediate steps were undertaken to refund the loan to the Contributor, such refund being made within four days of its receipt by the Candidate.

g. Further review of the Committee's reports revealed that it had received $185,000 in loans from the Bank of Moundville ("Bank") which may have constituted prohibited corporate contributions.

h. The Committee received funds from two loans totalling $85,000 given by the Bank to the

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Candidate. Documentation obtained from the Bank indicates that the loans were subject to the usual rate of interest for that type of loan, made on a basis which assured repayment, evidenced by a written instrument and due on a specific date. Furthermore, the amount of the loans did not exceed the 20% of capital account restriction imposed by Alabama law on secured loans. Therefore, the loans appear to have been made in the ordinary course of business and in accordance with the applicable State law.

i. The Committee received additional funds through overdrafts drawn on its account with the Bank. These overdrafts ranged from $8,347.23 to $104,955.69.

j. The Committee contends that in its reporting of the first $150,000 of the $185,000 in loans reported from the Bank of Moundville (see g. above), it sought to report as loans the overdrafts reflected in its account at the bank.

V. The Committee's and Candidate's acceptance of bank loans made in the ordinary course of business and in accordance with applicable State law is not in violation of 2 U.S.C. § 441b(a).

VI. For the purpose of achieving conciliation in this matter, the Committee and Candidate will not contest the Commission's determination that there is reason to believe that their acceptance of a contribution in the form of a loan in excess of $1,000 is in violation of 2 U.S.C. § 441a(f).

6204035081 6

VII. For the purpose of achieving conciliation in this matter, the Contributor will not contest the Commission's determination that there is reason to believe that his making of a contribution in the form of a loan in excess of $1,000 to a candidate for Federal office and his authorized political committee is in violation of 2 U.S.C. § 441a(a)(1)(A), and that his making of a contribution in the form of a loan aggregating in excess of $25,000 in a calendar year to a candidate for Federal office and his authorized political committee is in violation of 2 U.S.C. § 441a(a)(3).

VIII. Respondent Committee will pay a civil penalty to the Treasurer of the United States in the amount of One Thousand Five Hundred Dollars ($1,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

IX. Respondents agree that they will not knowingly undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

X. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States Court for the District of Columbia.

XI. This agreement, unless violated, will be a complete bar to any further action by the Commission based on the violations alleged in Paragraph IV.

6 2 0 4 0 3 6 0 8 1 7

XII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

XIII. Respondents shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

Charles N. Steele
General Counsel

10/8/82
Date

BY: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

8-4-82
Date

Michael S. Berman
Michael S. Berman

Kirkpatrick, Lockhart, Hill,
Christopher and Phillips
1900 M Street, N.W., Suite 800
Washington, D.C. 20036
(202) 452-7000
Attorney for the Respondents

6204030818

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY RANSOM

DATE: SEPTEMBER 28, 1982

SUBJECT: OBJECTION - MUR 1098 Memorandum to the Commission dated September 24, 1982; Received in OCS, 9-24-82, 4:33

The above-named document was circulated to the Commission on September 27, 1982 at 11:00.

Commissioner Reiche submitted an objection to this matter at 10:09, September 28, 1982.

This matter will be placed on the agenda for the Executive Session of Tuesday, October 5, 1982.

82040360819

September 24, 1985

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Rayson

SUBJECT: MUR 1085

Please have the attached Memo to the Commission distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

cc: Bright

8 2 0 4 0 3 6 0 8 2 0

SENSITIVE

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

82 SEP 24 P 4: 33

September 24, 1982

MEMORANDUM

TO : The Commission

FROM : Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

SUBJECT: MUR 1098 (79) Conciliation Agreement

On August 13, 1982, the Office of General Counsel submitted a proposed conciliation agreement for three respondents in this matter -- Walter Flowers, Dr. Robert S. Flowers, and the Walter Flowers for U.S. Senate Committee -- which had been signed on their behalf by Michael S. Berman, Esquire.

Attached is the prior conciliation agreement which provides for payment of the civil penalty by the Committee. The Office of General Counsel recommends the acceptance of this agreement and closing of the file.

. The respondents have agreed to all other sections of the agreement and are willing to pay the civil penalty.

8 2 0 4 0 3 6 0 8 2 1

[illegible]

Attachments
1. [illegible]
2. Conciliation Agreement
3. Proposed notification letters (4)

6204036082 2

Attachment #3(1)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Michael S. Berman, Esquire
Kirkpatrick, Lockhart, Hill,
Christopher and Phillips
1900 M Street, N.W.
Suite 800
Washington, D.C. 20036

RE: MUR 1098 (79)

Dear Mr. Berman:

On , 1982, the Commission accepted the conciliation agreement signed by you on behalf of your client, Walter Flowers, in settlement of a violation of 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

cc: Walter Flowers

82040360823

#3(2)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Michael S. Berman, Esquire
Kirkpatrick, Lockhart, Hill,
Christopher and Phillips
1900 M Street, N.W.
Suite 800
Washington, D.C. 20036

RE: MUR 1098 (79)

Dear Mr. Berman:

On , 1982, the Commission accepted the conciliation agreement signed by you on behalf of your client, the Walter Flowers for U.S. Senate Committee, in settlement of a violation of 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter, and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

cc: Walter Flowers for U.S. Senate Committee

0 2 0 4 0 3 0 0 8 2 4

#3(3)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Michael S. Berman, Esquire
Kirkpatrick, Lockhart, Hill,
Christopher and Phillips
1900 M Street, N.W.
Suite 800
Washington, D.C. 20036

RE: MUR 1098 (79)

Dear Mr. Berman:

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Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

cc: Dr. Robert S. Flowers

6204030825

#3(4)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Thomas Zieman, Esquire
Miller, Hamilton, Snider and Odom
2312 First National Bank Building
P.O. Box 46
Mobile, Alabama 36601

RE: MUR 1098 (79)

Dear Mr. Zieman:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within thirty days.

Should you have any questions, contact Kim L. Bright, the attorney assigned to this matter, at (202) 523-5071.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

cc: Bank of Moundville

6204035082 6

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Walter Flowers for U.S. Senate Committee	)	MUR 1098 (79)
Walter Flowers	)	
Dr. Robert Flowers	)	

CERTIFICATION

I, Lena L. Stafford, Recording Secretary for the Federal Election Commission meeting on October 5, 1982, do hereby certify that the Commission decided in a vote of 5-1 to take the following actions with regard to the above-entitled matter:

1. Accept the conciliation agreement attached to the General Counsel's Memorandum dated September 24, 1982.

2. Close the file.

3. Send the conciliation agreement and the notification letters (4) attached to the General Counsel's Memorandum dated September 24, 1982.

Commissioners Aikens, Elliott, Harris, McDonald, and McGarry voted affirmatively for the decision. Commissioner Reiche dissented.

Attest:

10-8-82
Date

Lena L. Stafford
Recording Secretary

82040308027

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 10, 1982

Thomas T. Zieman, Jr., Esquire
Miller, Hamilton, Snider and
Odom
P.O. Box 46
Mobile, Alabama 36601

RE: MUR 1098 (79)

Dear Mr. Zieman:

On March 20, 1980, the Commission found reason to believe that your client, the Bank of Moundville, violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended, ("the Act") in connection with the above-referenced MUR. However, after considering the circumstances of this matter, the Commission determined, on June 8, 1982, to take no further action and close its file as it pertains to your client. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within 10 days.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

The Commission reminds you that loaning funds through overdrafts not made in accordance with the requirements of 2 U.S.C. § 431(8)(B)(vii) nevertheless appears to be a violation of the Act and you should take immediate steps to insure that this activity does not occur in the future.

6 2 0 4 0 3 5 0 8 2 8

If you have any questions, please direct them to Kim L. Bright at (202) 523-5071.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

cc: Bank of Moundville

8204036082 9

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Walter Flowers for U.S. Senate	)	MUR 1098 (79)
Committee, et al.	)	

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission Executive Session on June 8, 1982, do hereby certify that the Commission took the following actions in MUR 1098:

1. Decided by a vote of 6-0 to

   a) Enter into informal conciliation with respondents Walter Flowers, Dr. Robert S. Flowers, and the Walter Flowers for U.S. Senate Committee;

   b) Send to these three respondents the Conciliation Agreements and letters attached to the General Counsel's May 28, 1982 report in this matter.

   Commissioners Aikens, Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively for the decision.

2. Decided by a vote of 5-1 to close the file with respect to the Bank of Moundville.

   Commissioners Aikens, Elliott, Harris, McDonald, and McGarry vote affirmatively for the decision. Commissioner Reiche dissented.

Attest:

6-8-82
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

6204036083 0

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/JODY RANSOM
OFFICE OF THE SECRETARY TO THE COMMISSION

DATE: JUNE 3, 1982

SUBJECT: ADDITIONAL OBJECTION - MUR 1098 Memorandum to the Commission dated May 28, 1982; Received in OCS, 5-28-82, 2:08

You were notified previously of an objection by Commissioner Harris.

Commissioner Aikens submitted an additional objection at 10:10, June 3, 1982.

This matter will be discussed in executive session on Tuesday, June 8, 1982.

82040360831

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY RANSOM

DATE: JUNE 2, 1982

SUBJECT: OBJECTION - MUR 1098 Memorandum to the Commission dated May 28, 1982; Received in OCS, 5-28-82, 2:08

8 2 0 4 0 3 6 0 8 3 2

The above-named document was circulated to the Commission on June 1, 1982 at 11:00.

Commissioner Harris submitted an objection to this matter at 10:15, June 2, 1982.

This matter will be placed on the agenda for the Executive Session of Tuesday, June 8, 1982. A copy of Commissioner Harris' vote sheet with comments is attached.

Attachment:
Copy of Vote Sheet

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

82 JUN 2 A10: 15

Date & Time Transmitted: TUESDAY, JUNE 1, 1982, 11:00

COMMISSIONER: McGARRY, AIKENS, McDONALD, ELLIOTT, REICHE, HARRIS

RETURN TO COMMISSION SECRETARY BY THURSDAY, JUNE 3, 1982, 11:00

SUBJECT: MUR 1098 - Memorandum to the Commission dated May 28, 1982

( ) I approve the recommendation in the attached report.

(✓) I object to the recommendation.

COMMENTS:

Date: 6-2-82 Signature: Thomas E. Harris
by Judy Browning

ALL BALLOTS MUST BE SIGNED AND DATED. PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY. PLEASE RETURN THE BALLOT NO LATER THAN THE DATE AND TIME SHOWN ABOVE.

From the Office of the Commission Secretary

8204036083 3

May 28, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kayson

SUBJECT: MUR 1098

Please have the attached Memo to the Commission distributed to the Commission on a 48 hour tally basis. Thank you.

Attachment

cc: Bright

8 2 0 4 0 3 6 0 8 3 4

SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

82 MAY 28 P 2: 08

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 28, 1982

MEMORANDUM

TO : The Commission

FROM : Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

SUBJECT: MUR 1098 (79)

8204030835

This matter was initiated by a referral from the Reports Analysis Division to the Office of General Counsel based upon its review of the Ten Day Pre-Runoff Report (August 22 to September 11, 1978) filed by the Walter Flowers for U.S. Senate Committee ("Committee"). The Committee was the principal campaign committee for Walter Flowers, a candidate for U.S. Senate in 1978. 1/

The review of the report disclosed that the Committee had received a loan of $35,000 from the candidate's brother, Dr. Robert S. Flowers, which may have resulted in an excessive contribution. An amendment to the report stated that the loan was refunded on September 19, 1978. Further examination of the Committee's reports in connection with the Flowers loan revealed that the Committee had received substantial sums in loans through candidate Flowers from the Bank of Moundville ("Bank"), an incorporated State bank. However, Committee reports did not indicate whether the loans were secured or if interest was paid on them. Thus, it appeared that these loans may not have been

---

1/ Mr. Flowers received 30.6% of the primary vote on September 5, 1978, qualifying him for the runoff on September 26, 1978. He lost the runoff, receiving approximately 35.2% of the vote.

made in accordance with the applicable State law nor in the ordinary course of business as required under the Act.

On March 20, 1980, the Commission found reason to believe that various provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") had been violated as a result of these transactions. Specifically, the Commission found reason to believe that:

(1) Walter Flowers violated 2 U.S.C. § 441a(f) by accepting an excessive contribution and § 441b(a) by accepting a contribution from a State bank;

(2) The Walter Flowers for U.S. Senate Committee violated 2 U.S.C. § 441a(f) by accepting an excessive contribution and § 441b(a) by accepting a contribution from an incorporated State bank;

(3) Dr. Robert S. Flowers violated 2 U.S.C. § 441a(a)(1)(A) and § 441a(a)(3) by making a contribution of $35,000 to candidate Flowers; and

(4) The Bank of Moundville violated 2 U.S.C. § 441b(a) by making loans to candidate Flowers which may not have been made in compliance with the requirements of § 431(8)(B)(vii) (formerly § 431(e)(5)(G)).

On January 29, 1982, briefs and letters notifying the respondents of the General Counsel's intent to recommend to the Commission findings of probable cause to believe were mailed.

The Office of General Counsel has received letters from Walter Flowers, Robert S. Flowers and the Walter Flowers for U.S. Senate Committee advising the Commission that Mr. Michael S. Berman would be representing them in this matter. On March 4, 1982, the Office of General Counsel received a letter from Mr. Thomas T. Zieman advising the Commission that he would be representing the Bank of Moundville. Counsel for each of the respondents has indicated a desire to enter into informal conciliation and made further responses to the Commission's notifications.

Attached for the Commission's review are proposed conciliation agreements which are to be offered to the respondents in settlement of this matter. These proposed agreements are discussed in detail below.

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(1) Conciliation Agreements for Walter Flowers, Robert S. Flowers and the Walter Flowers for U.S. Senate Committee

Briefs sent to Walter Flowers and the Walter Flowers for U.S. Senate Committee notified them of the General Counsel's intent to recommend that the Commission find probable cause to believe that they violated 2 U.S.C. § 441a(f) by accepting a contribution from Dr. Robert S. Flowers which exceeded the limits on contributions from individuals. The brief sent to Dr. Robert Flowers stated that the General Counsel intended to recommend that the Commission find probable cause to believe that he violated 2 U.S.C. § 441a(a)(1)(A) and a§ 441a(a)(3) by making the excessive contribution.

Counsel for these respondents places great emphasis on the series of transactions surrounding Dr. Flowers' contribution to candidate Flowers and the fact that the loan was repaid promptly. Counsel points out that the loan money was wired to candidate Flowers' account in Washington, D.C. after he sent his own check in payment to the Bank of Moundville. He also asserts that the Committee complied with the terms of 11 C.F.R. § 103.3 which provides that a candidate or committee may return or refund an illegal contribution within ten days.

However, contrary to counsel's assertions, the Committee did not in fact comply with the requirements of 11 C.F.R. § 103 in refunding the Flowers' loan. Under § 103.3, when the legality of a contribution is in doubt, the treasurer may either return it or deposit it in the campaign depository and report it. If a contribution cannot be determined to be legal, it should be refunded within a reasonable time. In the instant matter, the Flowers' loan was neither returned nor deposited in a designated campaign depository and later refunded. Counsel fails to note that the loan was actually repaid with the proceeds from a loan obtained from the Bank of Moundville. No explanation has been given for the Committee's not simply returning the funds to Dr. Flowers from candidate Flowers' account.

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(2) Conciliation Agreements for the Bank of Moundville and the Walter Flowers for U.S. Senate Committee Committee

In its responses to the Commission's notifications, the Bank of Moundville has stated that it made two loans totalling $85,000 to candidate Flowers and extended funds to the Committee by honoring overdrafts on its account with the Bank. Since the two loans appear to have been made in the ordinary course of business and in accordance with the applicable State law as required by 2 U.S.C. § 431(8)(B)(vii) and have been repaid in full, the General Counsel notified the Bank of Moundville and Walter Flowers of his intent to recommend that the Commission find no probable cause to believe that either had violated 2 U.S.C. § 441b(a) in connection with these loans.

However, with regard to the overdrafts, the briefs notified the Bank and the Committee of the General Counsel's intent to recommend that the Commission find probable cause to believe that they violated 2 U.S.C. § 441b(a). These overdrafts, which ranged from $8,347.23 to $104,955.69, were not subject to a repayment schedule nor interest and service charges. Both counsel for the Bank and the Committee point out that prior to the 1979 FECA amendments, there was no provision in the Act or Commission's regulations which specifically referred to the status of overdrafts. Because of this, counsel for the Bank also asserts that the legality of the overdrafts should be determined according to the standards used for bank loans under § 431(8)(B)(vii) (i.e., made within the ordinary course of business and in accordance with applicable State law). He views this as a particularly appropriate approach since it appears that under Alabama State law, overdrafts are considered and treated the same as loans.

While it is true that neither the Act nor regulations specifically referred to overdrafts until 1980, prior to that time the Commission had interpreted the Act as prohibiting overdrafts. The Commission had concluded that overdrafts, similar to those involved here, were not loans made in the ordinary course of business for purposes of the Act. Section 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11) have been viewed as permitting overdrafts for the first time, under specific conditions.

Yet, the lack of explicit statutory or regulatory language at the time the overdrafts were made and the fact that the overdrafts were repaid within a relatively short time were considered mitigating factors in assessing the proposed civil

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Recommendations

1. Enter into informal conciliation with respondents.

2. Approve and send attached Conciliation Agreements and letters.

Attachments

1. Proposed Conciliation Agreements (4)
2. Proposed letters (4)
3. Letters from Respondents -

   (a) Letters from counsel for Walter Flowers received on March 4 and 22, 1982.

   (b) Letters from counsel for Robert Flowers received on March 4 and 16, 1982.

   (c) Letters from counsel for the Walter Flowers for U.S. Senate Committee received on February 22 and April 8, 1982.

   (d) Letters from counsel for the Bank of Moundville received on March 5 and 31, 1982.

6 2 0 4 0 3 6 0 8 3 9

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 3, 1982

Mr. Thomas T. Zieman, Jr.
P.O. Box 46
Mobile, Alabama 36601

RE: MUR 1098 (79)

Dear Mr. Zieman:

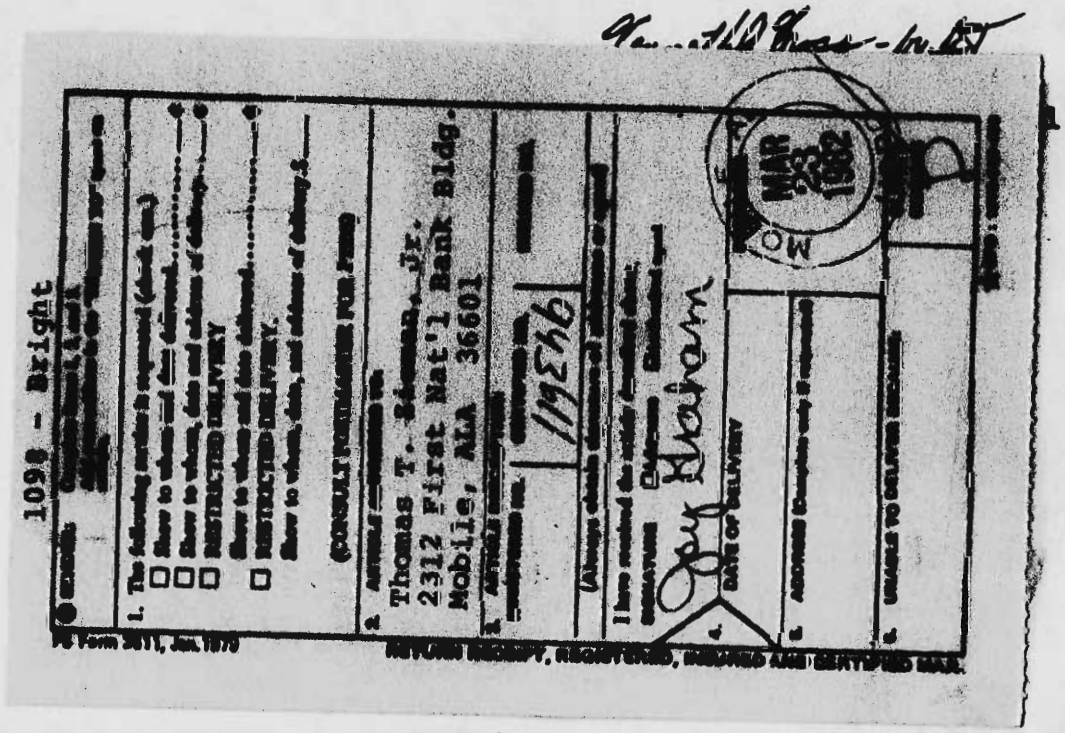
This is in reference to your letter of February 12, 1982, requesting an extension of twenty days to respond to the General Counsel's brief recommending that the Commission find probable cause to believe that your client, the Bank of Moundville, violated the Act.

Your request for an extension will be granted. Your responsive brief will be due to the Commission on March 31, 1982.

If you have any questions, please contact Kim L. Bright, at (202) 523-5071.

Sincerely,

Charles N. Steele
General Counsel



6204030840

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 3, 1982

Mr. Michael S. Berman
Kirkpatrick, Lockhart, Hill,
Christopher and Phillips
1900 M Street, N.W.
Washington, D.C. 20036

RE: MUR 1098 (79)

Dear Mr. Berman:

This is in reference to your letter of February 22, 1982, requesting an extension of twenty days to respond to the General Counsel's brief recommending that the Commission find probable cause to believe that your client, Dr. Robert Flowers, violated the Act.

Your request for an extension will be granted. Your responsive brief will be due to the Commission on March 19, 1982.

If you have any questions, please contact Kim L. Bright, at (202) 523-5071.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross - by KLT

BY: Kenneth A. Gross
Associate General Counsel

cc: Robert S. Flowers

6204035084 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 3, 1982

Mr. Michael S. Berman
Kirkpatrick, Lockhart, Hill,
Christopher and Phillips
1900 M Street, N.W.
Washington, D.C. 20036

RE: MUR 1098 (79)

Dear Mr. Berman:

This is in reference to your letter of February 12, 1982, requesting an extension of twenty days to respond to the General Counsel's brief recommending that the Commission find probable cause to believe that your client, Mr. Walter Flowers, violated the Act.

Your request for an extension will be granted. Your responsive brief will be due to the Commission on March 15, 1982.

If you have any questions, please contact Kim L. Bright, at (202) 523-5071.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross - by KT

BY: Kenneth A. Gross
Associate General Counsel

cc: Walter Flowers

5204035084 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 3, 1982

Mr. Michael S. Berman
Kirkpatrick, Lockhart, Hill,
Christopher and Phillips
1900 M Street, N.W.
Washington, D.C. 20036

RE: MUR 1098 (79)

Dear Mr. Berman:

This is in reference to your letter of February 22, 1982, requesting an extension of twenty days to respond to the General Counsel's brief recommending that the Commission find probable cause to believe that your client, the Walter Flowers for U.S. Senate Committee, violated the Act.

Your request for an extension will be granted. Your responsive brief will be due to the Commission on March 19, 1982.

If you have any questions, please contact Kim L. Bright, at (202) 523-5071.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross - by KT

BY: Kenneth A. Gross
Associate General Counsel

cc: Walter Flowers for U.S. Senate Committee

5204036 0843

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 3, 1982

Mr. Thomas T. Zieman, Jr.
P.O. Box 46
Mobile, Alabama 36601

RE: MUR 1098 (79)

Dear Mr. Zieman:

This is in reference to your letter of February 12, 1982, requesting an extension of twenty days to respond to the General Counsel's brief recommending that the Commission find probable cause to believe that your client, the Bank of Moundville, violated the Act.

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Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross - by KT

BY: Kenneth A. Gross
Associate General Counsel

cc: Bank of Moundville

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Ccc# 7230

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

TELEPHONE (202) 452-7000
CABLE: KIPHI
TELEX 440200 KIPH UI
WRITER'S DIRECT DIAL NUMBER
(202) 452-8387

IN PITTSBURGH
KIRKPATRICK, LOCKHART, JOHNSON & HUTCHISON
1500 OLIVER BUILDING
PITTSBURGH, PENNSYLVANIA 15222
(412) 355-6500

82 FEB 24 P12:52
GENERAL COUNSEL

February 22, 1982

Mr. Charles N. Steele
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1098 (79)

Dear Mr. Steele:

By letter dated February 12, 1982, the Commission has been advised by Samuel B. Fields, Treasurer of Walter Flowers for U.S. Senate, that I have been authorized to act as the Committee's counsel with regard to the above-referenced MUR, which is presently pending before the Commission. As I have just been authorized as the Committee's attorney in this matter, I respectfully request a 20-day extension to review the file and to respond to your letter of January 29, 1982, which according to Mr. Fields was delivered to him on February 9, 1982.

If the requested extension is granted, I would anticipate being able to meet with you or a member of your staff well within that time period to discuss the possibility of an early settlement as relates to the Committee through a conciliation agreement.

Thank you for your consideration.

Sincerely,

Michael S. Berman

MSB:rv
cc: Kim Bright
Ken Gross
Tom Whitehead

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KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

1900 M STREET, N. W.

WASHINGTON, D. C. 20036

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PITTSBURGH, PENNSYLVANIA 15222
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February 22, 1982

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1098 (79)

Dear Mr. Steele:

By letter dated February 16, 1982, the Commission has been advised by Dr. Robert S. Flowers that I am authorized to represent him in the above-referenced matter.

I respectfully request a 20-day extension to review this matter and to respond to your letter to him of January 29, 1982.

If the requested extension is granted, I would anticipate being able to meet with you or a member of your staff well within that time period to discuss the possibility of an early settlement through a conciliation agreement.

Thank you for your consideration.

Sincerely,

Michael S. Berman

Michael S. Berman

MSB:rv
cc: Kim Bright
Ken Gross
Tom Whitehead

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KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

1900 M STREET, N. W.

WASHINGTON, D. C. 20036

TELEPHONE (202) 452-7000
CABLE: KIPRI
TELEX 440309 KIPR UI
WRITER'S DIRECT DIAL NUMBER
(202) 452-8387

IN PITTSBURGH
KIRKPATRICK, LOCKHART, JOHNSON & HUTCHISON
1500 OLIVER BUILDING
PITTSBURGH, PENNSYLVANIA 15222
(412) 355-6500

82 FEB 24 P12:53

February 22, 1982

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

Re: MUR 1098 (79)

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Thank you for your consideration.

Sincerely,

Michael S. Berman

MSB:rv
cc: Kim Bright
Ken Gross
Tom Whitehead

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KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

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February 22, 1982

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General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1098 (79)

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Thank you for your consideration.

Sincerely,

Michael S. Berman

Michael S. Berman

MSB:rv
cc: Kim Bright
Ken Gross
Tom Whitehead

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IRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

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D.C.

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Mr. Charles N. Steele
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

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D.C.

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

200556

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KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

1900 M STREET, N. W.

WASHINGTON, D. C. 20036

TELEPHONE (202) 452-7000
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TELEX 440200 KIPH UI
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KIRKPATRICK, LOCKHART, JOHNSON & HUTCHISON
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PITTSBURGH, PENNSYLVANIA 15222
(412) 355-6500

February 22, 1982

Mr. Charles N. Steele
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

82 FEB 24 P1:59

Re: MUR 1098 (79)

Dear Mr. Steele:

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Thank you for your consideration.

Sincerely,

Michael S. Berman

MSB:rv
cc: Kim Bright
Ken Gross
Tom Whitehead

02040360851

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82 FEB 24 AM : 51

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

1900 M STREET, N. W.

WASHINGTON, D. C. 20036

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February 22, 1982

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General Counsel
Federal Election Commission
Washington, D.C. 20463

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Sincerely,

Michael S. Berman

Michael S. Berman

MSB:rv
cc: Kim Bright
Ken Gross
Tom Whitehead

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900055?

RECEIVED
acct 7238
82 FEB 24 AM : 58

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

1900 M STREET, N. W.

WASHINGTON, D. C. 20036

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CABLE: KIPHI
TELEX 440200 KIPH UI
WRITER'S DIRECT DIAL NUMBER
(202) 452-8387

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PITTSBURGH, PENNSYLVANIA 15222
(412) 355-6500

82 FEB 24 P1:58

February 22, 1982

Mr. Charles N. Steele
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1098 (79)

Dear Mr. Steele:

By letter dated February 12, 1982, the Commission has been advised by Samuel B. Fields, Treasurer of Walter Flowers for U.S. Senate, that I have been authorized to act as the Committee's counsel with regard to the above-referenced MUR, which is presently pending before the Commission. As I have just been authorized as the Committee's attorney in this matter, I respectfully request a 20-day extension to review the file and to respond to your letter of January 29, 1982, which according to Mr. Fields was delivered to him on February 9, 1982.

If the requested extension is granted, I would anticipate being able to meet with you or a member of your staff well within that time period to discuss the possibility of an early settlement as relates to the Committee through a conciliation agreement.

Thank you for your consideration.

Sincerely,

Michael S. Berman

MSB:rv
cc: Kim Bright
Ken Gross
Tom Whitehead

82040360853

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82 FEB 24 AM : 09

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

1900 M STREET, N. W.

WASHINGTON, D. C. 20036

TELEPHONE (202) 452-7000
CABLE: KIPHI
TELEX 440200 KIPH UI
WRITER'S DIRECT DIAL NUMBER

(202) 452-8387

IN PITTSBURGH
KIRKPATRICK, LOCKHART, GORDON & HUTCHISON
1500 OLIVER BUILDING
PITTSBURGH, PENNSYLVANIA 15222
(412) 355-6500

February 22, 1982

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1098 (79)

Dear Mr. Steele:

By letter dated February 16, 1982, the Commission has been advised by Dr. Robert S. Flowers that I am authorized to represent him in the above-referenced matter.

I respectfully request a 20-day extension to review this matter and to respond to your letter to him of January 29, 1982.

If the requested extension is granted, I would anticipate being able to meet with you or a member of your staff well within that time period to discuss the possibility of an early settlement through a conciliation agreement.

Thank you for your consideration.

Sincerely,

Michael S. Berman

Michael S. Berman

MSB:rv
cc: Kim Bright
Ken Gross
Tom Whitehead

82040308054

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

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

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KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

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

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82 FEB22 P1:21
BCC# 7215

February 12, 1982

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

RE: MUR 1098(79)

Dear Mr. Steele:

As Treasurer of the Walter Flowers for U. S. Senate Committee, your letter of January 29, 1982, was delivered to me on February 9, 1982.

This is to inform you that Michael S. Berman of the law firm Hill, Christopher and Phillips has been authorized and requested to represent the Committee on the above matter.

Mr. Berman's address is shown below, and he will be in contact with you in the near future.

Yours very truly,

Samuel B. Fields

Samuel B. Fields, Treasurer
Walter Flowers for U. S. Senate
P. O. Box 2230
Tuscaloosa, Alabama 35403

SBF:cpb

cc: Mr. Michael S. Berman
Messrs. Hill, Christopher & Phillips, P.C.
Attorneys at Law
1900 M Street, N.W., Suite 800
Washington, D. C. 20036

82 FEB22 P3:05

6204030857

P. O. Box 2230
Tuscaloosa, Ala. 35403

TUSCALOOSA, AL 354
PM
16 FEB
1982

82 FEB 22

Domestic Mai
US Postage

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, D. C. 20463

92040300858

RECEIVED
82 FEB 22 P1:20

PLASTIC SURGERY CENTER, INC.
Robert S. Flowers, M.D.
Suite 1011
Pacific Int'l. Bldg.
677 Ala Moana Blvd.
Honolulu, Hawaii 96813
521-6581

82 FEB 22 P3:06

February 16, 1982

Mr. Charles N. Steele
General Counsel
Federal Elections Committee
Washington, D.C. 20463

Re: MUR 1098 (79)

Dear Mr. Steele,

This is to advise you that I have requested Mr. Michael S. Berman, Attorney at Law, to represent my interests in connection with the above matter.

Mr. Berman will be in contact with you shortly about this.

Very truly yours,

Robert S. Flowers, M.D.

RSF/lm

cc: Mr. Michael S. Berman, Attorney at Law
1900 M. Street N.W., Suite 800
Washington, D.C. 20036

9 2 0 0 1 0 0 8 5 9

PLASTIC SURGERY CENTER, INC.
Robert S. Flowers, M.D.

Suite 1011
Pacific Int'l. Bldg.
677 Ala Moana Blvd.
Honolulu, Hawaii 96813

HONOLULU, HI 968
PM
19 FEB
1982

82 FEB 22 P1:20

Mr. Charles N. Steele
General Counsel
Federal Elections Committee
Washington, D.C. 20463

RECEIVED
931
82 FEB 16 P4:45
Acc# 7169

Walter Flowers
Suite 600
2550 M Street, N.W.
Washington, D.C. 20037
(202) 466-6810

February 12, 1982

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, DC 20463

Re: MUR1098(79)

Dear Mr. Steele:

Having received your letter of January 29, 1982, with reference to the above, I have authorized and requested Mr. Michael S. Berman of the law firm of Hill, Christopher and Phillips to represent me on the same.

Mr. Berman's telephone number is 452-7000 and his address is shown below. He will undoubtedly be in touch with you shortly.

Very truly yours,

Walter Flowers

Walter Flowers

WF:rms

cc: Mr. Michael S. Berman
Hill, Christopher and Phillips P.C.
1900 M Street, NW
Suite 800
Washington, DC 20036

6204036086 1

RECEIVED

82 FEB 16 P2:17

Mr. Charles N. Steele
General Counsel
Federal Election Commission
Washington, DC 20463

10933 RECEIVED
Gec# 7171

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

1900 M STREET, N. W.

WASHINGTON, D. C. 20036

TELEPHONE (202) 452-7000
CABLE: NIPHI
TELEX 440200 NIPH UI
WRITER'S DIRECT DIAL NUMBER
(202) 452-8387

IN PITTSBURGH
KIRKPATRICK, LOCKHART, JOHNSON & HUTCHISON
1500 OLIVER BUILDING
PITTSBURGH, PENNSYLVANIA 15222
(412) 355-6500

February 12, 1982

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

Re: MUR 1098 (79)

Dear Mr. Steele:

By a separate letter of representation pursuant to 11 CFR 111.23, the Commission has been advised by Walter Flowers that I have been authorized to act as his counsel with regard to MUR 1098 (79) which is presently pending before the Commission. As I have just been authorized as Mr. Flowers' attorney in this matter, I respectfully request a twenty-day extension to review the file and to respond to your letter of January 29, 1982, which contained a brief stating the position of the General Counsel on the legal and factual issues of the case and invited a reply from the respondent.

In order that MUR 1098 (79) may be resolved in an expeditious manner mutually satisfactory to the Commission and to my client, I would like to meet with you to discuss the possibility of an early settlement in this case through a conciliation agreement. This could obviate the need for any presentation to the Commission of a recommendation on a probable cause to believe finding and the further delay caused by the tolling of the mandatory 90-day negotiation period. I will be in contact with your office within the next several days to schedule such a pre-probable cause to believe meeting.

Sincerely,

Michael S. Berman

MSB:rv

82040350863

KIRKPATRICK, LOCKHART, HILL, CHRISTOPHER & PHILLIPS
1900 M STREET, N. W.
WASHINGTON, D. C. 20036

RECEIVED

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

1-29-82 RECEIVED
Case # 7163
82 FEB 16 P2:06

MILLER, HAMILTON, SNIDER & ODOM
ATTORNEYS AND COUNSELLORS AT LAW
2212 FIRST NATIONAL BANK BUILDING
POST OFFICE BOX 66
MOBILE, ALABAMA 36601
(205) 432-1414

PALMER C. HAMILTON
*JOHN C. H. MILLER, JR.
JAMES B. NEWELL, JR.
*LEWIS B. ODOM, JR.
RONALD A. SNIDER
THOMAS TROY ZIEMAN, JR.

*MICHAEL D. WATERS
BRADLEY R. BYRNE
*GEORGE A. LEMAISTRE, JR

*ADMITTED ALABAMA AND DISTRICT OF COLUMBIA

SUITE 210
1750 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20006
(202) 466-6256

February 12, 1982

82 FEB 16 P4:33

6204030865

Ms. Kim L. Bright
Office of General Counsel
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

Re: Bank of Moundville, Alabama

Dear Kim:

On February 3, 1982, the Bank of Moundville, Alabama, received a letter from The Honorable Charles N. Steele, General Counsel, Federal Election Commission, notifying the Bank that the Federal Election Commission on March 20, 1980, found reason to believe that the Bank of Moundville had violated 2 USC § 441b (a). The letter also notified the Bank that after an investigation the office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

In that regard, I called you on February 12, 1982, to notify you that The Bank of Moundville has retained our firm to represent it. I also notified you that we will formally request a twenty (20) day extension.

Accordingly, pursuant to the letter of January 29, 1982, I am writing to formally request an extension of twenty (20) days

within which to file a responsive brief. As I understand it, the initial period of fifteen (15) days will expire on February 18, 1982, and the twenty (20) day extention will postpone the date for the filing of a responsive brief until Wednesday, March 10, 1982. If my presumption is incorrect, I would appreciate your notifying me.

Thank you for your cooperation in this matter. I look forward to working with you.

Very truly yours,

Thomas Troy Zieman, Jr.

TTZ/lpk

6 2 0 4 0 3 6 0 8 6 6

MILLER, HAMILTON, SNIDER & ODOM
ATTORNEYS AND COUNSELLORS AT LAW
2312 FIRST NATIONAL BANK BUILDING
POST OFFICE BOX 46
MOBILE, ALABAMA 36601

MOBILE, AL 36601
PM
13 FEB
1982

82 FEB 16 P 2:06

Ms. Kim L. Bright
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

82 JAN 29 A10: 50

January 29, 1982

MEMORANDUM

TO : The Commission

FROM : Charles N. Steele
General Counsel

SUBJECT: MUR 1098 (79)

Attached for the Commission's review are four briefs stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. Copies of these briefs and letters notifying the respondents of the General Counsel's intent to recommend to the Commission findings of probable cause to believe were mailed on January 29 , 1982. Following receipt of the respondents' replies to this notice, this Office will make a further report to the Commission.

Attachments

Four Briefs
Four Letters to Respondents

6 2 0 4 0 3 5 0 8 6 8

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Samuel B. Fields, Treasurer
Walter Flowers for U.S. Senate
Committee
P. O. Box 2230
Tuscaloosa, Alabama 35401

RE: MUR 1098 (79)

Dear Mr. Fields:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on March 20, 1980, found reason to believe that the Walter Flowers for U.S. Senate Committee had violated 2 U.S.C. § 441a(f) and § 441b(a) and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the

6 2 0 4 0 3 0 8 6 9

General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within fifteen days, you may submit a written response to the Commission for an extension of time in which to file a brief. The Commission will not grant any extension beyond twenty days.

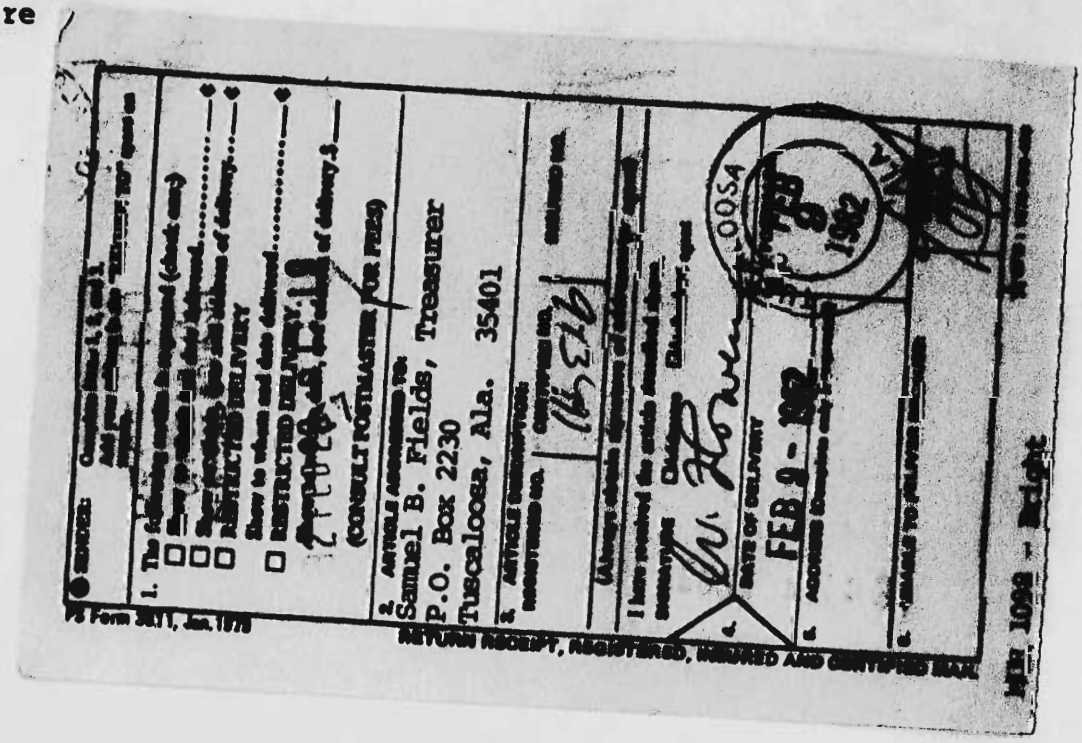
A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Kim L. Bright at 202/523-4060.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief



82040350870

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Walter Flowers
P. O. Box 2230
Tuscaloosa, Alabama 35401

RE: MUR 1098 (79)

Dear Mr. Flowers:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on March 20, 1980, found reason to believe that you had violated 2 U.S.C. § 441a(f) and § 441b(a) and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation of 2 U.S.C. § 441a(f) has occurred and no probable cause to believe a violation of 2 U.S.C. § 441b(a) has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

8204030871

If you are unable to file a responsive brief within fifteen days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extension beyond twenty days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Kim L. Bright at 202/523-4060.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

8204035087 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dr. Robert S. Flowers
219 Paiko Drive
Honolulu, Hawaii 96821

RE: MUR 1098 (79)

Dear Dr. Flowers:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Comission, on March 20, 1980, found reason to believe that you had violated 2 U.S.C. § 441a (a)(1)(A) and § 441a(a)(3) and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commisison a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

5 2 0 4 0 3 5 0 8 7 3

If you are unable to file a responsive brief within fifteen (15) days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extension beyond twenty (20) days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety days to settle this matter through a conciliation agreement.

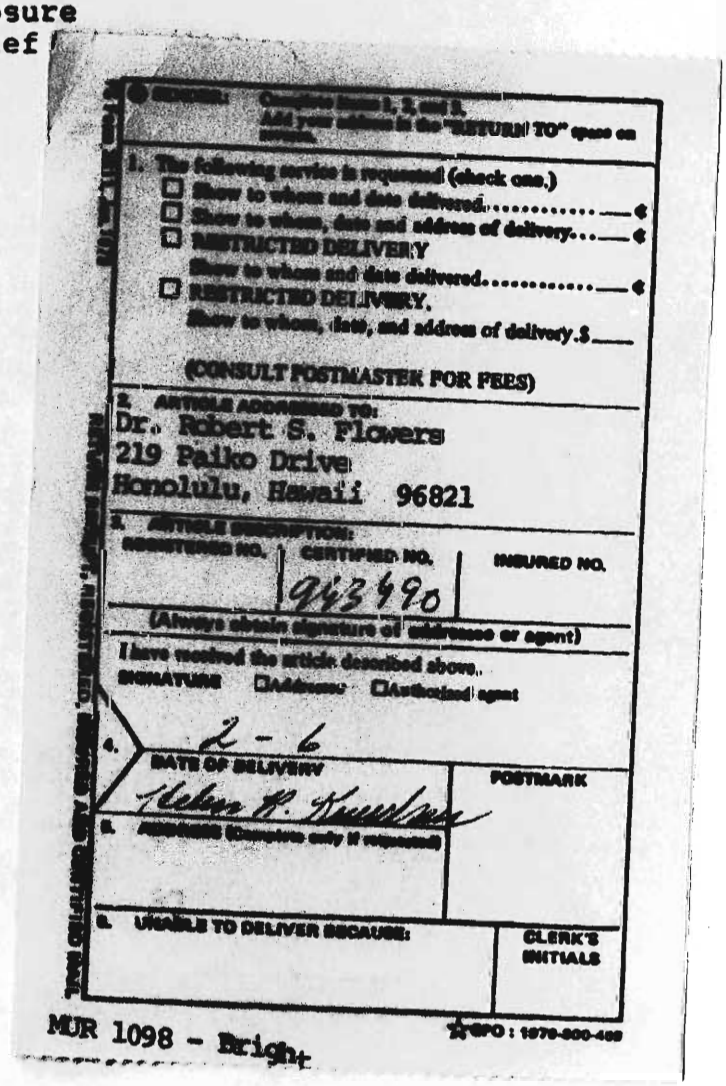
Should you have any questions, please contact Kim L. Bright at 202/523-4060.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

8204030874


SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
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☐ Show to whom, date and address of delivery....¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered.....¢
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery.$____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Dr. Robert S. Flowers
219 Paiko Drive
Honolulu, Hawaii 96821

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 943490 | INSURED NO.

(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent

4. DATE OF DELIVERY 2-6
POSTMARK

5. ADDRESSEE (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS

MUR 1098 - Bright
GPO : 1979-300-469

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Madie E. Howell, President
Bank of Moundville
P. O. Box 158
Moundville, Alabama 35474

RE: MUR 1098 (79)

Dear Mr. Howell:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on March 20, 1980, found reason to believe that the Bank of Moundville had violated 2 U.S.C. § 441b(a) and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should be also be forwarded to the Office of General Counsel, if possible). The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

8204035087 5

If you are unable to file a responsive brief within fifteen days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extension beyond twenty days.

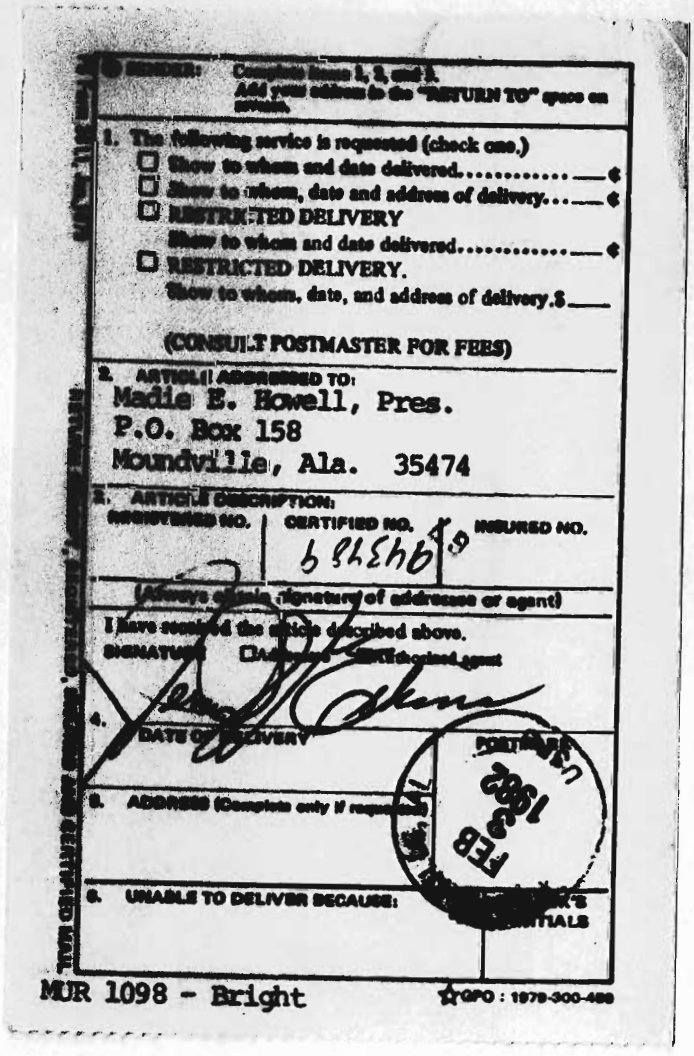
A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Kim L. Bright at (202) 523-4060.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief


SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)
☐ Show to whom and date delivered.....¢
☐ Show to whom, date and address of delivery.....¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered.....¢
☐ RESTRICTED DELIVERY.
Show to whom, date, and address of delivery.$____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Madie E. Howell, Pres.
P.O. Box 158
Moundville, Ala. 35474

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 684348 | INSURED NO.

(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

POSTMARK
FEB 1982

MUR 1098 - Bright

6204036087 6

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/JODY CUSTER MWE

DATE: APRIL 21, 1981

SUBJECT: MUR 1098 - Interim Investigative Report #6, dated 4-16-81; Signed 4-17-81; Received in OCS 4-17-81, 3:40

The above-named document was circulated to the Commission on a no-objection basis at 11:00, April 20, 1981.

There were no objection received in the Office of the Commission Secretary to the Interim Investigative Report at the time of the deadline.

8204030877

April 17, 1981

MEMORANDUM TO: Marjorie W. Emmons

FROM: Eileen T. Garr

SUBJECT: MUR 1098

Please have the attached Interim Invest Report distributed to the Commission. Thank you.

8204036098 7 8

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION
April 16, 1981

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

81 APR 17 P3: 40

In the Matter of)
) MUR 1098 (79)
Dr. Robert S. Flowers, et.al.)

INTERIM INVESTIGATIVE REPORT #6

Documentation received regarding the bank loans obtained in Walter Flowers' campaign indicate that an excessive contribution may have resulted from Mrs. Flowers' cosignature of the loans. Therefore, it is necessary to obtain further information on the nature of the ownership of the property which secured the loans to complete the investigation of this matter.

The Office of General Counsel anticipates making recommendations to the Commission in the next few weeks.

17 April 1981
Date

Charles N. Steele
General Counsel

6204035 0879

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY mc
OFFICE OF THE SECRETARY TO THE COMMISSION

DATE: FEBRUARY 12, 1981

SUBJECT: MUR 1098 - Interim Investigative Report #5 dated 2-6-81; Received in OCS 2-9-81, 1:38

The above-named document was circulated to the Commission on a no-objection basis at 11:00, February 11, 1981

There were no objections to the Interim Investigative Report at the time of the deadline.

8204036080

February 9, 1981

MEMORANDUM TO: Marjorie W. Emmons

FROM: Eliesa T. Garr

SUBJECT: MHR 1098

Please have the attached Interim Inquest Report distributed to the Commission. Thank you.

9204030088

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1098 (79)
Dr. Robert Flowers, et al.	)	

81 FEB 9 P1:38
RECEIVED
COMMISSION SECRETARY

INTERIM INVESTIGATIVE REPORT #5

The respondents have cooperated fully in the investigation. However, further examination of the responses submitted during the investigation has revealed the presence of complex issues concerning overdrafts made on terms which do not conform to all the requirements of the Act and Commission regulations to be excluded from the definition of contributions. Due to the presence of this issue, more information may be needed from the respondents so that further recommendations may be made to the Commission.

This office anticipates that its investigation and analysis of the responses received will be completed within three to four weeks.

82040360882

6 Feb 1981
Date

Charles N. Steele
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY

DATE: DECEMBER 16, 1980

SUBJECT: MUR 1098 - Interim Investigative Report #4, dated 12-12-80; Received in OCS 12-15-80, 1:08

The above-named document was circulated to the Commission on a 24 hour no-objection basis at 4:00, December 15, 1980.

There were no objections to the Interim Investigative Report at the time of the deadline.

6204036083

November 15, 1988

[illegible] for [illegible]

[illegible] [illegible]

[illegible] [illegible]

Please have the attached [illegible] [illegible]

distributed to the Commission. Thank you.

8204030408

BEFORE THE FEDERAL ELECTION COMMISSION

COMMISSION SECRETARY

80 DEC 15 P1:08

In The Matter Of)
Dr. Robert Flowers, et al.) MUR 1098 (79)

INTERIM INVESTIGATIVE REPORT #4

The four respondents in this matter have submitted documents and answers requested by this office, and have cooperated fully in the investigation. Given the apparent interrelationship among the subject transactions, the Office of General Counsel has been mindful of the need to compare and contrast the individual responses.

Although the full anlaysis is not yet complete, it is anticipated that further recommendations will be made to the Commission in three weeks.

12 December 1980
Date

Charles N. Steele
General Counsel

6204030083

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY

DATE: AUGUST 5, 1980

SUBJECT: MUR 1098 - Interim Investigative Report #3 dated 8-4-80; Received in OCS 8-4-80, 11:52

The above-named document was circulated to the Commission on a 24 hour no-objection basis at 4:00, August 4, 1980.

There were no objections to the Interim Investigative Report at the time of the deadline.

6204035086

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

80 JUN 17 P2: 21

FEDERAL ELECTION COMMISSION

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

DATE AND TIME OF TRANSMITTAL ~~MONDAY~~, 6-17-80
11:00

Commissioner FRIEDERSDORF, AIKENS, TIERNAN, McGARRY, REICHE, HARRIS

RETURN TO THE OFFICE OF COMMISSION SECRETARY BY: ~~TUESDAY~~, JUNE 18, 1980
11:00

MUR No. 1098 - Interim Investigative Report #2, dated 6-13-80

( ) I object to the recommendation in the attached report.

COMMENTS:

Date 6/17/80 Signature Frank P. Reiche

OBJECTIONS, SIGNED AND DATED, MUST BE RECEIVED IN THE COMMISSION SECRETARY'S OFFICE NO LATER THAN THE DATE AND TIME SHOWN ABOVE OR THE MATTER WILL BE DEEMED APPROVED. PLEASE RETURN ALL PAPERS TO THE OFFICE OF THE SECRETARY TO THE COMMISSION.

6204036 0887

August 4, 1980

MEMORANDUM TO: Marjorie W. Emmons

FROM: Eliza T. Garr

SUBJECT: MUR 1088

Please have the attached Interim Invest Report distributed to the Commission. Thank you.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Dr. Robert Flowers, et al.	)	MUR 1098 (79)

INTERIM INVESTIGATIVE REPORT #3

In Report #2, the Office of General Counsel indicated that the Bank of Moundville's attorney had agreed to submit additional information which would help clarify the issues. That information has been received, and is currently being reviewed.

This office anticipates that its analysis will be complete within the next 2-3 weeks, and that further recommendations will be made in the next report.

4 August 1980
Date

Charles N. Steele
General Counsel

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
80 AUG 4 A11:52

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE MWE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY mc

DATE: JUNE 18, 1980

SUBJECT: MUR 1098 - Interim Investigative Report dated 6-13-80; Received in OCS 6-16-80, 12:09

The above-named document was circulated to the Commission on a 24 hour no-objection basis at 11:00, June 17, 1980.

There were no objections to the Interim Investigative Report at the time of the deadline; however, Commissioner Reiche submitted a comment on his vote sheet. A copy of the vote sheet is attached.

ATTACHMENT:
Copy of Vote Sheet

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1098 (79)
Walter Flowers for	)	
U.S. Senate Committee	)	

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On March 20, 1980, the Federal Election Commission (hereinafter "the Commission") found reason to believe that the Walter Flowers for U.S. Senate Committee violated various provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, based on information ascertained during the normal course of its supervisory responsibilities, the Commission found reason to believe that the Committee violated 2 U.S.C. § 441a(f) by accepting a contribution which exceeded the $1,000 limit imposed on contributions from individuals by 2 U.S.C. § 441a(a)(1)(A). Also, the Commission found reason to believe that the Committee violated 2 U.S.C. § 441b(a) by accepting a contribution from the Bank of Moundville, an incorporated state bank.

II. Legal Analysis

A. Excessive Contribution from Individual

The Walter Flowers for U.S. Senate Committee ("Committee") registered with the Commission as the principal campaign committee for Walter Flowers, a 1978 candidate for the U.S. Senate. The Ten Day Pre-Runoff Report of the Walter Flowers

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for U.S. Senate Committee, covering the period from August 22 to September 11, 1978, disclosed the receipt of a loan in the amount of $35,000 from the candidate's brother, Dr. Robert S. Flowers. The loan was originally made to the candidate, Walter Flowers, who in turn loaned the funds to the Committee. An amendment to the report and the Committee's response to a surface violation letter from the Commission state that the loan was refunded on September 19, 1978.

Under 2 U.S.C. § 431(8)(A)(i), formerly 2 U.S.C. § 431 (e)(5)(G), a loan is included within the definition of contribution. 2 U.S.C. § 441a(f) makes it unlawful for a candidate or committee to knowingly accept any contribution in excess of the $1,000 limit imposed by 2 U.S.C. § 441a(a)(1)(A) on contributions from individuals. However, 11 C.F.R. § 103.3(b) provides that a candidate or committee may return or refund an illegal contribution within ten days. Pursuant to this provision, committees or candidates which are unsure of the legality of a contribution upon its receipt and take specific prescribed steps in handling them are protected from being found in violation of the Act.

In its response to the Commission's notification of its reason to believe findings, the Committee affirmed that it had received the loan from Dr. Flowers through Walter Flowers. The Committee also pointed out that the loan was refunded

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within ten days of its receipt. However, information obtained during the investigation of this matter indicates that there was a connection between the $35,000 loan from Dr. Flowers and the repayment of a bank loan. Apparently, the loan from Dr. Flowers was requested by Walter Flowers and in fact used by the Committee to repay a loan which candidate Flowers had obtained from the Bank of Moundville for use in his campaign.

Based upon the evidence obtained in the investigation and the Committee's response, it is clear that the Committee knowingly accepted an excessive contribution in violation of 2 U.S.C. § 441a(f). Neither the fact that the contribution was refunded within ten days of its receipt nor that it came to the Committee through the candidate should shield the Committee from the violation of accepting an excessive contribution. 11 C.F.R. § 103.3(b) was not intended to protect candidates or committees which solicit, accept and in fact use excessive contributions for specific purposes. Furthermore, although a candidate may make unlimited contributions to his campaign committees from his personal funds, in this instance, the candidate was a conduit for contributions from a third party. In view of these facts, there is probable cause to believe that the Walter Flowers for U.S. Senate Committee violated 2 U.S.C. § 441a(f) by accepting an excessive contribution.

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B. Impermissible Contribution from State Bank

Examination of Committee reports in connection with the Flowers loan revealed that the Committee had received substantial amounts in loans through candidate Flowers from the Bank of Moundville ("Bank"), an incorporated State bank. Committee reports did not indicate whether the loans were secured or if interest was paid on them. Therefore, it appeared that these loans may not have been made in accordance with the applicable State law or in the ordinary course of business.

2 U.S.C. § 441b(a) prohibits a candidate or political committee from knowingly accepting a contribution from a corporation. However, 2 U.S.C. § 431(8)(B)(vii), formerly 2 U.S.C. § 431(e)(5)(G), excludes a loan made by a national or State bank to a political committee from the definition of contribution if the loan is made in the ordinary course of business and in accordance with applicable law. Guidelines for determining when a loan is made in the ordinary course of business are set forth in 11 C.F.R. § 100.7(b)(11). Under this provision, a loan is viewed as being made in the ordinary course of business if it bears the usual interest rate of the bank for that type of loan, is made on a basis which assures repayment, is evidenced by a written instrument, and is subject to a due date or amortization schedule.

Evidence obtained during the investigation of this matter indicates that the Committee received funds from two loans totalling $85,000 which candidate Flowers received from the

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Bank and additional funds through overdrafts on its account with the Bank. Documentation received from the Bank shows that the two loans received by candidate Flowers were evidenced by a written instrument, due on a specific date and subject to a definite interest rate. The first loan of $50,000, made on August 31, 1978 at an interest rate of 9 1/4%, matured November 30, 1978. Another loan of $35,000 was made on September 19, 1978 at 9 1/2% interest and was due on December 19, 1978. Both loans were renewed periodically and paid in full on March 17, 1980. A finding that these loans were made on a basis which assures repayment is supported by the fact that the loans were secured by mortgages on real estate and stocks owned by Flowers and his wife. Also, there is no evidence that the interest charged on these loans was not usual and customary for these types of loans. Therefore, the loans appear to have been made in the ordinary course of business.

Furthermore, the loans were made in accordance with the applicable State banking law. The Code of Alabama 1975 § 5-5-16[1/] prohibits a bank from making an unsecured

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1/ § 5-5-16 was repealed by 1980 Ala. Acts No. 80-658 (Ala. Code tit. 5, (Supp. 1980)). Former § 5-5-16 is now codified at Ala. Code tit. 5 § 5A-22 (Supp. 1980). § 5-5A-22 retains the same percentage of capital account restrictions on bank loans and establishes rules for aggregating loans as liabilities of one source for purposes of the limitations.

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loan in excess of 10% of its capital account (consisting of its capital, unimpaired surplus and undivided profits) nor lending more than 20% of its capital account on a secured loan. The Bank has submitted information which indicates that its capital account, at the time the loans were made, fluctuated from $914,500 to $919,400. Since these loans were secured, the Bank could legally lend up to 20% of this amount to Flowers under Alabama law. The total amount of the loans, $85,000, was less than 20% of the Bank's capital account.

In the absence of any evidence to the contrary, these loans appear to have been made in the ordinary course of business and in accordance with applicable banking law as required by 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11). The making of these loans, therefore, did not result in an unlawful corporate contribution from the Bank to Flowers or the Committee. Consequently, there is no probable cause to believe that the Walter Flowers for U.S. Senate Committee violated 2 U.S.C. § 441b(a).

The Committee also received additional funds from the Bank. The Committee has stated that it received "advances" from the Bank -- $50,000 on June 19, 1978 and $100,000 on June 28, 1978 -- which were secured by promissory notes and a real estate mortgage executed by candidate Flowers to the Bank. The Committee did not provide copies of the mortgage or notes but reported advances on its report.

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However, the investigation of this matter revealed several inconsistencies. The Bank did not provide any information or documentation on the promissory notes or advances mentioned by the Committee. Rather, the Bank stated that it extended funds to the Committee by honoring overdrafts on its account. The high points for these overdrafts ranged from $104,955.69 to $8,347.23 during a four month period. 2/ The Bank did state that it held mortgages on two properties owned by Flowers which it viewed as security for the overdrafts but did not explain how it came into possession of them. Furthermore, although the overdrafts were repaid within a few days, evidencing the Committee's good faith efforts to repay them, no repayment schedule was prearranged. Also, neither interest nor service charges were assessed on the overdrafts as was the Bank's customary practice with civic groups and political campaigns.

Under either set of facts, these overdrafts or advances did not constitute loans made in the ordinary course of business for purposes of the Act. The clear intent of the Act is to put special restrictions on the borrowing of money and on the forgiveness of debts and obligations in

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2/ Overdrafts by Committee

Dates	Highest Amount
6/24 - 7/3	$ 15,573.88
7/19 - 7/25	8,347.23
7/28 - 7/31	18,740.18
8/4 - 9/12	104,955.69

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regard to political campaigns. Hence, only loans made in the ordinary course of business and overdrafts made in accordance with the requirements of 11 C.F.R. § 100.7(b)(11) 3/ are exempted from the prohibition on contributions by state banks in connection with federal elections.

Although the overdrafts in the present case may have been extended in compliance with the Bank's standard policies, they are not considered loans made in the ordinary course of business for purposes of the Act. Nor were the overdrafts made on the terms now required by the Commission regulations. Therefore, the overdrafts constituted contributions to the extent they remained outstanding at any given time. Such contributions by the Bank, an incorporated State bank, were in violation of 2 U.S.C. § 441b(a). In view of these facts, there is probable cause to believe that the Walter Flowers for U.S. Senate Committee violated 2 U.S.C. § 441b(a) by accepting a prohibited corporate contribution from the Bank of Moundville.

III. General Counsel's Recommendations

1. Find probable cause to believe that the Walter Flowers for U.S. Senate Committee violated 2 U.S.C.

3/ 11 C.F.R. § 100.7(b)(11) provides that an overdraft made on a checking or savings account is considered a contribution unless it is made on an account subject to automatic overdraft protection, bears a definite interest rate which is usual and customary and is repaid pursuant to a definite schedule. However, this provision of the regulations, as revised in April of 1980 to provide specific criteria for determining when an overdraft does not constitute a contribution, was not in effect during the period of activity involved.

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§ 441a(f) by accepting a contribution which exceeded the $1,000 limit imposed on contributions from individuals by 2 U.S.C. § 441a(a)(1)(A).

2. Find no probable cause to believe that the Walter Flowers for U.S. Senate Committee violated 2 U.S.C. § 441b(a) by accepting secured loans from the Bank of Moundville.

3. Find probable cause to believe that the Walter Flowers for U.S. Senate Committee violated 2 U.S.C. § 441b(a) by its acceptance of loans received in the form of overdrafts from the Bank of Moundville.

28 January 1982
Date

Charles N. Steele
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Samuel B. Fields, Treasurer
Walter Flowers for U.S. Senate
Committee
P. O. Box 2230
Tuscaloosa, Alabama 35401

RE: MUR 1098 (79)

Dear Mr. Fields:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on March 20, 1980, found reason to believe that the Walter Flowers for U.S. Senate Committee had violated 2 U.S.C. § 441a(f) and § 441b(a) and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the

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General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within fifteen days, you may submit a written response to the Commission for an extension of time in which to file a brief. The Commission will not grant any extension beyond twenty days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Kim L. Bright at 202/523-4060.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1098 (79)
Walter Flowers	)	

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On March 20, 1980, the Federal Election Commission ("Commission"), based on information ascertained during the normal course of its supervisory responsibilities, found reason to believe that Walter Flowers had violated various provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, the Commission found reason to believe that as a candidate for the U.S. Senate in 1978, Flowers violated 2 U.S.C. § 441a(f) by accepting a contribution which exceeded the $1,000 limit imposed on contributions from individuals by 2 U.S.C. § 441a(a)(1)(A). Also, the Commission found reason to believe that Flowers violated 2 U.S.C. § 441b(a) by accepting a contribution from the Bank of Moundville, an incorporated state bank.

II. Legal Analysis

A. Excessive Contribution from Individual

The Ten Day Pre-Runoff Report of the Walter Flowers for U.S. Senate Committee ("Committee"), covering the period from August 22 to September 11, 1978, disclosed the receipt of a loan in the amount of $35,000 from the candidate's brother, Dr. Robert S. Flowers. The loan was originally

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made to the candidate, Walter Flowers, who in turn loaned the funds to the Committee. An amendment to the report and the Committee's response to a surface violation letter from the Commission state that the loan was refunded on September 19, 1978.

Under 2 U.S.C. § 431(8)(A)(i), formerly designated as 2 U.S.C. § 431(e)(5)(G), a loan is included within the definition of contribution. 2 U.S.C. § 441a(f) makes it unlawful for a candidate to knowingly accept any contribution in excess of the $1,000 limit imposed by 2 U.S.C. § 441a(a)(1)(A) on contributions from individuals. However, 11 C.F.R. § 103.3(b) provides that a candidate or committee may return or refund an illegal contribution within ten days. Pursuant to this provision, committees or candidates which are unsure of the legality of a contribution upon its receipt and take specific steps in handling them are protected from being found in violation of the Act.

In his response to the Commission's notification of its reason to believe findings, Flowers affirmed that he had received the excessive contribution from Dr. Flowers and, in turn, loaned the funds to the Committee. He also pointed out that the loan was refunded by the Committee within ten days of its receipt. However, Flowers' response indicates that there was a connection between the $35,000 loan from Dr. Flowers and the repayment of a bank loan.

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He stated that the loan from Dr. Flowers was requested and in fact used by the Committee to repay a loan which he had obtained from the Bank of Moundville for use in his campaign.

Based upon his response, it is clear that Walter Flowers knowingly accepted an excessive contribution in violation of 2 U.S.C. § 441a(f). The fact that the contribution was refunded within ten days of its receipt should not shield Flowers from the violation of accepting an excessive contribution. 11 C.F.R. § 103.3(b) was not intended to protect candidates or committees which solicit, accept and in fact use excessive contributions for specific purposes. In view of these facts, there is probable cause to believe that Walter Flowers violated 2 U.S.C. § 441a(f) by accepting a contribution from Dr. Robert S. Flowers in excess of the $1,000 limit imposed by 2 U.S.C. § 441a (a)(1)(A).

B. Impermissible Contribution from State Bank

Examination of Committee reports in connection with the Flowers loan revealed that the Committee had received substantial sums in loans through candidate Flowers from the Bank of Moundville, ("Bank"), an incorporated State bank. Committee reports did not indicate whether the loans were secured or if interest was paid on them. Therefore, it appeared that these loans may not have been made in accordance with the applicable State law or in the ordinary course of business.

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2 U.S.C. § 441b(a) prohibits a candidate or political committee from knowingly accepting a contribution from a corporation. However, 2 U.S.C. § 431(8)(B)(vii), formerly 2 U.S.C. § 431(e)(5)(G), excludes a loan made by a national or State bank to a political committee from the definition of contribution if the loan is made in the ordinary course of business and in accordance with applicable law. Guidelines for determining when a loan is made in the ordinary course of business are set forth in 11 C.F.R. § 100.7(b)(11). Under this provision, a loan is viewed as being made in the ordinary course of business if it bears the usual interest rate of the bank for that type of loan, is made on a basis which assures repayment, is evidenced by a written instrument, and is subject to a due date or amortization schedule.

Evidence obtained during the investigation of this matter indicate that candidate Flowers received two loans totalling $85,000. Documentation received from the Bank shows that the two loans were evidenced by a written instrument, due on a specific date and subject to a definite interest rate. The first loan of $50,000, made on August 31, 1978 at an interest rate of 9 1/4%, matured November 30, 1978. Another loan of $35,000 was made on September 19, 1978 at 9 1/2% interest and was due on December 19, 1978. Both loans were renewed periodically and paid in full on March 17, 1980. A finding

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that these loans were made on a basis which assures repayment is supported by the fact that the loans were secured by mortgages on real estate and stocks owned by Flowers and his wife. Also, there is no evidence that the interest charged on these loans was not usual and customary. Therefore, the loans appear to have been made in the ordinary course of business.

Furthermore, the loans were made in accordance with the applicable State banking law. The Code of Alabama 1975 § 5-5-16[1/] prohibits a bank from making an unsecured loan in excess of 10% of its capital account (consisting of its capital, unimpaired surplus and undivided profits) nor lending more than 20% of its captial account on a secured loan. The Bank has submitted information which indicates that, at the time the loans were made, its capital account fluctuated from $914,500 to $919,400. Since these loans were secured, the Bank could legally lend up to 20% of this amount to Flowers under Alabama law. The total amount of the loans, $85,000, clearly was less than 20% of the Bank's captial account.

1/ § 5-5-16 was repealed by 1980 Ala. Acts No. 80-658 (Ala. Code tit. 5 (Supp. 1980)). Former § 5-5-16 is now codified at Ala. Code tit. 5, § 5A-22 (Supp. 1980). § 5-5A-22 retains the same percentage of capital account restrictions on bank loans and establishes rules for aggregating loans as liabilities of one source for purposes of the limitations.

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In the absence of any evidence to the contrary, these loans appear to have been made in the ordinary course of business and in accordance with applicable banking law as required by 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11). The making of these loans, therefore, did not result in an unlawful corporate contribution from the Bank to Flowers or the Committee. Consequently, there is no probable cause to believe that Walter Flowers violated 2 U.S.C. § 441b(a) by accepting the loans.

III. General Counsel's Recommendations

1. Find probable cause to believe that Walter Flowers violated 2 U.S.C. § 441a(f) by accepting a contribution which exceeded the $1,000 limit imposed on contributions from individuals by 2 U.S.C. § 441a(a)(1)(A).

2. Find no probable cause to believe that Walter Flowers violated 2 U.S.C. § 441b(a) by accepting secured loans from the Bank of Moundville.

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28 January 1982
Date

Charles N. Steele
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Walter Flowers
P. O. Box 2230
Tuscaloosa, Alabama 35401

RE: MUR 1098 (79)

Dear Mr. Flowers:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on March 20, 1980, found reason to believe that you had violated 2 U.S.C. § 441a(f) and § 441b(a) and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation of 2 U.S.C. § 441a(f) has occurred and no probable cause to believe a violation of 2 U.S.C. § 441b(a) has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

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If you are unable to file a responsive brief within fifteen days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extension beyond twenty days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Kim L. Bright at 202/523-4060.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

6204036909

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1098 (79)
Bank of Moundville	)	

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On March 20, 1980, the Federal Election Commission ("Commission") based on information ascertained during the normal course of its supervisory responsibilities, found reason to believe that the Bank of Moundville violated 2 U.S.C. § 441b(a) by making loans outside the ordinary course of its business to Walter Flowers, a 1978 candidate for the United States Senate.

II. Legal Analysis

Examination of reports filed with the Commission by the Walter Flowers for U.S. Senate Committee ("Committee") revealed that the Committee had received substantial amounts in loans through candidate Flowers from the Bank of Moundville ("Bank") which may have been improper. Committee reports did not indicate whether the loans were secured or if interest was paid on them. Hence, it appeared that the loans may not have been made in accordance with the applicable State law or in the ordinary course of the Bank's business.

2 U.S.C. § 431(8)(B)(vii), formerly 2 U.S.C. § 431(e)(5)(G), excludes a loan made by a national or State bank to a political committee from the definition of contribution if the loan is made in the ordinary course of business

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and in accordance with applicable law. Guidelines for determining when a loan is made in the ordinary course of buinsess are set forth in 11 C.F.R. § 100.7(b)(11). Under this provision, a loan is viewed as being made in the ordinary course of business if it bears the usual interest rate of the bank for that type of loan, is made on a basis which assures repayment, is evidenced by a written instrument, and is subject to a due date or amortization schedule.

In its March 20, 1980, response to the Commission's notification of its reason to believe findings, the Bank stated that it had made two loans totalling $85,000 to candidate Flowers and extended funds to the Committee by honoring overdrafts on its account with the Bank. Documentation submitted with the response shows that the two loans were evidenced by a written instrument, due on a specific date and subject to a definite interest rate. The first loan of $50,000, made on August 31, 1978 at an interest rate of 9 1/4%, matured November 30, 1978. Another loan of $35,000 was made on September 19, 1978 at 9 1/2% interest and was due on December 19, 1978. Both loans were renewed periodically and paid in full on March 17, 1980. The conclusion that these loans were made on a basis which assures repayment is supported by the fact that the loans were secured by mortgages on real estate and stocks owned by Flowers and his wife. Also, there is no evidence that the interest charged on these loans was not usual and customary

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for these types of loans. Therefore, the loans appear to have been made in the ordinary course of business.

Furthermore, the loans were made in accordance with the applicable State banking law. The Code of Alabama 1975 § 5-5-16 [1/] prohibits a bank from making an unsecured loan in excess of 10% of its capital account (consisting of its capital, unimpaired surplus and undivided profits) nor lending more than 20% of its capital account on a secured loan. The Bank has submitted information which indicates that its capital account at the time the loans were made fluctuated from $914,500 to $919,400. Since these loans were secured, the Bank could legally lend up to 20% of this amount to Flowers under Alabama law. The total amount of the loans, $85,000, was less than 20% of the Bank's capital account.

Based on the facts as stated by the Bank, these loans appear to have been made in the ordinary course of business and in accordance with applicable banking law as required by 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11). The making of these loans, therefore, did not result in an unlawful

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1/ Ala. Code tit. 5, § 5-16 (1975) was repealed by 1980 Ala. Acts No. 80-658 (Ala. Code tit. 5 (Supp. 1980)). Former § 5-5-16 is now codified at Ala. Code tit. 5, § 5A-22 (Supp. 1980). Section 5-5A-22 retains the same percentage of capital account restrictions on bank loans and sets forth rules for aggregating loans as liabilities of one source for purposes of the limitations.

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corporate contribution from the Bank to Flowers or Committee. Consequently, there is no probable cause to believe that the Bank violated 2 U.S.C. § 441b(a) by making the loans.

The extensions of funds to the Committee, characterized by the Bank as "overdrafts", resulted from the Bank's honoring checks drawn by the Committee on its account. The high points of these overdrafts ranged from $104,955.69 to $8,347.23 during a four month period. 2/ Although the overdrafts were repaid within a few days, evidencing the Committee's intention to repay them, a repayment schedule was not prearranged. Nor were interest or service charges assessed on the overdrafts as was the Bank's customary practice with civic groups and political campaigns.

However, the investigation of this matter revealed several inconsistencies. The Committee has stated that it received "advances" from the Bank, $50,000 on June 19, 1978 and $100,000 on June 28, 1978, which were secured by promissory notes and a real estate mortgage executed by candidate Flowers to the Bank. While the Bank did state that it held mortgages on two properties owned by Flowers which it viewed as security for the overdrafts, it did not explain how it came into possession of them. The Bank did not provide any information or documentation on the promissory notes or advances mentioned by the Committee.

2/ Overdrafts by Committee

Dates	Highest Amount
6/24 - 7/3	$ 15,573.88
7/19 - 7/25	$ 8,347.23
7/28 - 7/31	$ 18,740.18
8/4 - 9/12	$104,955.69

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Under either set of facts, these overdrafts or advances did not constitute loans made in the ordinary course of business for purposes of the Act. The clear intent of the Act is to put special restrictions on the borrowing of money and on the forgiveness of debts and obligations in regard to political campaigns. Hence, only loans made in the ordinary course of business and overdrafts made in accordance with the requirements of 11 C.F.R. § 100.7(b)(11) 3/ are exempted from the prohibition on contributions by state banks in connection with federal elections. Although the overdrafts in the present case may have been extended in compliance with the Bank's standard policies, they are not considered loans made in the ordinary course of business for purposes of the Act. Nor were the overdrafts made on the terms now required by Commission regulations. Therefore, the overdrafts constituted contributions to the extent they remained outstanding at any given time. Such contributions by the Bank, an incorporated State bank, were in violation of 2 U.S.C. § 441b(a).

In view of these facts, there is probable cause to believe that the Bank of Moundville violated 2 U.S.C. § 441b(a) by loaning funds through overdrafts to the Walter Flowers for U.S. Senate Committee.

3/ 11 C.F.R. § 100.7(b)(11) provides that an overdraft made on a checking or savings account is considered a contribution unless it is made on an account subject to automatic overdraft protection, bears a definite interest rate which is usual and customary and is repaid pursuant to a definite schedule. However, this regulation, as revised in April of 1980 to provide specific criteria for determining when an overdraft does not constitute a contribution, was not in effect during the period of activity involved.

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III. General Counsel's Recommendations

1. Find no probable cause to believe that the Bank of Moundville violated 2 U.S.C. § 441b(a) by making secured loans to Walter Flowers and the Walter Flowers for U.S. Senate Committee.

2. Find probable cause to believe that the Bank of Moundville violated 2 U.S.C. § 441b(a) by making loans in the form of overdrafts to the Walter Flowers for U.S. Senate Committee.

28 January 1982
Date

Charles N. Steele
General Counsel

6204036091 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Madie E. Howell, President
Bank of Moundville
P. O. Box 158
Moundville, Alabama 35474

RE: MUR 1098 (79)

Dear Mr. Howell:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission, on March 20, 1980, found reason to believe that the Bank of Moundville had violated 2 U.S.C. § 441b(a) and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should be also be forwarded to the Office of General Counsel, if possible). The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

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If you are unable to file a responsive brief within fifteen days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extension beyond twenty days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Kim L. Bright at (202) 523-4060.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

6204036091 7

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1098 (79)
Dr. Robert S. Flowers	)	

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On March 20, 1980, based upon findings made during the normal course of its supervisory responsibilities, the Federal Election Commission found reason to believe that Dr. Robert S. Flowers violated 2 U.S.C. § 441a(a)(1)(A) and § 441a(a)(3) by his contribution of $35,000 to Walter Flowers, a candidate for the United States Senate.

II. Legal Analysis

The Ten Day Pre-Runoff Report of the Walter Flowers for U.S. Senate Committee ("Committee") covering the period from August 22 to September 11, 1978, disclosed the receipt of a loan in the amount of $35,000 from the candidate's brother, Dr. Robert S. Flowers. The loan was originally made to the candidate, Walter Flowers, who in turn loaned the funds to the Committee. An amendment to the report and the Committee's response to a surface violation letter from the Commission state that the loan was refunded on September 19, 1978.

Under 2 U.S.C. § 431(8)(A)(i), formerly 2 U.S.C. § 431(e)(5)(G), a loan is included within the definition of contribution. Contributions by any individual to a candidate in an election for federal office are subject to a $1,000 limitation imposed by 2 U.S.C. § 441a(a)(1)(A).

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Furthermore, 2 U.S.C. § 441a(a)(3) limits the aggregate amount of contributions an individual may make in any calendar year to $25,000.

On March 23, 1980, Dr. Flowers responded to the Commission's reason to believe findings. While denying that he was aware of any illegality, Dr. Flowers acknowledged that he had made a contribution of $35,000 to candidate Flowers for use in his campaign. Hence, it is apparent that the loan from Dr. Flowers to the candidate during the runoff campaign exceeded both the $1,000 and the $25,000 limitation on contributions from individuals. Therefore, there is probable cause to believe that Dr. Flowers violated 2 U.S.C. §§ 441a(a)(1)(A) and 441a(a)(3).

III. General Counsel's Recommendation

Find probable cause to believe that Dr. Robert S. Flowers violated 2 U.S.C. §§ 441a(a)(1)(A) and 441a(a)(3).

28 January 1982
Date

Charles N. Steele
General Counsel

0204036019

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dr. Robert S. Flowers
219 Paiko Drive
Honolulu, Hawaii 96821

RE: MUR 1098 (79)

Dear Dr. Flowers:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Comission, on March 20, 1980, found reason to believe that you had violated 2 U.S.C. § 441a (a)(1)(A) and § 441a(a)(3) and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commisison a brief (10 copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of probable cause to believe a violation has occurred.

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If you are unable to file a responsive brief within fifteen (15) days, you may submit a written request to the Commission for an extension of time in which to file a brief. The Commission will not grant any extension beyond twenty (20) days.

A finding of probable cause to believe requires that the Office of General Counsel attempt for a period of not less than thirty, but not more than ninety days to settle this matter through a conciliation agreement.

Should you have any questions, please contact Kim L. Bright at 202/523-4060.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

6204035092 1

January 29, 1982

MEMORANDUM TO: Marjorie W. Emmons

FROM: Phyllis A. Kaysen

SUBJECT: MUR 1098 (79)

Please have the attached memo and briefs distributed to the Commission on an informational basis. Thank you.

Attachments

cc: Bright

82040160922

MUR 1078

MILLER, HAMILTON & SNIDER
ATTORNEYS AND COUNSELLORS AT LAW
2512 FIRST NATIONAL BANK BUILDING
POST OFFICE BOX 46
MOBILE, ALABAMA 36601
(205) 432-1414
TELECOPIER (205) 432-1450

• JOHN C. H. MILLER, JR.
RONALD A. SNIDER
PALMER C. HAMILTON
THOMAS TROY ZIEMAN, JR.
JAMES B. NEWELL, JR.

• ADMITTED ALABAMA AND DISTRICT OF COLUMBIA

FIRM'S WASHINGTON OFFICE
SUITE 210
1750 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20006
(202) 466-4856

June 13, 1980

Daniel J. Blessington, Esquire
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20436

Re: Bank of Moundville
Our File Number 80-124

Dear Mr. Blessington:

This firm represents Mr. Victor Poole and the Bank of Moundville [hereinafter Bank]. Last month you permitted the undersigned to meet with you and Mr. Hal Ponder of the FEC Legal Staff to discuss a possible resolution of the meaning of certain overdrafts created by the Bank honoring checks drawn by the Walter Flowers for U. S. Senate Campaign Committee[1] during Mr. Flowers campaign for the U. S. Senate in 1978.[2]

Specifically there appear to be two issues associated with such a resolution. First, were the extensions of credit made in violation of the Bank's legal lending limit? Second, were the extensions of credit made in such a manner that they represented illegal corporate contributions.

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[1]In this regard the campaign committee was operating as an alter ego for Walter Flowers. This is especially true since Mr. Flowers provided the collateral to secure the overdrafts/loans.

[2]The facts supplied by me at our meeting appear not to be in issue. The issue is the meaning of those facts and the events which they underlie.

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I. LEGAL LENDING LIMIT

Alabama law[1], Section 5-5-16 of the Alabama Code (1975), provides that an unsecured loan may not exceed 10% of the Bank's capital account, but on a secured basis, the Bank may lend up to 20% of its capital account to any one borrower. As we discussed in Washington, the extensions of credit to the Flowers campaign were secured by mortgages on two of Mr. and Mrs. Flowers homes in Alabama; thus the Bank's legal lending limit was 20% of its capital.

At its highest point the overdraft to the campaign was $104,000.00. At that time the Bank's capital account totaled $914,000.00. The Bank's legal lending limit was 20% of $914,000.00 or $182,800.00. Consequently, the bank manifestly did not exceed its legal lending limit by a margin of $182,800.00 less $104,000.00, or $78,800.00

II. CORPORATE CONTRIBUTIONS

At the outset of this discussion, it is necessary to observe that overdrafts were not specifically placed outside of the "loan" exception to the Federal Election Act in 1978. 2 U.S.C. 431(e)(5)(G). While it is true that the 1980 Amendments to the Act and the FEC regulations promulgated pursuant thereto (effective April 1, 1980) squarely remove overdrafts from the loan exception, this was distinctly not true in the summer of 1978. We reserve our arguments with respect to the meaning of this change in the law because we believe the matter is disposed of below.

Guidance as to whether an overdraft is a "contribution" or a "loan" is found in the Act's and in the regulations' repeated focus on conformity with applicable banking laws and the "ordinary course of business." As will be discussed below, the overdrafts in question were made in accordance with Alabama banking law and they were made in the ordinary course of business.

Case Law

A "loan" is a contract by which one delivers a sum of money to another and the latter agrees to return at a future time a sum equivalent to that which he borrows. In re Grand Union Co., 219 F. 353, 356 (2d Cir. 1914); Michie, Banks and Banking, Ch. II, § 1 (1952). A loan

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[1]Clearly, the statute and case law of Alabama governs whether this state bank acted legally unless there is a pre-emptive provision in the Federal Deposit Insurance Act.

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may exist regardless of the form of the transaction so long as the parties intend absolute repayment. Id. The repayment may be with or without interest, interest being a factor left to the parties agreement. Id; G. Munn, Encyclopedia of Banking and Finance, (421 F. Garcia, 6th ed. 1962) cited in Calcasieu - Marine National Bank of Lake Charles v. American Employer's Insurance Co., 533 F. 2d 290 (5th Cir. 1976) cert. denied, 429 U. S. 922 (1977).

An "overdraft" arises when, by check, draft, or order a depositor draws from the bank more money than is standing to his credit in his account with the bank. American Surety Co. v. First National Bank, 50 F.Supp 180 (D.C. W.Va. 1943); 10 Am Jur. 2d, Banks § 655 (1963). In the absence of an agreement to that effect, a bank is not entitled to interest on an overdraft, except from the time of demand. Michie, Banks and Banking, Ch. 9, § 306 (1952).

According to the general view, the payment of an overdraft by a bank constitutes a loan to the depositor. 10 Am Jur. 2d, Banks § 655 (1963); Michie, Banks and Banking, Ch. 9, § 301 (1952); Annot., 12 A.L.R. 360 (1921). Those state courts which have addressed the issue have adopted this view. E.g., Bromberg v. Bank of America National Trust and Savings Association, 58 Cal App. 2d 1, 135, P. 2d 689 (1943); Peoples National Bank of Middletown v. Rhoades, 5 Del. 65, 90 A. 409 (1913); West v. Federal Deposit Insurance Corporation, 149 Ga. App. 342, 254 S.E. 2d 392 (1979); City Bank of Honolulu v. Tenn., 469 P. 2d 816 (Hawaii 1970); State v. Mullin, 225 N.W. 2d 305 (Iowa 1975); First Citizens Bank and Trust Co. v. Perry, 40 N.C.App. 272, 252 S.E. 2d 288 (1979); Withers v. Jefferson Trust Co., 123 N.J.Eq. 113, 196 A 442 (1938); Becker v. Fuller, 99 Misc. 672, 164 N.Y.S. 495 (1917); State v. Creachbawm, 24 Ohio App. 2d 31, 263 N.E. 2d 265 (1970); Sagerton Hardware and Furniture Co. v. Gamer Co., 166 S.W. 428 (Tex. Civ. App. 1914). The Federal courts are in accord. E.g., Hennessey Bros. and Evans Co. v. Memphis National Bank, 129 F. 557 (6th Cir. 1904); United States Fidelity and Guaranty Co. v. State of Oklahoma ex rel Shull, Deal, 284 F. 2d 567 (5th Cir. 1970).

While not legally relevant to the instant case, the Comptroller of the Currency, the administrator of the national banking system, treats overdrafts as loans:

> The use of overdrafts which represent prearranged financing is a legal means of extending credit. Significantly sizable overdrafts will be reviewed for credit quality and adherance to Statutory lending limits in the same manner as other loans.

(Emphasis added). Comptroller Interpretive Rulings § 7.1161; 5 Fed. Banking L.Rep. (CCH) ¶60, 802 (1979).

The Alabama cases and statutes are silent so far as the narrow point at issue is concerned. However, the Honorable Kenneth McCartha, State Superintendent of Banking for Alabama, in a recent conversation with the undersigned stated that in his opinion overdrafts, with or without interest, were loans within the meaning of Alabama law. For example, in reports of condition, state chartered banks in Alabama aggregate overdrafts with the other loans of the Bank. This is true whether the overdraft bears interest or not. Similarly, the FDIC instructs its examiners to assess the credit quality of overdrafts in the same way that such assessments are made of other loans.

Thus it appears obvious that overdrafts are loans, regardless of interest charged or not, and the extensions of credit discussed here are well within applicable law and in the ordinary course of business.

We would respectfully point out however, that an additional question remains: Given Mr. Poole's role in the Flowers campaign, were these specific overdrafts made in a manner more favorable than similar extensions to those similarly situated?

At least two factors go into an analysis of this question. We are advised that prior to his senate campaign, Congressman and Mrs. Flowers maintained separate personal accounts at the Bank of Moundville as did prior Flowers' campaigns for Congress. Thus there was a long standing history of a business relationship with the Bank. The importance of this relationship is that it lends focus to the "ordinary course of business" concept, reflecting as it does the standard banking practice of honoring overdrafts from significant and long time customers.

Additionally, we are advised that the Bank of Moundville from 1907 until January 1, 1980 followed the practice of neither charging interest nor assessing service charges on the demand accounts or overdrafts of civic groups or political campaigns who maintained accounts in the bank. This policy was changed at the beginning of this year as a result of the current movement by most depository institutions to price their services much more closely rather than relying merely on the spread between liabilities and assets to provide their margin of prifit. Inasmuch as this is the case, it is clear that Mr. Flowers' campaign received the same treatment as other political campaign accounts kept in the Bank over its history.

Due to the foregoing facts, the undersigned respectfully submits that no violation of law has occured and asks that the FEC staff so conclude. However, prior to such a finding, it would seem likely that you will require documentation of these assertations. Superintendent McCartha can be reached at (205) 832-6255. If you will let us know

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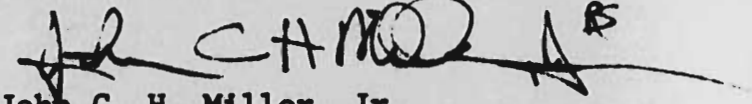
the nature of the specific documentation desired from the bank, we will see that it is promptly provided.

I will be out of the country for several weeks, returning on approximately June 30th. In the meantime, if there are questions to bring up with the law firm, I would appreciate your communicating with Mr. Thomas Zieman, Jr. Finally, I want to express my appreciation for the patience which you have shown in allowing us to assemble this material, these cases, and these facts. We have needed several weeks more than I had anticipated due to events with other clients.

Sincerely,



John C. H. Miller, Jr.
(Dictated by but signed
in the absence of Mr. Miller)

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MILLER. HAMILTON & SNIDER
ATTORNEYS AND COUNSELLORS AT LAW
POST OFFICE BOX 46
MOBILE. ALABAMA 36601

Daniel J. Blessington, Esquire
Federal Election Commission
1325 K Street, N. W.
Washington, D. C. 20436

First Class

June 16, 1980

MEMORANDUM TO: Marjorie W. Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 1098

Please have the attached Interim Invest Report distributed to the Commission. Thank you.

92040360929

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION

80 JUN 16 PM 2: 00

In the Matter of)
) MUR 1098 (79)
Dr. Robert Flowers, et al.)

INTERIM INVESTIGATIVE REPORT #2

In Report #1, this office indicated that it was still awaiting documents and answers in response to the reason to beleive notification from the Bank of Moundville ("Bank"). The Bank's attorney met with General Counsel staff on May 9, 1980, and submitted the requested documents and answers at that time.

During the meeting, the Bank's attorney indicated that he would seek to obtain further information to submit to this office. Since General Counsel staff agreed that this information might serve to clarify the issues, we encouraged the attorney to submit it at the earliest possible time.

As stated in Report #1, the Office of General Counsel anticipated that a second interim investigative report would be prepared before further recommendations would be made with respect to any of the four respondents. Given the complexity of the factual and legal issues to be reviewed, it is likely that another interim report will precede any recommendations.

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13 June 1980
Date

Charles N. Steele
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY

DATE: MAY 6, 1980

SUBJECT: MUR 1098 (79) - Interim Investigative Report #1, dated May 2, 1980; Received in OCS 5-2-80, 2:28

The above-named document was circulated to the Commission on a 24 hour no-objection basis at 11:00, May 5, 1980.

There were no objections to the Interim Investigative Report at the time of the deadline.

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY mc

DATE: MAY 6, 1980

SUBJECT: QUESTION REGARDING REQUESTED EXTENSION REFERRED TO IN MUR 1098, Interim Investigative Report #1 dated 5-2-80

Attached is a copy of Commissioner Aikens' vote sheet with comments regarding the above matter.

ATTACHMENT:
Copy of Vote Sheet

6204036093 2

FEDERAL ELECTION COMMISSION

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

80 MAY 2 P2:04

DATE AND TIME OF TRANSMITTAL 5-5-80
11:00

Commissioner FRIEDERSDORF, AIKENS, TIERNAN, McGARRY, REICHE, HARRIS

RETURN TO THE OFFICE OF COMMISSION SECRETARY BY: 5-6-80
11:00

MUR No. 1098 Interim Investigative Report dated 5-2-80
1

( ) I object to the recommendation in the attached report.

COMMENTS: [illegible] or not?

Date 5-6-80 Signature J W Aikens

OBJECTIONS, SIGNED AND DATED, MUST BE RECEIVED IN THE COMMISSION SECRETARY'S OFFICE NO LATER THAN THE DATE AND TIME SHOWN ABOVE OR THE MATTER WILL BE DEEMED APPROVED. PLEASE RETURN ALL PAPERS TO THE OFFICE OF THE SECRETARY TO THE COMMISSION.

6204036093 3

May 2, 1986

MEMORANDUM TO: Marjorie W. Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 1098

Please have the attached Interim Invest Report distributed to the Commission. Thank you.

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BEFORE THE FEDERAL ELECTION COMMISSION

80 MAY 2 P2:28

In the Matter of)
) MUR 1098 (79)
Dr. Robert Flowers, et al.)

INTERIM INVESTIGATIVE REPORT #1

Three of the respondents have submitted documents and answers in response to the reason to believe notifications which were mailed on March 26, 1980. The fourth respondent, the Bank of Moundville, obtained the services of an attorney who contacted General Counsel staff on April 24, 1980, and asked if his client could be granted an extension to submit a comprehensive response. He was informed that only the Commission could grant an extension, and was advised to submit the requested materials as soon as possible. On April 28, 1980, this office received a letter from the attorney stating he expected to have "a thoroughly documented submission" ready by May 12, 1980.

Before making further recommendations with respect to any of the respondents, this office would like to evaluate all responses. It is anticipated that this office will prepare a second interim investigative report before being in a position to make further recommendations.

2 May 1980
Date

Charles N. Steele
General Counsel

02040360935

GCC 1094

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

MUR 1098

Mudie E. Howe
March 20, 1980

80 MAR 21 P 2:41

REQUEST FOR ANSWERS TO QUESTIONS
AND PRODUCTION OF DOCUMENTS

1. Please describe in detail all loans made to Walter Flowers during 1978. Include whether or not such loans were secured, the maturity dates, the security (if any), and all details relating to interest for such loans.
See Attachment A

2. Please describe in detail all repayments of loans described in Request Number 1. Include whether or not interest was paid, and what party or parties made repayment.
See Attachment B

3. Please submit copies of all documents and materials which in any way relate, refer or pertain to the making and repayment of the loans described in Requests Numbers 1 and 2.
Records, which are still available, are attached.

4. Please describe the role, if any, in the making and repayment of the loans described above of Mr. Victor Poole.
As chief executive officer of the bank, Mr. Poole approved the making of the loans. He did not play any role in the repayment of the loans..

5. Please submit copies of all documents and materials which in any way relate, refer or pertain to the description in Request Number 4.
Records, which are still available, are attached.

6. Please describe in detail the total of the Bank's capital, unimpaired surplus and undivided profits during the time in which loans were outstanding to Walter Flowers, and for all of 1978.
See Attachment C

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7. Please submit copies of all documents and materials which in any way relate, refer or pertain to the descriptions of the Bank's condition called for in Request Number 6.

8. Responses to Requests 1-7 should be submitted within 10 days of receipt of this material.
Pursuant to an agreement with Mr. Daniel J. Blessington, an extension of time to respond was granted.

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ATTACHMENT A

(a) $50m loan on 8-31-78 was due 11-30-78 at 9 1/4% and secured by real estate and stocks.

(b) $35m loan on 9-19-78 which was due on 12-19-78 at 9 1/2% and secured by real estate and stocks.

(c) On 12-16-78 the above loans were renewed at 10% interest.

(d) In addition to the above loans, overdrafts, which were incorrectly characterized as loans in your correspondence, existed in 1978 on the following dates: June 24-July 3 (with a high point of $15,573.88);July 19-July 25 (with a high point of $8,347.23); July 28-July 31 (with a high point of $18,740.18); August 4-September 12 (with a high point of $104,955.69); During the time these overdrafts existed, the Bank had in its file a second mortgage exercised by Mr. and Mrs. Flowers.

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ATTACHMENT B

(a) The loans of 8-31-78 and 9-19-78 were renewed to 3-16-79 at 10% interest rate on 12-16-78 after the payment of $20m in principal and $2,200.18 in interest.

(b) On 3-17-79 the total loan was renewed for 90 days at 11% interest rate; $1,661.11 in interest was paid.

(c) On 6-15-79 the total loan was renewed for 90 days at 12% interest rate; $1,787.50 in interest was paid.

(d) On 9-22-79 the total loan was renewed for 90 days at a 13% interest rate; a payment of $33,022.87 in principal and $1,977.13 in interest was made.

(e) On 12-22-79 the total loan was renewed for 90 days at a 16% interest rate after the payment of $10,000 in principal and $829.82 in interest.

(f) On 12-28-79 an additional $1,977.13 in principal was repaid.

(g) On 3-17-80 the remaining principal was paid with interest of $806.16.

The total amount of interest paid over the life of these loans was $9,262.00.

Regarding the overdrafts, they were covered on July 3, July 25, July 31, and September 12.

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ATTACHMENT C

The requested information is provided below:

June 30, 1978	-	$911,800
July 30, 1978	-	$919,700
August 30, 1978	-	$914,500
September 30, 1978	-	$919,400
October 30, 1978	-	$922,500
November 30, 1978	-	$932,100
December 30, 1978	-	$832,800

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$ 50,000.00 Moundville, Ala., August 31, 1978

FOR VALUE RECEIVED, the undersigned promises to pay to the order of Bank of Moundville ("Bank"), of its office in Moundville, Alabama the sum of Fifty thousand Dollars & no/100 Dollars, said indebtedness being payable as set forth below, with interest thereon at 9 1/4% per cent per annum until maturity, and thereafter at the maximum legal contract rate, Due Nov. 30, 1978

A: _____ successive monthly installments of $ _____ each and _____ monthly installment(s) of $ _____ beginning _____, 19____.

THE DISCLOSURES HEREIN ARE MADE IN COMPLIANCE WITH FEDERAL LAW.

Finance charge accrues from date hereof unless indicated here: _____

The undersigned warrants the proceeds will be used primarily for ( ) Business ( ) Other

It is understood and agreed that in the event any payment is ten (10) days or more past due, a late charge of 3 per cent of that payment may be charged, subject to a minimum late charge of 50c.

In the event of pre-payment in full, unearned finance charges and unearned credit insurance premiums, if any, included in this note will be refunded under the rule of 78's method if this note is payable in installments, or on a pro rata basis if this note is due in a single payment, except no refund of less than $1.00 will be made.

1.	Amount of Loan		$ 50,000.00
	Other Charges:		
2.	Credit Life Insurance	$ None	
3.	Accident and Health Insurance	$ None	
4.	Total Other Charges (2 + 3)		$ None
5.	Amount Financed (1 + 4)		$ 50,000.00
6.	FINANCE CHARGE		$ 1,156.25
7.	Total of Payments (5 + 6)		$ 51,156.25
	ANNUAL PERCENTAGE RATE		9 1/4 %

All parties liable hereon, whether makers, endorsers, sureties, or guarantors, hereby severally waive, each for himself, as to this debt, or any renewal thereof, all right to exemption under the constitution and laws of Alabama, or any other state, as to personal property, and they each severally agree to pay all costs of collecting, or securing, or attempting to collect or secure this note, including, with respect to an original principal amount or original amount financed exceeding $300, an attorney's fee of 15% of the unpaid debt, whether the same be collected or secured by suit or otherwise, and the makers, endorsers, sureties, and guarantors of this note severally waive demand, presentment, protest, notice of dishonor and protest, suit, and all other requirements necessary to hold them, and they agree that this note may be renewed and time of payment may be extended without notice to them of such renewal or extension; and hereby declare and contract with the payee or holder thereof that there is no contract or understanding made or had by them, or either of them, with the payee, or any other person, which in any manner limits or affects their liability on this paper.

In case default shall be made in any payment when due, or in case of the violation of any of the terms or provisions of this note, or if Bank feels insecure for any reason whatsoever, then the remaining unpaid balance shall immediately thereupon become due and payable at the option of Bank and Bank shall have the right at its option to proceed immediately for the collection of the unpaid balance hereof, together with interest thereon, and bank at which this note is payable is hereby authorized to apply on or after maturity, to the payment of this debt, any funds in bank belonging to the makers, sureties, endorsers, guarantors, or any of them.

Credit life and accident and health insurance are not required to obtain this loan. No such insurance is provided unless the borrower is less than age 66 and in good health at the time and unless the insured borrower signs the appropriate statement below and the cost is shown in Items 3 and/or 2 above. The premiums, if any, are for the term of the loan unless otherwise indicated hereon. Borrower has the option of providing such insurance through an existing policy or a policy independently obtained and paid for. Date of Birth: _____ Age: _____

If insurance is requested I certify that I am less than 66 years of age and am in good health to the best of my knowledge.

I desire credit life and accident and health insurance	I desire credit life insurance only	I do not want credit life or accident and health insurance
Date _____ Signature _____ (Insured Borrower Only Signs)	Date _____ Signature _____ (Insured Borrower Only Signs)	Date 8-31-78 Signature _____

The undersigned is hereby notified that an investigative consumer report including information as to character, general reputation, personal characteristics, and mode of living, whichever are applicable, may be made, and that he has the right to make a written request within a reasonable time to receive a complete and accurate written disclosure of the nature and scope of such investigation.

Complete this section only on renewal loans	DISCLOSURES HEREAFTER ARE INCONSISTENT WITH DISCLOSURE REQUIREMENTS OF THE FEDERAL TRUTH IN LENDING ACT.		
	Gross Previous Balance	Refund of Unearned Charges	Net Amount of Pay-Off
	$ _____	$ _____	$ _____

In witness whereof I (we) have hereunto set my (our) hand(s) and seal(s) on the day and date above written. Receipt of a completed copy of this Note and Disclosure Statement is acknowledged.

CAUTION – IT IS IMPORTANT THAT YOU THOROUGHLY READ THIS CONTRACT BEFORE YOU SIGN IT.

31 University Circle
Tuscaloosa, Al. 35401
(Address)

Walter Flowers (L. S.)

345-8050
(Telephone Number)

Walter W. Flowers (L. S.)

Paid 12-18-78

Form 1288 Dement—Meridian 46-9047

BANK COPY

8 2 0 4 0 3 6 0 9 4 2

We, the endorsers hereof, severally waive all rights to exemption under the constitution and laws of this or any other State, and agree to pay a reasonable attorney's fee for collecting or attempting to collect this note; and also waive demand, notice of dishonor, presentment, protest and notice thereof, and all other requirements necessary to hold us and each of us. We further agree to be bound by all the terms and obligations contained and expressed in the face of this note, and that any and all payments made by, or extensions or renewals granted to the maker and/or endorser, shall extend or toll the statute of limitations as to all endorsers the same as to the maker.

In witness whereof _____ have hereunto set _____ hand _____ and seal _____ on the day and date of this instrument.

_____ (L. S.)

_____ (L. S.)

_____

(Endorser's Address)

COLLATERAL NOTE AND SECURITY AGREEMENT

0 2 0 4 0 3 6 0 9 3

$ 35,000.00 Moundville, Ala., September 19 19 78

FOR VALUE RECEIVED, the undersigned ("Debtor") promises to pay to the order of Bank of Moundville ("Bank"), at its office in Moundville, Alabama the sum of Thirty Five Thousand Dollars & no/100 Dollars, said indebtedness being payable as set forth below, with interest thereon at 9 1/2 per cent per annum until maturity, and thereafter at the maximum legal contract rate.

A: _____ successive monthly installments of $_____ each and _____ monthly installment(s) of $_____ beginning _____, 19___ and on the same day of each month thereafter.

B: 90 Days after date, maturing December 19, 19 78

C: _____

THE DISCLOSURES HEREIN ARE MADE IN COMPLIANCE WITH FEDERAL LAW.

Finance charge accrues from date hereof unless indicated here: _____

The undersigned warrants the proceeds will be used primarily for (X) Business
( ) Other

It is understood and agreed that in the event any payment is ten (10) days or more past due, a late charge of 5 per cent of that payment may be charged, subject to a minimum late charge of 50¢.

In the event of pre-payment in full, unearned finance charges and unearned credit insurance premiums, if any, included in this note will be refunded under the rule of 78's method if this note is payable in installments, or on a pro rata basis if this note is due in a single payment, except no refund of finance charge of less than $1.00 will be made.

1. Amount of Loan			$ 35,000.00
Other Charges:			
2. Filing Fee		$ None	
3. Miscellaneous:		$ None	
4. Property Insurance, for ___ months		$ None	
5. Subtotal (1+2+3+4)	$ 35,000.00		
6. Credit Life Insurance		$ None	
7. Accident and Health Insurance		$ None	
8. Total Other Charges (2+3+4+6+7)			$ None
9. Amount Financed (1+8)			$ 35,000.00
10. FINANCE CHARGE			$ 831.25
11. Total of Payments (9+10)			$ 35,831.25
ANNUAL PERCENTAGE RATE			9 1/2 %

All parties liable hereon, whether makers, endorsers, sureties, or guarantors, hereby severally waive, each for himself, as to this debt, or any renewal thereof, all right to exemption under the constitution and laws of Alabama, or any other state, as to personal property, and they each severally agree to pay all costs of collecting, or securing, or attempting to collect or secure this note, including, with respect to an original principal amount or original amount financed exceeding $300, an attorney's fee of 15% of the unpaid debt, whether the same be collected or secured by suit or otherwise, and the makers, endorsers, sureties, and guarantors of this note severally waive demand, presentment, protest, notice of dishonor and protest, suit, and all other requirements necessary to hold them, and they agree that this note may be renewed and time of payment may be extended without notice to them of such renewal or extension; and hereby declare and contract with the payee or holder thereof that there is no contract or understanding made or had by them, or either of them, with the payee, or any other person, which in any manner limits or affects their liability on this paper.

In case of default shall be made in any payment when due, or in case of the violation of any of the terms or provisions of this note and security agreement, or if Bank feels insecure for any reason whatsoever, then the remaining unpaid balance shall immediately thereupon become due and payable at the option of Bank, and Bank shall have the right at its option to proceed immediately for the collection of the unpaid balance hereof, together with interest thereon, and bank at which this note is payable is hereby authorized to apply on or after maturity, to the payment of this debt, any funds in bank belonging to the makers, sureties, endorsers, guarantors, or any of them.

If property insurance is required debtor may select agent through whom such insurance is obtained or may provide an existing policy independently obtained and paid for. Bank reserves the right to decline for reasonable cause such insurance offered.

Credit life and accident and health insurance are not required to obtain this loan. No such insurance is provided unless the borrower is less than age 66 and in good health at the time and unless the insured borrower signs the appropriate statement below and the cost is shown in Items 7 and/or 6 above. The premiums, if any, are for the term of the loan unless otherwise indicated hereon. Borrower has the option of providing such insurance through an existing policy or a policy independently obtained and paid for.

If insurance is requested I certify that I am less than 66 years of age and am in good health to the best of my knowledge.

I desire credit life and accident and health insurance	I desire credit life insurance only	I do not want credit life or accident and health insurance
Signature:	Signature:	Signature: x Walter Howard
Date: Age:	Date: Age:	Date: September 19, 1978
(Insured Borrower Only Signs)	(Insured Borrower Only Signs)	x Margaret P. Howard

The undersigned is herby notified that an investigative consumer report including information as to character, general reputation, personal characteristics, and mode of living, whichever are applicable, may be made, and that he has the right to make a written request within a reasonable time to receive a complete and accurate written disclosure of the nature and scope of such investigation.

There has been deposited and pledged as collateral security for the payment of this note, and/or any and all other liability or liabilities of the undersigned to Bank, whether the same be now existing, or hereafter contracted, now due, or hereafter to become due, whether contracted directly with Bank, or whether by Bank acquired by assignment or otherwise from another, and whether said liability be absolute or contingent, joint or single, or both, the following property, to wit:

As per Stock Assignments:
228 Shares of Capital Stock of Thiokol Chemical Corp.
452 Shares of Common Stock of First National Bank of Tuskaloosa
118 Shares of Common Stock of First Capital Corp.

Complete this section only on renewal loans	DISCLOSURES HEREAFTER ARE INCONSISTENT WITH DISCLOSURE REQUIREMENTS OF THE FEDERAL TRUTH IN LENDING ACT.		
	Gross Previous Balance	Refund of Unearned Charges	Net Amount of Pay-Off
	$	$	$

IMPORTANT ADDITIONAL TERMS AND CONDITIONS WHICH ARE A PART OF THIS NOTE AND SECURITY AGREEMENT ARE SET FORTH ON THE REVERSE SIDE.

In witness whereof I (we) have hereunto set my (our) hand(s) and seal(s) on the day and date above written. Receipt of a completed copy of this Note and Disclosure Statement is acknowledged.

CAUTION—IT IS IMPORTANT THAT YOU THOROUGHLY READ THIS CONTRACT BEFORE YOU SIGN IT.

#31 University Circle (address) x Walter Howard (L.S.)
Tuscaloosa Al 35401 (address) x Margaret P. Howard (L.S.)
Office 752-5578 — Home 345-8058

12-18-78

BANK COPY

The undersigned is herby notified that an investigative consumer report including information as to character, general reputation, personal characteristics, and mode of living, whichever are applicable, may be made, and that he has the right to make a written request within a reasonable time to receive a complete and accurate written disclosure of the nature and scope of such investigation.

There has been deposited and pledged as collateral security for the payment of this note, and/or any and all other liability or liabilities of the undersigned to Bank, whether the same be now existing, or hereafter contracted, now due, or hereafter to become due, whether contracted directly with Bank, or whether by Bank acquired by assignment or otherwise from another, and whether said liability be absolute or contingent, joint or single, or both, the following property, to wit:

As per Stock Assignments:
228 Shares of Capital Stock of Thiokol Chemical Corp.
453 Shares of Common Stock of First National Bank of Tuskaloosa
118 Shares of Common Stock of First Capital Corp.

Complete this section only on renewal loans	DISCLOSURES HEREAFTER ARE INCONSISTENT WITH DISCLOSURE REQUIREMENTS OF THE FEDERAL TRUTH IN LENDING ACT.		
	Gross Previous Balance	Refund of Unearned Charges	Net Amount of Pay-Off
	$	$	$

IMPORTANT ADDITIONAL TERMS AND CONDITIONS WHICH ARE A PART OF THIS NOTE AND SECURITY AGREEMENT ARE SET FORTH ON THE REVERSE SIDE.

In witness whereof I (we) have hereunto set my (our) hand(s) and seal(s) on the day and date above written. Receipt of a completed copy of this Note and Disclosure Statement is acknowledged.

CAUTION—IT IS IMPORTANT THAT YOU THOROUGHLY READ THIS CONTRACT BEFORE YOU SIGN IT.

#31 University Circle (address)
Tuscaloosa Al 35401 (address)
Office 752-3578 — Home 345-8058

x Walter Lowery (L. S.)
x Margaret P. Lowery (L. S.)

BANK COPY

12-18-78

0204036094

ADDITIONAL TERMS AND CONDITIONS

With regard to the property described in the face of this security agreement full power and authority is hereby granted to sell, assign or deliver the whole or any part thereof, or any substitute therefor, or any addition thereto, at public or private sale, at the option of Bank, or its assigns, on the non-performance of this promise, or non-payment of any of the liabilities above named, at any time or times thereafter, without advertisement or notice, which is hereby expressly waived, except where Bank is required to give notice as to when collateral will be sold, Bank hereby agrees to give all parties, debtors and any other person with security interest known to him five days' advance notice of said sale or disposition of collateral in writing, and at such sale the Bank may purchase the whole or any part of said securities discharged from any right of redemption or liability for conversion.

Bank is hereby relieved of any obligations to take necessary steps to preserve rights against other parties or instruments or collateral pledged and in possession of Bank or other collateral in which Bank has a security interest.

In case of depreciation in the market value of the property hereby pledged, or that may hereafter be pledged for the payment of this note, or if from any cause whatever said property pledged shall cease to be satisfactory collateral to Bank for this debt, its renewal or substitute, the undersigned hereby agrees to deposit additional security from time to time as demanded, and failing to deposit additional security to the satisfaction of Bank, this note shall become due and payable for all purposes, and a sale of the collateral pledged may be made immediately as provided for above.

Bank may buy any of said collateral, at private sale, at the market price (and if there is no market price, then, at such price as Bank deems reasonable). Where Bank is required to give notice as to when the collateral will be sold, Bank hereby agrees to give the debtor or other secured party known to him five days' advance notice of said private sale or disposition of collateral in writing; and the proceeds of any such sale shall be applied first to the payment of the expenses of making such sale, together with a reasonable attorney's fee, if an attorney is employed, or consulted; second, to the payment of the principal debt hereby secured and the interest thereon; third, to the payment of any and all other debt or debts hereby secured, and also any and all other debt or debts which the undersigned may now or hereafter owe the owner or holder of this note either as principal, surety, endorser, or otherwise, and if any surplus remains, the same shall be paid to the Debtor.

If any of said other liability or liabilities of the Debtor to said Bank shall not be promptly paid when due, or if a petition in bankruptcy shall be filed by or against the undersigned or any endorser, surety or guarantor, or if Bank feels insecure for any reason whatsoever, then this note and all said other indebtedness shall, at the option of said Bank, become forthwith due and payable.

Increase or profits received from said collateral shall be applied to the payment of any and all other debts which the Debtor may now or hereafter owe Bank.

Bank hereby retains the right to commingle all said collateral pledged and such right is not limited to fungible collateral.

Bank hereby retains the right to repledge said collateral upon such terms which may impair the debtor's right to redeem it.

GUARANTY OF PAYMENT

We, the endorsers hereof, severally waive all rights to exemption under the constitution and laws of this or any other state, and agree to pay a reasonable attorney's fee for collecting or attempting to collect this note; and also waive demand, notice of dishonor, presentment, protest and notice thereof, and all other requirements necessary to hold us and each of us. We further agree to be bound by all the terms and obligations contained and expressed in this note and security agreement, and that any and all payments made by, or extensions or renewals granted to the maker and/or endorser, shall extend or toll the statute of limitations as to all endorsers the same as to the maker.

In witness whereof _____ have hereunto set _____ hand _____ and seal _____ on the day and date of this instrument.

_____(L. S.)

_____(L. S.)

_____

(Endorser's Address)

COLLATERAL NOTE AND SECURITY AGREEMENT

$ 65,000.00 Moundville, Ala., December 16 19 78

FOR VALUE RECEIVED, the undersigned ("Debtor") promises to pay to the order of Bank of Moundville ("Bank"), at its office in Moundville, Alabama the sum of Sixty Five Thousand Dollars & no/100 Dollars, said indebtedness being payable as set forth below, with interest thereon at 10 per cent per annum until maturity, and thereafter at the maximum legal contract rate.

A: _____ successive monthly installments of $_____ each and _____ monthly installment(s) of $_____ beginning _____, 19__ and on the same day of each month thereafter.

B: 90 Days after date, maturing March 16, 19 79

C: _____

THE DISCLOSURES HEREIN ARE MADE IN COMPLIANCE WITH FEDERAL LAW.

Finance charge accrues from date hereof unless indicated here: _____

The undersigned warrants the proceeds will be used primarily for (X) Business
( ) Other

It is understood and agreed that in the event any payment is ten (10) days or more past due, a late-charge of 5 per cent of that payment may be charged, subject to a minimum late charge of 50¢.

In the event of pre-payment in full, unearned finance charges and unearned credit insurance premiums, if any, included in this note will be refunded under the rule of 78's method if this note is payable in installments, or on a pro rata basis if this note is due in a single payment, except no refund of finance charge of less than $1.00 will be made.

1. Amount of Loan			$ 65,000.00
Other Charges:			
2. Filing Fee		$ None	
3. Miscellaneous:		$ None	
4. Property Insurance, for ___ months		$ None	
5. Subtotal (1+2+3+4)	$ 65,000.00		
6. Credit Life Insurance		$ None	
7. Accident and Health Insurance		$ None	
8. Total Other Charges (2+3+4+6+7)			$ None
9. Amount Financed (1+8)			$ 65,000.00
10. FINANCE CHARGE			$ 1,625.00
11. Total of Payments (9+10)			$ 66,625.00
ANNUAL PERCENTAGE RATE			10 %

All parties liable hereon, whether makers, endorsers, sureties, or guarantors, hereby severally waive, each for himself, as to this debt, or any renewal thereof, all right to exemption under the constitution and laws of Alabama, or any other state, as to personal property, and they each severally agree to pay all costs of collecting, or securing, or attempting to collect or secure this note, including, with respect to an original principal amount or original amount financed exceeding $300, an attorney's fee of 15% of the unpaid debt, whether the same be collected or secured by suit or otherwise, and the makers, endorsers, sureties, and guarantors of this note severally waive demand, presentment, protest, notice of dishonor and protest, suit, and all other requirements necessary to hold them, and they agree that this note may be renewed and time of payment may be extended without notice to them of such renewal or extension; and hereby declare and contract with the payee or holder thereof that there is no contract or understanding made or had by them, or either of them, with the payee, or any other person, which in any manner limits or affects their liability on this paper.

In case default shall be made in any payment when due, or in case of the violation of any of the terms or provisions of this note and security agreement, or if Bank feels insecure for any reason whatsoever, then the remaining unpaid balance shall immediately thereupon become due and payable at the option of Bank, and Bank shall have the right at its option to proceed immediately for the collection of the unpaid balance thereof, together with interest thereon, and bank at which this note is payable is hereby authorized to apply on or after maturity, to the payment of this debt, any funds in bank belonging to the makers, sureties, endorsers, guarantors, or any of them.

If property insurance is required debtor may select agent through whom such insurance is obtained or may provide an existing policy independently obtained and paid for. Bank reserves the right to decline for reasonable cause such insurance offered.

Credit life and accident and health insurance are not required to obtain this loan. No such insurance is provided unless the borrower is less than age 66 and in good health at the time and unless the insured borrower signs the appropriate statement below and the cost is shown in Items 7 and/or 6 above. The premiums, if any, are for the term of the loan unless otherwise indicated hereon. Borrower has the option of providing such insurance through an existing policy or a policy independently obtained and paid for.

S/P

6 2 0 4 0 3 6 0 9 4 6

If insurance is requested I certify that I am less than 66 years of age and am in good health to the best of my knowledge.

I desire credit life and accident and health insurance	I desire credit life insurance only	I do not want credit life or accident and health insurance
Signature:	*Signature:*	*Signature:* (X) Margaret P. Flowers
Date: Age:	Date: Age:	Date: December 16, 1978
(Insured Borrower Only Signs)	(Insured Borrower Only Signs)	(X) Walter Flowers

The undersigned is herby notified that an investigative consumer report including information as to character, general reputation, personal characteristics, and mode of living, whichever are applicable, may be made, and that he has the right to make a written request within a reasonable time to receive a complete and accurate written disclosure of the nature and scope of such investigation.

There has been deposited and pledged as collateral security for the payment of this note, and/or any and all other liability or liabilities of the undersigned to Bank, whether the same be now existing, or hereafter contracted, now due, or hereafter to become due, whether contracted directly with Bank, or whether by Bank acquired by assignment or otherwise from another, and whether said liability be absolute or contingent, joint or single, or both, the following property, to wit:

As per Stock Assignments:
228 Shares of Capital Stock of Thiokol Chemical Corp.
453 Shares of Common Stock of First National Bank of Tuscaloosa
118 Shares of Common Stock of First Capital Corp.

Complete this section only on renewal loans	DISCLOSURES HEREAFTER ARE INCONSISTENT WITH DISCLOSURE REQUIREMENTS OF THE FEDERAL TRUTH IN LENDING ACT.		
	Gross Previous Balance	Refund of Unearned Charges	Net Amount of Pay-Off
	$	$	$

IMPORTANT ADDITIONAL TERMS AND CONDITIONS WHICH ARE A PART OF THIS NOTE AND SECURITY AGREEMENT ARE SET FORTH ON THE REVERSE SIDE.

In witness whereof I (we) have hereunto set my (our) hand(s) and seal(s) on the day and date above written. Receipt of a completed copy of this Note and Disclosure Statement is acknowledged.

CAUTION—IT IS IMPORTANT THAT YOU THOROUGHLY READ THIS CONTRACT BEFORE YOU SIGN IT.

31 University Circle P.O. Box 2230 (address) X Margaret P. Flowers (L. S.)
Tuscaloosa, Al. 35401 (address) X Walter Flowers (L. S.)
Office 752-3578 Home 345-8050

BANK COPY

6204036 09947

ADDITIONAL TERMS AND CONDITIONS

With regard to the property described in the face of this security agreement full power and authority is hereby granted to sell, assign or deliver the whole or any part thereof, or any substitute therefor, or any addition thereto, at public or private sale, at the option of Bank, or its assigns, on the non-performance of this promise, or non-payment of any of the liabilities above named, at any time or times thereafter, without advertisement or notice, which is hereby expressly waived, except where Bank is required to give notice as to when collateral will be sold, Bank hereby agrees to give all parties, debtors and any other person with security interest known to him five days' advance notice of said sale or disposition of collateral in writing, and at such sale the Bank may purchase the whole or any part of said securities discharged from any right of redemption or liability for conversion.

Bank is hereby relieved of any obligations to take necessary steps to preserve rights against other parties or instruments or collateral pledged and in possession of Bank or other collateral in which Bank has a security interest.

In case of depreciation in the market value of the property hereby pledged, or that may hereafter be pledged for the payment of this note, or if from any cause whatever said property pledged shall cease to be satisfactory collateral to Bank for this debt, its renewal or substitute, the undersigned hereby agrees to deposit additional security from time to time as demanded, and failing to deposit additional security to the satisfaction of Bank, this note shall become due and payable for all purposes, and a sale of the collateral pledged may be made immediately as provided for above.

Bank may buy any of said collateral, at private sale, at the market price (and if there is no market price, then, at such price as Bank deems reasonable). Where Bank is required to give notice as to when the collateral will be sold, Bank hereby agrees to give the debtor or other secured party known to him five days' advance notice of said private sale or disposition of collateral in writing; and the proceeds of any such sale shall be applied first to the payment of the expenses of making such sale, together with a reasonable attorney's fee, if an attorney is employed, or consulted; second, to the payment of the principal debt hereby secured and the interest thereon; third, to the payment of any and all other debt or debts hereby secured, and also any and all other debt or debts which the undersigned may now or hereafter owe the owner or holder of this note either as principal, surety, endorser, or otherwise, and if any surplus remains, the same shall be paid to the Debtor.

If any of said other liability or liabilities of the Debtor to said Bank shall not be promptly paid when due, or if a petition in bankruptcy shall be filed by or against the undersigned or any endorser, surety or guarantor, or if Bank feels insecure for any reason whatsoever, then this note and all said other indebtedness shall, at the option of said Bank, become forthwith due and payable.

Increase or profits received from said collateral shall be applied to the payment of any and all other debts which the Debtor may now or hereafter owe Bank.

Bank hereby retains the right to commingle all said collateral pledged and such right is not limited to fungible collateral.

Bank hereby retains the right to repledge said collateral upon such terms which may impair the debtor's right to redeem it.

GUARANTY OF PAYMENT

We, the endorsers hereof, severally waive all rights to exemption under the constitution and laws of this or any other state, and agree to pay a reasonable attorney's fee for collecting or attempting to collect this note; and also waive demand, notice of dishonor, presentment, protest and notice thereof, and all other requirements necessary to hold us and each of us. We further agree to be bound by all the terms and obligations contained and expressed in this note and security agreement, and that any and all payments made by, or extensions or renewals granted to the maker and/or endorser, shall extend or toll the statute of limitations as to all endorsers the same as to the maker.

In witness whereof ____ have hereunto set ____ hand ____ and seal ____ on the day and date of this instrument.

_____ (L. S.)

_____ (L. S.)

_____

(Endorser's Address)

$ 65000.00 Moundville, Ala., March 17 1979

FOR VALUE RECEIVED, the undersigned ("Debtor") promises to pay to the order of Bank of Moundville ("Bank"), at its office in Moundville, Alabama the sum of Sixty five thousand and no/100 Dollars, said indebtedness being payable as set forth below, with interest thereon at 11 per cent per annum until maturity, and thereafter at the maximum legal contract rate.

A: _____ successive monthly installments of $_____ each and _____ monthly installment(s) of $_____ beginning _____, 19__ and on the same day of each month thereafter.

B: Ninety days after date, maturing June 15, 1979

C: _____

THE DISCLOSURES HEREIN ARE MADE IN COMPLIANCE WITH FEDERAL LAW.

Finance charge accrues from date hereof unless indicated here: _____

The undersigned warrants the proceeds will be used primarily for (X) Business
( ) Other

It is understood and agreed that in the event any payment is ten (10) days or more past due, a late charge of 5 per cent of that payment may be charged, subject to a minimum late charge of 50¢.

In the event of pre-payment in full, unearned finance charges and unearned credit insurance premiums, if any, included in this note will be refunded under the rule of 78's method if this note is payable in installments, or on a pro rata basis if this note is due in a single payment, except no refund of finance charge of less than $1.00 will be made.

1. Amount of Loan			$ 65000.00
Other Charges:			
2. Filing Fee		$ None	
3. Miscellaneous:		$ None	
4. Property Insurance, for ___ months		$ None	
5. Subtotal (1+2+3+4)	$ 65000.00		
6. Credit Life Insurance		$ None	
7. Accident and Health Insurance		$ None	
8. Total Other Charges (2+3+4+6+7)			$ None
9. Amount Financed (1+8)			$ 65000.00
10. FINANCE CHARGE			$ 1287.50
11. Total of Payments (9+10)			$ 66287.50
ANNUAL PERCENTAGE RATE			11 %

All parties liable hereon, whether makers, endorsers, sureties, or guarantors, hereby severally waive, each for himself, as to this debt, or any renewal thereof, all right to exemption under the constitution and laws of Alabama, or any other state, as to personal property, and they each severally agree to pay all costs of collecting, or securing, or attempting to collect or secure this note, including, with respect to an original principal amount or original amount financed exceeding $300, an attorney's fee of 15% of the unpaid debt, whether the same be collected or secured by suit or otherwise, and the makers, endorsers, sureties, and guarantors of this note severally waive demand, presentment, protest, notice of dishonor and protest, suit, and all other requirements necessary to hold them, and they agree that this note may be renewed and time of payment may be extended without notice to them of such renewal or extension; and hereby declare and contract with the payee or holder thereof that there is no contract or understanding made or had by them, or either of them, with the payee, or any other person, which in any manner limits or affects their liability on this paper.

In case default shall be made in any payment when due, or in case of the violation of any of the terms or provisions of this note and security agreement, or if Bank feels insecure for any reason whatsoever, then the remaining unpaid balance shall immediately thereupon become due and payable at the option of Bank, and Bank shall have the right at its option to proceed immediately for the collection of the unpaid balance hereof, together with interest thereon, and bank at which this note is payable is hereby authorized to apply on or after maturity, to the payment of this debt, any funds in bank belonging to the makers, sureties, endorsers, guarantors, or any of them.

If property insurance is required debtor may select agent through whom such insurance is obtained or may provide an existing policy independently obtained and paid for. Bank reserves the right to decline for reasonable cause such insurance offered.

Credit life and accident and health insurance are not required to obtain this loan. No such insurance is provided unless the borrower is less than age 66 and in good health at the time and unless the insured borrower signs the appropriate statement below and the cost is shown in Items 7 and/or 6 above. The premiums, if any, are for the term of the loan unless otherwise indicated hereon. Borrower has the option of providing such insurance through an existing policy or a policy independently obtained and paid for.

0204030949

If insurance is requested I certify that I am less than 66 years of age and am in good health to the best of my knowledge.

I desire credit life and accident and health insurance	I desire credit life insurance only	I do not want credit life or accident and health insurance
Signature:	Signature:	Signature: Walter Flowers
Date: Age:	Date: Age:	Date: 3-17-79
(Insured Borrower Only Signs)	(Insured Borrower Only Signs)	(X) Margaret P. Flowers

The undersigned is herby notified that an investigative consumer report including information as to character, general reputation, personal characteristics, and mode of living, whichever are applicable, may be made, and that he has the right to make a written request within a reasonable time to receive a complete and accurate written disclosure of the nature and scope of such investigation.

There has been deposited and pledged as collateral security for the payment of this note, and/or any and all other liability or liabilities of the undersigned to Bank, whether the same be now existing, or hereafter contracted, now due, or hereafter to become due, whether contracted directly with Bank, or whether by Bank acquired by assignment or otherwise from another, and whether said liability be absolute or contingent, joint or single, or both, the following property, to wit:

Assignment of Stock Certificate on
278 Shares of Capital Stock of Zeckal Chem. Corp.
453 Shares of Common Stock of First National Bank of Hendersonville
118 Shares of Common Stock of Sent Capital Corp.

Complete this section only on renewal loans	DISCLOSURES HEREAFTER ARE INCONSISTENT WITH DISCLOSURE REQUIREMENTS OF THE FEDERAL TRUTH IN LENDING ACT.		
	Gross Previous Balance	Refund of Unearned Charges	Net Amount of Pay-Off
	$ 6500 00	$	$

IMPORTANT ADDITIONAL TERMS AND CONDITIONS WHICH ARE A PART OF THIS NOTE AND SECURITY AGREEMENT ARE SET FORTH ON THE REVERSE SIDE.

In witness whereof I (we) have hereunto set my (our) hand(s) and seal(s) on the day and date above written. Receipt of a completed copy of this Note and Disclosure Statement is acknowledged.

CAUTION—IT IS IMPORTANT THAT YOU THOROUGHLY READ THIS CONTRACT BEFORE YOU SIGN IT.

P.O. Box 2230 (address) Walter Flowers (L. S.)
Tuscaloosa, Al. 35401 (address) (X) Margaret P. Flowers (L. S.)
Hwy 345-8050

27068

BANK COPY

8204030950

ADDITIONAL TERMS AND CONDITIONS

With regard to the property described in the face of this security agreement full power and authority is hereby granted to sell, assign or deliver the whole or any part thereof, or any substitute therefor, or any addition thereto, at public or private sale, at the option of Bank, or its assigns, on the non-performance of this promise, or non-payment of any of the liabilities above named, at any time or times thereafter, without advertisement or notice, which is hereby expressly waived, except where Bank is required to give notice as to when collateral will be sold, Bank hereby agrees to give all parties, debtors and any other person with security interest known to him five days' advance notice of said sale or disposition of collateral in writing, and at such sale the Bank may purchase the whole or any part of said securities discharged from any right of redemption or liability for conversion.

Bank is hereby relieved of any obligations to take necessary steps to preserve rights against other parties or instruments or collateral pledged and in possession of Bank or other collateral in which Bank has a security interest.

In case of depreciation in the market value of the property hereby pledged, or that may hereafter be pledged for the payment of this note, or if from any cause whatever said property pledged shall cease to be satisfactory collateral to Bank for this debt, its renewal or substitute, the undersigned hereby agrees to deposit additional security from time to time as demanded, and failing to deposit additional security to the satisfaction of Bank, this note shall become due and payable for all purposes, and a sale of the collateral pledged may be made immediately as provided for above.

Bank may buy any of said collateral, at private sale, at the market price (and if there is no market price, then, at such price as Bank deems reasonable). Where Bank is required to give notice as to when the collateral will be sold, Bank hereby agrees to give the debtor or other secured party known to him five days' advance notice of said private sale or disposition of collateral in writing; and the proceeds of any such sale shall be applied first to the payment of the expenses of making such sale, together with a reasonable attorney's fee, if an attorney is employed, or consulted; second, to the payment of the principal debt hereby secured and the interest thereon; third, to the payment of any and all other debt or debts hereby secured, and also any and all other debt or debts which the undersigned may now or hereafter owe the owner or holder of this note either as principal, surety, endorser, or otherwise, and if any surplus remains, the same shall be paid to the Debtor.

If any of said other liability or liabilities of the Debtor to said Bank shall not be promptly paid when due, or if a petition in bankruptcy shall be filed by or against the undersigned or any endorser, surety or guarantor, or if Bank feels insecure for any reason whatsoever, then this note and all said other indebtedness shall, at the option of said Bank, become forthwith due and payable.

Increase or profits received from said collateral shall be applied to the payment of any and all other debts which the Debtor may now or hereafter owe Bank.

Bank hereby retains the right to commingle all said collateral pledged and such right is not limited to fungible collateral.

Bank hereby retains the right to repledge said collateral upon such terms which may impair the debtor's right to redeem it.

GUARANTY OF PAYMENT

We, the endorsers hereof, severally waive all rights to exemption under the constitution and laws of this or any other state, and agree to pay a reasonable attorney's fee for collecting or attempting to collect this note; and also waive demand, notice of dishonor, presentment, protest and notice thereof, and all other requirements necessary to hold us and each of us. We further agree to be bound by all the terms and obligations contained and expressed in this note and security agreement, and that any and all payments made by, or extensions or renewals granted to the maker and/or endorser, shall extend or toll the statute of limitations as to all endorsers the same as to the maker.

In witness whereof ____ have hereunto set ____ hand ____ and seal ____ on the day and date of this instrument.

_____ (L. S.)

_____ (L. S.)

_____

(Endorser's Address)

NOTE AND SECURITY AGREEMENT, EQUIPMENT AND CONSUMER GOODS

$ 65,000.00 Moundville, Ala., June 15, 1979

FOR VALUE RECEIVED, the undersigned ("Debtor") promises to pay to the order of Bank of Moundville ("Bank"), at its office in Moundville, Alabama the sum of Sixty five thousand dollars + no/100 Dollars, said indebtedness being payable as set forth below, with interest thereon at 12 per cent per annum until maturity, and thereafter at the maximum legal contract rate.

A: _____ successive monthly installments of $_____ each and _____ monthly installment(s) of $_____ beginning _____, 19___ and on the same day of each month thereafter.

B: Ninety days after date, maturing September 15, 1979

C: _____

THE DISCLOSURES HEREIN ARE MADE IN COMPLIANCE WITH FEDERAL LAW.

Finance charge accrues from date hereof unless indicated here: _____

The undersigned warrants the proceeds will be used primarily for (X) Business ( ) Other

It is understood and agreed that in the event any payment is ten (10) days or more past due, a late charge of 5 per cent of that payment may be charged, subject to a minimum late charge of 50¢.

In the event of pre-payment in full, unearned finance charges and unearned credit insurance premiums, if any, included in this note will be refunded under the rule of 78's method if this note is payable in installments, or on a pro rata basis if this note is due in a single payment, except no refund of finance charge of less than $1.00 will be made.

1. Amount of Loan		$ 65,000.00
Other Charges:		
2. Filing Fee	$ none	
3. Miscellaneous:	$ none	
4. Property Insurance, for ___ months	$ none	
5. Subtotal (1+2+3+4)	$ 65,000.00	
6. Credit Life Insurance	$ none	
7. Accident and Health Insurance	$ none	
8. Total Other Charges (2+3+4+6+7)		$ none
9. Amount Financed (1+8)		$ 65,000.00
10. FINANCE CHARGE		$ 1,950.00
11. Total of Payments (9+10)		$ 66,950.00
ANNUAL PERCENTAGE RATE		12 %

All parties liable hereon, whether makers, endorsers, sureties, or guarantors, hereby severally waive, each for himself, as to this debt, or any renewal thereof, all right to exemption under the constitution and laws of Alabama, or any other state, as to personal property, and they each severally agree to pay all costs of collecting, or securing, or attempting to collect or secure this note, including, with respect to an original principal amount or original amount financed exceeding $300, an attorney's fee of 15% of the unpaid debt, whether the same be collected or secured by suit or otherwise, and the makers, endorsers, sureties, and guarantors of this note severally waive demand, presentment, protest, notice of dishonor and protest, suit, and all other requirements necessary to hold them, and they agree that this note may be renewed and time of payment may be extended without notice to them of such renewal or extension; and hereby declare and contract with the payee or holder thereof that there is no contract or understanding made or had by them, or either of them, with the payee, or any other person, which in any manner limits or affects their liability on this paper.

In case default shall be made in any payment when due, or in case of the violation of any of the terms or provisions of this note and security agreement, or if Bank feels insecure for any reason whatsoever, then the remaining unpaid balance shall immediately thereupon become due and payable at the option of Bank, and Bank shall have the right at its option to proceed immediately for the collection of the unpaid balance hereof, together with interest thereon, and bank at which this note is payable is hereby authorized to apply on or after maturity, to the payment of this debt, any funds in bank belonging to the makers, sureties, endorsers, guarantors, or any of them.

If property insurance is required debtor may select agent through whom such insurance is obtained or may provide an existing policy independently obtained and paid for. Bank reserves the right to decline for reasonable cause such insurance offered.

Credit life and accident and health insurance are not required to obtain this loan. No such insurance is provided unless the borrower is less than age 66 and in good health at the time and unless the insured borrower signs the appropriate statement below and the cost is shown in Items 7 and/or 6 above. The premiums, if any, are for the term of the loan unless otherwise indicated hereon. Borrower has the option of providing such insurance through an existing policy or a policy independently obtained and paid for.

If insurance is requested I certify that I am less than 66 years of age and am in good health to the best of my knowledge.

I desire credit life and accident and health insurance	I desire credit life insurance only	I do not want credit life or accident and health insurance
Signature:	Signature:	Signature: Walter Howers
Date: Age:	Date: Age:	Date: 6-15-79
(Insured Borrower Only Signs)	(Insured Borrower Only Signs)	Margaret P. Howers

The undersigned is hereby notified that an investigative consumer report including information as to character, general reputation, personal characteristics, and mode of living, whichever are applicable, may be made, and that he has the right to make a written request within a reasonable time to receive a complete and accurate written disclosure of the nature and scope of such investigation.

Debtor hereby grants to Bank a security interest in the following described collateral:

Co per Stock Government Sw.
228 Shares of Capital Stock in Stokes Chem Corp
453 Shares of Common Stock of First National Bk of Huntsville
118 Shares of Common Stock of First Capital Corp

together with all increases, parts, fittings, accessories, equipment, special tools, renewals and replacements of all or any part thereof and other goods of the same class whether now owned or hereafter acquired by Debtor, and proceeds thereof. The collateral will be kept at _____ (Street Number) _____ (City) _____ (State), and Bank may inspect the same at any time. This security agreement covers, and the collateral secures, all future advances and the property described likewise becomes security for the payment of any and all other liability or liabilities of the Debtor to Bank whether the same be now existing or hereafter contracted, now due, or hereafter to become due, whether contracted directly with the owner or holder, or whether Bank acquired by assignment or otherwise from another, and whether said liability be absolute or contingent, joint or single or both.

Complete this section only on renewal loans	DISCLOSURES HEREAFTER ARE INCONSISTENT WITH DISCLOSURE REQUIREMENTS OF THE FEDERAL TRUTH IN LENDING ACT.		
	Gross Previous Balance	Refund of Unearned Charges	Net Amount of Pay-Off
	$ 45 000 00	$	$

IMPORTANT ADDITIONAL TERMS AND CONDITIONS WHICH ARE A PART OF THIS NOTE AND SECURITY AGREEMENT ARE SET FORTH ON THE REVERSE SIDE.

In witness whereof I (we) have hereunto set my (our) hand(s) and seal(s) on the day and date above written. Receipt of a completed copy of this Note and Disclosure Statement is acknowledged.

CAUTION—IT IS IMPORTANT THAT YOU THOROUGHLY READ THIS CONTRACT BEFORE YOU SIGN IT.

P O Box 2230
(address)
Huntsville Al 35401
(address)

Walter Howers (L. S.)
Margaret P. Howers (L. S.)

27540

BANK COPY

0 2 0 4 0 3 0 9 5 3

ADDITIONAL TERMS AND CONDITIONS

With regard to the property described in the face of this security agreement full power and authority is hereby granted to sell, assign or deliver the whole or any part thereof, or any substitute therefor, or any addition thereto, at public or private sale, at the option of Bank, or its assigns, on the non-performance of this promise, or non-payment of any of the liabilities above named, at any time or times thereafter, without advertisement or notice, which is hereby expressly waived, except where Bank is required to give notice as to when collateral will be sold, Bank hereby agrees to give all parties, debtors and any other person with security interest known to him five days' advance notice of said sale or disposition of collateral in writing, and at such sale the Bank may purchase the whole or any part of said securities discharged from any right of redemption or liability for conversion.

Bank is hereby relieved of any obligations to take necessary steps to preserve rights against other parties or instruments or collateral pledged and in possession of Bank or other collateral in which Bank has a security interest.

In case of depreciation in the market value of the property hereby pledged, or that may hereafter be pledged for the payment of this note, or if from any cause whatever said property pledged shall cease to be satisfactory collateral to Bank for this debt, its renewal or substitute, the undersigned hereby agrees to deposit additional security from time to time as demanded, and failing to deposit additional security to the satisfaction of Bank, this note shall become due and payable for all purposes, and a sale of the collateral pledged may be made immediately as provided for above.

Bank may buy any of said collateral, at private sale, at the market price (and if there is no market price, then, at such price as Bank deems reasonable). Where Bank is required to give notice as to when the collateral will be sold, Bank hereby agrees to give the debtor or other secured party known to him five days' advance notice of said private sale or disposition of collateral in writing; and the proceeds of any such sale shall be applied first to the payment of the expenses of making such sale, together with a reasonable attorney's fee, if an attorney is employed, or consulted; second, to the payment of the principal debt hereby secured and the interest thereon; third, to the payment of any and all other debt or debts hereby secured, and also any and all other debt or debts which the undersigned may now or hereafter owe the owner or holder of this note either as principal, surety, endorser, or otherwise, and if any surplus remains, the same shall be paid to the Debtor.

If any of said other liability or liabilities of the Debtor to said Bank shall not be promptly paid when due, or if a petition in bankruptcy shall be filed by or against the undersigned or any endorser, surety or guarantor, or if Bank feels insecure for any reason whatsoever, then this note and all said other indebtedness shall, at the option of said Bank, become forthwith due and payable.

Increase or profits received from said collateral shall be applied to the payment of any and all other debts which the Debtor may now or hereafter owe Bank.

Bank hereby retains the right to commingle all said collateral pledged and such right is not limited to fungible collateral.

Bank hereby retains the right to repledge said collateral upon such terms which may impair the debtor's right to redeem it.

GUARANTY OF PAYMENT

We, the endorsers hereof, severally waive all rights to exemption under the constitution and laws of this or any other state, and agree to pay a reasonable attorney's fee for collecting or attempting to collect this note; and also waive demand, notice of dishonor, presentment, protest and notice thereof, and all other requirements necessary to hold us and each of us. We further agree to be bound by all the terms and obligations contained and expressed in this note and security agreement, and that any and all payments made by, or extensions or renewals granted to the maker and/or endorser, shall extend or toll the statute of limitations as to all endorsers the same as to the maker.

In witness whereof ____ have hereunto set ____ hand ____ and seal ____ on the day and date of this instrument.

_____ (L. S.)

_____ (L. S.)

_____

(Endorser's Address)

0 2 0 4 0 3 0 0 9 5 4

NOTE AND SECURITY AGREEMENT, EQUIPMENT AND CONSUMER GOODS

$31,977.13 Moundville, Ala., September 22 1979

FOR VALUE RECEIVED, the undersigned ("Debtor") promises to pay to the order of Bank of Moundville ("Bank"), at its office in Moundville, Alabama the sum of Thirty one thousand, nine hundred, seventy seven & 13/100 Dollars, said indebtedness being payable as set forth below, with interest thereon at 13 per cent per annum until maturity, and thereafter at the maximum legal contract rate.

A: _____ successive monthly installments of $_____ each and _____ monthly installment(s) of $_____ beginning _____, 19___ and on the same day of each month thereafter.

B: 90 days after date, maturing September 22, 1979

C: _____

THE DISCLOSURES HEREIN ARE MADE IN COMPLIANCE WITH FEDERAL LAW.

Finance charge accrues from date hereof unless indicated here: _____

The undersigned warrants the proceeds will be used primarily for (✓) Business ( ) Other

It is understood and agreed that in the event any payment is ten (10) days or more past due, a late charge of 5 per cent of that payment may be charged, subject to a minimum late charge of 50¢.

In the event of pre-payment in full, unearned finance charges and unearned credit insurance premiums, if any, included in this note will be refunded under the rule of 78's method if this note is payable in installments, or on a pro rata basis if this note is due in a single payment, except no refund of finance charge of less than $1.00 will be made.

1. Amount of Loan		$31,977.13
Other Charges:		
2. Filing Fee	$ none	
3. Miscellaneous:	$ none	
4. Property Insurance, for ____ months	$ none	
5. Subtotal (1+2+3+4)	$31,977.13	
6. Credit Life Insurance	$ none	
7. Accident and Health Insurance	$ none	
8. Total Other Charges (2+3+4+6+7)		$ none
9. Amount Financed (1+8)		$31,977.13
10. FINANCE CHARGE		$ 1039.26
11. Total of Payments (9+10)		$33,016.39
ANNUAL PERCENTAGE RATE		13 %

All parties liable hereon, whether makers, endorsers, sureties, or guarantors, hereby severally waive, each for himself, as to this debt, or any renewal thereof, all right to exemption under the constitution and laws of Alabama, or any other state, as to personal property, and they each severally agree to pay all costs of collecting, or securing, or attempting to collect or secure this note, including, with respect to an original principal amount or original amount financed exceeding $300, an attorney's fee of 15% of the unpaid debt, whether the same be collected or secured by suit or otherwise, and the makers, endorsers, sureties, and guarantors of this note severally waive demand, presentment, protest, notice of dishonor and protest, suit, and all other requirements necessary to hold them, and they agree that this note may be renewed and time of payment may be extended without notice to them of such renewal or extension; and hereby declare and contract with the payee or holder thereof that there is no contract or understanding made or had by them, or either of them, with the payee, or any other person, which in any manner limits or affects their liability on this paper.

In case default shall be made in any payment when due, or in case of the violation of any of the terms or provisions of this note and security agreement, or if Bank feels insecure for any reason whatsoever, then the remaining unpaid balance shall immediately thereupon become due and payable at the option of Bank, and Bank shall have the right at its option to proceed immediately for the collection of the unpaid balance hereof, together with interest thereon, and bank at which this note is payable is hereby authorized to apply on or after maturity, to the payment of this debt, any funds in bank belonging to the makers, sureties, endorsers, guarantors, or any of them.

If property insurance is required debtor may select agent through whom such insurance is obtained or may provide an existing policy independently obtained and paid for. Bank reserves the right to decline for reasonable cause such insurance offered.

Credit life and accident and health insurance are not required to obtain this loan. No such insurance is provided unless the borrower is less than age 66 and in good health at the time and unless the insured borrower signs the appropriate statement below and the cost is shown in Items 7 and/or 6 above. The premiums, if any, are for the term of the loan unless otherwise indicated hereon. Borrower has the option of providing such insurance through an existing policy or a policy independently obtained and paid for.

If insurance is requested I certify that I am less than 66 years of age and am in good health to the best of my knowledge.

I desire credit life and accident and health insurance	I desire credit life insurance only	I do not want credit life or accident and health insurance
Signature:	Signature:	Signature: Walter Flowers
Date: Age:	Date: Age:	Date: 9-22-79
(Insured Borrower Only Signs)	(Insured Borrower Only Signs)	X Margaret F. Flowers

The undersigned is hereby notified that an investigative consumer report including information as to character, general reputation, personal characteristics, and mode of living, whichever are applicable, may be made, and that he has the right to make a written request within a reasonable time to receive a complete and accurate written disclosure of the nature and scope of such investigation.

Debtor hereby grants to Bank a security interest in the following described collateral:

As per Stock Assignment on:
228 Shares of Capital Stock in Thiokol Chem. Corp.
453 Shares of Common Stock in First National Bank of Tuscaloosa
118 Shares of Common Stock in First Capital Corp.

together with all increases, parts, fittings, accessories, equipment, special tools, renewals and replacements of all or any part thereof and other goods of the same class whether now owned or hereafter acquired by Debtor, and proceeds thereof. The collateral will be kept at _____ (Street Number) _____ (City) _____ (State),

and Bank may inspect the same at any time. This security agreement covers and the collateral secures, all future advances and the property described likewise becomes security for the payment of any and all other liability or liabilities of the Debtor to Bank whether the same be now existing or hereafter contracted, now due, or hereafter to become due, whether contracted directly with the owner or holder, or whether Bank acquired by assignment or otherwise from another, and whether said liability be absolute or contingent, joint or single or both.

Complete this section only on renewal loans	DISCLOSURES HEREAFTER ARE INCONSISTENT WITH DISCLOSURE REQUIREMENTS OF THE FEDERAL TRUTH IN LENDING ACT.		
	Gross Previous Balance	Refund of Unearned Charges	Net Amount of Pay-Off
	$ 65.000 00	$	$

IMPORTANT ADDITIONAL TERMS AND CONDITIONS WHICH ARE A PART OF THIS NOTE AND SECURITY AGREEMENT ARE SET FORTH ON THE REVERSE SIDE.

In witness whereof I (we) have hereunto set my (our) hand(s) and seal(s) on the day and date above written. Receipt of a completed copy of this Note and Disclosure Statement is acknowledged.

CAUTION—IT IS IMPORTANT THAT YOU THOROUGHLY READ THIS CONTRACT BEFORE YOU SIGN IT.

P.O. Box 2230 (address) — Walter Flowers (L. S.)

Tuscaloosa Al 35401 (address) — Margaret F. Flowers (L. S.)

BANK COPY

8204036095 6

ADDITIONAL TERMS AND CONDITIONS

With regard to the property described in the face of this security agreement full power and authority is hereby granted to sell, assign or deliver the whole or any part thereof, or any substitute therefor, or any addition thereto, at public or private sale, at the option of Bank, or its assigns, on the non-performance of this promise, or non-payment of any of the liabilities above named, at any time or times thereafter, without advertisement or notice, which is hereby expressly waived, except where Bank is required to give notice as to when collateral will be sold, Bank hereby agrees to give all parties, debtors and any other person with security interest known to him five days' advance notice of said sale or disposition of collateral in writing, and at such sale the Bank may purchase the whole or any part of said securities discharged from any right of redemption or liability for conversion.

Bank is hereby relieved of any obligations to take necessary steps to preserve rights against other parties or instruments or collateral pledged and in possession of Bank or other collateral in which Bank has a security interest.

In case of depreciation in the market value of the property hereby pledged, or that may hereafter be pledged for the payment of this note, or if from any cause whatever said property pledged shall cease to be satisfactory collateral to Bank for this debt, its renewal or substitute, the undersigned hereby agrees to deposit additional security from time to time as demanded, and failing to deposit additional security to the satisfaction of Bank, this note shall become due and payable for all purposes, and a sale of the collateral pledged may be made immediately as provided for above.

Bank may buy any of said collateral, at private sale, at the market price (and if there is no market price, then, at such price as Bank deems reasonable). Where Bank is required to give notice as to when the collateral will be sold, Bank hereby agrees to give the debtor or other secured party known to him five days' advance notice of said private sale or disposition of collateral in writing; and the proceeds of any such sale shall be applied first to the payment of the expenses of making such sale, together with a reasonable attorney's fee, if an attorney is employed, or consulted; second, to the payment of the principal debt hereby secured and the interest thereon; third, to the payment of any and all other debt or debts hereby secured, and also any and all other debt or debts which the undersigned may now or hereafter owe the owner or holder of this note either as principal, surety, endorser, or otherwise, and if any surplus remains, the same shall be paid to the Debtor.

If any of said other liability or liabilities of the Debtor to said Bank shall not be promptly paid when due, or if a petition in bankruptcy shall be filed by or against the undersigned or any endorser, surety or guarantor, or if Bank feels insecure for any reason whatsoever, then this note and all said other indebtedness shall, at the option of said Bank, become forthwith due and payable.

Increase or profits received from said collateral shall be applied to the payment of any and all other debts which the Debtor may now or hereafter owe Bank.

Bank hereby retains the right to commingle all said collateral pledged and such right is not limited to fungible collateral.

Bank hereby retains the right to repledge said collateral upon such terms which may impair the debtor's right to redeem it.

GUARANTY OF PAYMENT

We, the endorsers hereof, severally waive all rights to exemption under the constitution and laws of this or any other state, and agree to pay a reasonable attorney's fee for collecting or attempting to collect this note; and also waive demand, notice of dishonor, presentment, protest and notice thereof, and all other requirements necessary to hold us and each of us. We further agree to be bound by all the terms and obligations contained and expressed in this note and security agreement, and that any and all payments made by, or extensions or renewals granted to the maker and/or endorser, shall extend or toll the statute of limitations as to all endorsers the same as to the maker.

In witness whereof ____ have hereunto set ____ hand ____ and seal ____ on the day and date of this instrument.

_____ (L. S.)

_____ (L. S.)

_____

(Endorser's Address)

NOTE AND SECURITY AGREEMENT, EQUIPMENT AND CONSUMER GOODS

$21 977 13

Moundville, Ala., December 22 1979

FOR VALUE RECEIVED, the undersigned ("Debtor") promises to pay to the order of Bank of Moundville ("Bank"), at its office in Moundville, Alabama the sum of Twenty one thousand nine hundred seventy seven & 13/100 Dollars, said indebtedness being payable as set forth below, with interest thereon at 16 per cent per annum until maturity, and thereafter at the maximum legal contract rate.

A: _____ successive monthly installments of $_____ each and _____ monthly installment(s) of $_____ beginning _____, 19___ and on the same day of each month thereafter.

B: Ninety days after date, maturing March 21, 1980

C: _____

THE DISCLOSURES HEREIN ARE MADE IN COMPLIANCE WITH FEDERAL LAW.

Finance charge accrues from date hereof unless indicated here: _____

The undersigned warrants the proceeds will be used primarily for (✓) Business ( ) Other

It is understood and agreed that in the event any payment is ten (10) days or more past due, a late charge of 5 per cent of that payment may be charged, subject to a minimum late charge of 50¢.

In the event of pre-payment in full, unearned finance charges and unearned credit insurance premiums, if any, included in this note will be refunded under the rule of 78's method if this note is payable in installments, or on a pro rata basis if this note is due in a single payment, except no refund of finance charge of less than $1.00 will be made.

1. Amount of Loan		$21,977.13
Other Charges:		
2. Filing Fee	$ none	
3. Miscellaneous:	$ none	
4. Property Insurance, for ___ months	$ none	
5. Subtotal (1+2+3+4)	$21,977.13	
6. Credit Life Insurance	$ none	
7. Accident and Health Insurance	$ none	
8. Total Other Charges (2+3+4+6+7)		$ none
9. Amount Financed (1+8)		$21,977.13
10. FINANCE CHARGE		$ 879.08
11. Total of Payments (9+10)		$22,856.21
ANNUAL PERCENTAGE RATE		16 %

All parties liable hereon, whether makers, endorsers, sureties, or guarantors, hereby severally waive, each for himself, as to this debt, or any renewal thereof, all right to exemption under the constitution and laws of Alabama, or any other state, as to personal property, and they each severally agree to pay all costs of collecting, or securing, or attempting to collect or secure this note, including, with respect to an original principal amount or original amount financed exceeding $300, an attorney's fee of 15% of the unpaid debt, whether the same be collected or secured by suit or otherwise, and the makers, endorsers, sureties, and guarantors of this note severally waive demand, presentment, protest, notice of dishonor and protest, suit, and all other requirements necessary to hold them, and they agree that this note may be renewed and time of payment may be extended without notice to them of such renewal or extension; and hereby declare and contract with the payee or holder thereof that there is no contract or understanding made or had by them, or either of them, with the payee, or any other person, which in any manner limits or affects their liability on this paper.

In case default shall be made in any payment when due, or in case of the violation of any of the terms or provisions of this note and security agreement, or if Bank feels insecure for any reason whatsoever, then the remaining unpaid balance shall immediately thereupon become due and payable at the option of Bank, and Bank shall have the right at its option to proceed immediately for the collection of the unpaid balance hereof, together with interest thereon, and bank at which this note is payable is hereby authorized to apply on or after maturity, to the payment of this debt, any funds in bank belonging to the makers, sureties, endorsers, guarantors, or any of them.

If property insurance is required debtor may select agent through whom such insurance is obtained or may provide an existing policy independently obtained and paid for. Bank reserves the right to decline for reasonable cause such insurance offered.

Credit life and accident and health insurance are not required to obtain this loan. No such insurance is provided unless the borrower is less than age 66 and in good health at the time and unless the insured borrower signs the appropriate statement below and the cost is shown in Items 7 and/or 6 above. The premiums, if any, are for the term of the loan unless otherwise indicated hereon. Borrower has the option of providing such insurance through an existing policy or a policy independently obtained and paid for.

If insurance is requested I certify that I am less than 66 years of age and am in good health to the best of my knowledge.

I desire credit life and accident and health insurance	I desire credit life insurance only	I do not want credit life or accident and health insurance
Signature:	Signature:	Signature: Warren Flowers
Date: Age:	Date: Age:	Date: 12-22-79
(Insured Borrower Only Signs)	(Insured Borrower Only Signs)	Margaret G. Flowers

The undersigned is hereby notified that an investigative consumer report including information as to character, general reputation, personal characteristics, and mode of living, whichever are applicable, may be made, and that he has the right to make a written request within a reasonable time to receive a complete and accurate written disclosure of the nature and scope of such investigation.

Debtor hereby grants to Bank a security interest in the following described collateral:

12 per Stock Assignment on:
228 Shares of Capital Stock in Nickel Chem Corp
453 Shares of Common Stock in First National Bank of Greenville
118 Shares of Common Stock in First Capital Corp

together with all increases, parts, fittings, accessories, equipment, special tools, renewals and replacements of all or any part thereof and other goods of the same class whether now owned or hereafter acquired by Debtor, and proceeds thereof. The collateral will be kept at _____ (Street Number, City, State),

and Bank may inspect the same at any time. This security agreement covers, and the collateral secures, all future advances and the property described likewise becomes security for the payment of any and all other liability or liabilities of the Debtor to Bank whether the same be now existing or hereafter contracted, now due, or hereafter to become due, whether contracted directly with the owner or holder, or whether Bank acquired by assignment or otherwise from another, and whether said liability be absolute or contingent, joint or single or both.

Complete this section only on renewal loans	DISCLOSURES HEREAFTER ARE INCONSISTENT WITH DISCLOSURE REQUIREMENTS OF THE FEDERAL TRUTH IN LENDING ACT.		
	Gross Previous Balance	Refund of Unearned Charges	Net Amount of Pay-Off
	31 977.13		
	—$ 10.000.00	$	$
	21 977.13		

IMPORTANT ADDITIONAL TERMS AND CONDITIONS WHICH ARE A PART OF THIS NOTE AND SECURITY AGREEMENT ARE SET FORTH ON THE REVERSE SIDE.

In witness whereof I (we) have hereunto set my (our) hand(s) and seal(s) on the day and date above written. Receipt of a completed copy of this Note and Disclosure Statement is acknowledged.

CAUTION—IT IS IMPORTANT THAT YOU THOROUGHLY READ THIS CONTRACT BEFORE YOU SIGN IT.

P O Box 2230 (address) — Warren Flowers (L. S.)

Tuscaloosa Al 35401 (address) 345-8050 home — Margaret G. Flowers (L. S.)

2880

BANK COPY

ADDITIONAL TERMS AND CONDITIONS

With regard to the property described in the face of this security agreement full power and authority is hereby granted to sell, assign or deliver the whole or any part thereof, or any substitute therefor, or any addition thereto, at public or private sale, at the option of Bank, or its assigns, on the non-performance of this promise, or non-payment of any of the liabilities above named, at any time or times thereafter, without advertisement or notice, which is hereby expressly waived, except where Bank is required to give notice as to when collateral will be sold, Bank hereby agrees to give all parties, debtors and any other person with security interest known to him five days' advance notice of said sale or disposition of collateral in writing, and at such sale the Bank may purchase the whole or any part of said securities discharged from any right of redemption or liability for conversion.

Bank is hereby relieved of any obligations to take necessary steps to preserve rights against other parties or instruments or collateral pledged and in possession of Bank or other collateral in which Bank has a security interest.

In case of depreciation in the market value of the property hereby pledged, or that may hereafter be pledged for the payment of this note, or if from any cause whatever said property pledged shall cease to be satisfactory collateral to Bank for this debt, its renewal or substitute, the undersigned hereby agrees to deposit additional security from time to time as demanded, and failing to deposit additional security to the satisfaction of Bank, this note shall become due and payable for all purposes, and a sale of the collateral pledged may be made immediately as provided for above.

Bank may buy any of said collateral, at private sale, at the market price (and if there is no market price, then, at such price as Bank deems reasonable). Where Bank is required to give notice as to when the collateral will be sold, Bank hereby agrees to give the debtor or other secured party known to him five days' advance notice of said private sale or disposition of collateral in writing; and the proceeds of any such sale shall be applied first to the payment of the expenses of making such sale, together with a reasonable attorney's fee, if an attorney is employed, or consulted; second, to the payment of the principal debt hereby secured and the interest thereon; third, to the payment of any and all other debt or debts hereby secured, and also any and all other debt or debts which the undersigned may now or hereafter owe the owner or holder of this note either as principal, surety, endorser, or otherwise, and if any surplus remains, the same shall be paid to the Debtor.

If any of said other liability or liabilities of the Debtor to said Bank shall not be promptly paid when due, or if a petition in bankruptcy shall be filed by or against the undersigned or any endorser, surety or guarantor, or if Bank feels insecure for any reason whatsoever, then this note and all said other indebtedness shall, at the option of said Bank, become forthwith due and payable.

Increase or profits received from said collateral shall be applied to the payment of any and all other debts which the Debtor may now or hereafter owe Bank.

Bank hereby retains the right to commingle all said collateral pledged and such right is not limited to fungible collateral.

Bank hereby retains the right to repledge said collateral upon such terms which may impair the debtor's right to redeem it.

GUARANTY OF PAYMENT

We, the endorsers hereof, severally waive all rights to exemption under the constitution and laws of this or any other state, and agree to pay a reasonable attorney's fee for collecting or attempting to collect this note; and also waive demand, notice of dishonor, presentment, protest and notice thereof, and all other requirements necessary to hold us and each of us. We further agree to be bound by all the terms and obligations contained and expressed in this note and security agreement, and that any and all payments made by, or extensions or renewals granted to the maker and/or endorser, shall extend or toll the statute of limitations as to all endorsers the same as to the maker.

In witness whereof _____ have hereunto set _____ hand _____ and seal _____ on the day and date of this instrument.

_____ (L. S.)

_____ (L. S.)

_____

(Endorser's Address)

6 2 0 4 0 3 0 0 9 6 0

GCC# 1189

BANK OF MOULTRIE

Member FDIC

MOULTRIE, GA.

31474

April 23, 1980

S07777

Federal Election Commission
Washington, D.C. 20463
Attention: Mr. Daniel Blessington

Dear Sir: Re: MUR 1098

Pursuant to your letter of March 26, 1980, this is to advise you that the law firm J. Miller, Hamilton and Snider, Mobile, Alabama acts as my counsel. Their address in Mobile is P.O. Box 46, Mobile, Alabama 36601 and their telephone number is 205-432-1414.

Thank you.

Yours truly,

Victor Poole

Victor P. Poole
Vice President

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RECEIVED
GENERAL COUNSEL

CCC# 1186

Walter Flowers
Post Office Box 2230
Tuscaloosa, Alabama 35401
Telephone (205) 345-6080

April 27, 1980

Mr. Robert O. Tiernan
Chairman
Federal Election Commission
Washington, D. C. 20463

RE: MUR 1098 (79)

Dear Mr. Tiernan:

I am responding herewith to your letter of March 26, 1980. Please find attached the answers to your request corresponding to the questions by number in yours of March 20, 1980.

I have also been in contact with Mr. Daniel J. Blessington, and have requested and been given extension on time to present my response. I will be happy to respond further should it be necessary.

Sincerely yours,

Walter Flowers

Walter Flowers

Enclosures

80 APR 29 P2:15

GENERAL COUNSEL
OFFICE OF THE
FEDERAL ELECTION COMMISSION

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1-3. Shortly after the first primary in early September 1978, the campaign was in debt to me and I was in debt to the Bank of Moundville. After a general discussion among campaign aides about the extent of the debt, someone suggested my brother, Dr. Robert Flowers of Honolulu, Hawaii, as a possible source of funds that I could borrow. I can remember stating in a general way that I was sure my brother would be agreeable if it was all right to do this. Without referring to any manual or calling the FEC for an opinion, it seemed logical at the time that it would certainly be appropriate for me to owe money to my brother in lieu of a bank, and the $35,000 loan was to be applied to the preexisting bank debt. I called my brother by telephone thereafter and asked him for a loan of $50,000 for a short term. Of this sum, $35,000 was to be used in paying the Bank, and $15,000 was to be used for other, non-political purposes. I do not remember if I told him what the money would be used for, but several days later the sum of $50,000 was wired by him, or his bank, to my personal account in the Sergeant at Arms Bank of the House of Representatives. The sum shows to have been deposited on September 15, 1978. By my check dated September 11, 1978, the sum of $35,000 was transmitted to the campaign committee and then to the Bank of Moundville. This was duly reported on the ten day pre-runoff report filed by the committee.

Several days later, and upon further consideration, it was concluded that such a loan was not authorized and should be considered an excess contribution. I directed the campaign manager to call the FEC in Washington to report the mistake, discuss the matter, and ask what should be done further. The committee was advised that the matter could be handled by filing an amended and corrected report. This was done on September 19, 1978. An additional sum of $35,000 was borrowed from the Bank of Moundville, and the loan from my brother of $50,000 was paid off in full by two separate checks drawn that day. One check for $35,000 payable to Dr. Robert Flowers was drawn on the Bank of Moundville, and one for $15,000 was drawn on the Sergeant at Arms Bank.

The campaign committee was contacted about this matter in July, 1979, by the FEC, and this information basically was furnished to them at that time. (A copy of that correspondence is enclosed herewith.)

4. See Exhibit A and A-1.

5. See Exhibit B.

6. See Exhibits C and D.

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7. Early in the campaign, in June, 1978, it was apparent that there might be a time of short fall between campaign funds received and funds to be spent. Within what I considered to be reasonable limits, I agreed to subsidize the campaign committee temporarily with personal funds and/or credit. Because of the possibility that I might not be available when the funds would be needed, I signed several blank promissory notes which were delivered to the Bank of Moundville. Additionally, my wife and I executed a second mortgage to the Bank of Moundville on two properties owned jointly by us to secure any funds advanced to me. These two properties had small first mortgages, but the unencumbered equity at the time was in excess of $100,000. Certain stock was also pledged as collateral. I was never aware of the exact amount owed by me to the Bank, but it was my intention to be bound by the previously signed notes and mortgages to the extent of any advancement by the Bank, and it was my further assumption that any such loans would bear interest at the usual rate at the time. I also assumed that any loan or loans were handled in regular course with the interest either paid or rolled over into the next loan.

Thereafter, my obligations to the Bank of Moundville were narrowed down to a note dated August 31, 1978, for $50,000 bearing 9¼ percent interest for ninety days, and the note dated September 11, 1978, for $35,000 bearing 9½ percent interest for ninety days. These notes were combined and renewed on December 18, 1978. I later renewed these notes periodically, making payments of principal and interest until the total indebtedness was paid in full in March, 1980.

I can ascertain from my records that I paid $2,200.28 interest to the Bank of Moundville in 1978, and $7,061.72 interest in 1979, for a total sum of $9,262.00.

8. Campaign committee records indicate payments direct to the Bank of Moundville by checks all dated September 11, 1978, in the amounts of $25,000, $35,000, and $40,000, or a total of $100,000. After this, all repayments by the committee were directly to me as follows:

September 26, 1978	$ 5,000.00
December 15, 1978	4,208.27
December 15, 1978	4,559.33
December 15, 1978	15,852.39
February 5, 1979	5,000.00
March 31, 1979	1,400.00
September 23, 1979	940.40

The campaign committee was charged no interest by me on the loans made to the committee.

9. See Exhibit E.

8 2 0 4 0 3 0 0 9 5 4

10. No further transfer to the committee was made after September 12, 1978, by me.

11. See Exhibit F (1-3).

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In reply please refer to: SSV1/79-16

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 18, 1979

Samuel B. Fields, Treasurer
Walter Flowers for U.S. Senate
P. O. Box 2230
Tuscaloosa, Alabama 35401

Dear Mr. Fields:

This letter is prompted by the Commission's interest in assisting candidates and committees who wish to comply with the Federal Election Campaign Act, as amended. During review of the 10 Day Pre-Runoff Report of Receipts and Expenditures, we noticed an entry indicating that you may have received a contribution which exceeds the limits set forth in the Act. A copy of that portion of your report is attached so that a review of your records can be made.

The Act precludes individuals from making political contributions to a candidate for Federal election in excess of $1,000 per election.

The Commission recommends that if you find the contribution you received was in excess of the limits set forth in the Act you return the amount in excess of $1,000 to the donor. This return should be reported immediately by letter and should be reflected as a contribution refund on your next report of receipts and expenditures. If you find that the entry in question is incomplete or incorrect, please submit a statement which would clarify this particular matter for the public record. You may do so by amending your original report by letter.

Please notify the Commission within fifteen (15) days from the date of this letter of the determination made on this matter. If you have any questions concerning this matter, please do not hesitate to contact Mary Jo Mesner (800)424-9530, our Reports Analyst assigned to you. Our local telephone number is (202)523-4172.

Sincerely,

Orlando B. Potter

Orlando B. Potter
Staff Director

Enclosure
Certified Mail:
Return Receipt Requested

No. Manual at FEC - Requested a letter

6 2 0 4 0 3 5 0 9 6 6

September 22, 1978

Secretary of the Senate
119 D Street NE
Washington, D.C. 20510

Dear Mr. Secretary:

The enclosed is an amended report of receipts and expenditures of the Walter Flowers for the U.S. Senate Committee for the period covering August 22, 1978 through September 11, 1978.

Sincerely,

Samuel B. Fields
Treasurer
I.D. NO. C00097493

82040309967

WALTER FLOWERS FOR U. S. SENATE
P. O. Box 2230
Tuscaloosa, Alabama 35401

Mr. Orlando B. Potter
Staff Director
Federal Election Commission
Washington, D. C. 20463

Attention: Ms. Mary Jo Mesner

Dear Mr. Potter:

In reference to your letter 5SV1/79-16 dated July 18, 1979, and my telephone conversation with Mr. Mac Malone of your office on July 30, 1979, you are advised the error to which your letter relates was discovered and refunded on September 19, 1978. This was reported to the commission by my amended report dated September 19, 1978.

I hope the information included in the amended report answers your questions.

Yours very truly,

Samuel B. Fields, Treasurer
Walter Flowers for U. S. Senate

8 2 0 4 0 3 0 0 9 6 8

The letter [illegible] Aug 4, 1979

BANK OF MOUNDVILLE
MOUNDVILLE, ALABAMA 35474

Federal Election Commission

Washington, D.C. 20463

ATTENTION: MR. DANIEL BLESSINGTON

CCC# 1185

April 26, 1980

Mr. Robert O. Tiernan, Chairman
Federal Election Commission
Washington, D. C. 20463

Dear Sir:

In connection with your letter of March 26, 1980 (MUR 1098) I submit the attached reply on behalf of the Walter Flowers for U. S. Senate Committee.

I also submit copies of previous correspondence with FEC on the subject matter.

Very truly yours,

Samuel B. Fields, Treasurer
Walter Flowers for U. S. Senate Committee

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GENERAL COUNSEL

1. The Committee accepted the funds on September 11, 1978, from the candidate after he had mistakenly secured the funds from Dr. Robert S. Flowers.

2. From time to time, the Committee consulted printed material and/or the Federal Election Commission in Washington by telephone to determine procedures in question. This was not done in advance of the subject loan transaction.

3. Candidate Flowers borrowed $35,000 from the Bank of Moundville on September 19, 1978, and reimbursed Dr. Robert S. Flowers by check that date.

4. See Attachment A.

5. Dr. Flowers was repaid by candidate Flowers.

6. This transaction was between Dr. Flowers and candidate Flowers.

7. Candidate Flowers executed promissory notes and a real estate mortgage in June, 1978, to the Bank of Moundville to be used in connection with securing funds and/or credit for the use of the Campaign Committee from time to time. Certain of these notes were intended to be used to secure funds to be advanced to the Committee: $50,000 on June 19, 1978, and $100,000 on July 28, 1978. These transactions were duly recorded on FEC forms, as was the renewal of the note which was the intent of the Committee. The Committee understood that the notes would bear interest in the regular course of business, which was 9 percent at the time, and they were secured by the real estate mortgage and certain other collateral. Thereafter, the candidate executed another note to the Bank of Moundville on September 19, 1978, in the amount of $35,000 bearing interest at 9½ percent, which was used to repay Dr. Flowers. These loans were subsequently combined and renewed periodically, bearing interest in the usual course of business, until paid in full in March, 1980.

8. On September 11, 1978, the Committee repaid the Bank of Moundville $100,000. There was no indication of any interest paid in connection with this, but candidate Flowers had a continuing indebtedness to the Bank. No interest was charged the Committee by candidate Flowers in connection with loans from him.

9. See Attachment B.

10. See Attachments C (1-3).

11. See Attachments D (1-7).

6204035097 1

September 22, 1978

Secretary of the Senate
119 D Street NE
Washington, D.C. 20510

Dear Mr. Secretary:

The enclosed is an amended report of receipts and expenditures of the Walter Flowers for the U.S. Senate Committee for the period covering August 22, 1978 through September 11, 1978.

Sincerely,

Samuel B. Fields
Treasurer
I.D. NO. C00097493

92040350972

In reply please re[illegible] to: 58V1/79-16

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 18, 1979

Samuel B. Fields, Treasurer
Walter Flowers for U.S. Senate
P. O. Box 2230
Tuscaloosa, Alabama 35401

Dear Mr. Fields:

This letter is prompted by the Commission's interest in assisting candidates and committees who wish to comply with the Federal Election Campaign Act, as amended. During review of the 10 Day Pre-Runoff Report of Receipts and Expenditures, we noticed an entry indicating that you may have received a contribution which exceeds the limits set forth in the Act. A copy of that portion of your report is attached so that a review of your records can be made.

The Act precludes individuals from making political contributions to a candidate for Federal election in excess of $1,000 per election.

The Commission recommends that if you find the contribution you received was in excess of the limits set forth in the Act you return the amount in excess of $1,000 to the donor. This return should be reported immediately by letter and should be reflected as a contribution refund on your next report of receipts and expenditures. If you find that the entry in question is incomplete or incorrect, please submit a statement which would clarify this particular matter for the public record. You may do so by amending your original report by letter.

Please notify the Commission within fifteen (15) days from the date of this letter of the determination made on this matter. If you have any questions concerning this matter, please do not hesitate to contact Mary Jo Mesner (800)424-9530, our Reports Analyst assigned to you. Our local telephone number is (202)523-4172.

Sincerely,

Orlando B. Potter

Orlando B. Potter
Staff Director

Enclosure
Certified Mail:
Return Receipt Requested

[illegible] No [illegible] at FEC [illegible] a letter

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WALTER FLOWERS FOR U. S. SENATE
P. O. Box 2230
Tuscaloosa, Alabama 35401

Mr. Orlando B. Potter
Staff Director
Federal Election Commission
Washington, D. C. 20463

Attention: Ms. Mary Jo Mesner

Dear Mr. Potter:

In reference to your letter 5SV1/79-16 dated July 18, 1979, and my telephone conversation with Mr. Mac Malone of your office on July 30, 1979, you are advised the error to which your letter relates was discovered and refunded on September 19, 1978. This was reported to the commission by my amended report dated September 19, 1978.

I hope the information included in the amended report answers your questions.

Yours very truly,

Samuel B. Fields, Treasurer
Walter Flowers for U. S. Senate

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The letter [illegible] Aug 2, 1979

Mr. Robert O. Tiernan
Chairman
Federal Election Commission
Washington, D. C. 20463

PLASTIC SURGERY CENTER, INC.
Robert S. Flowers, M.D.
Suite 1011
Pacific Int'l. Bldg.
677 Ala Moana Blvd.
Honolulu, Hawaii 96813
521-6581

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April 23, 1980

S07769

Daniel J. Blessington
Federal Election Commission
Washington D.C. 20463

Re: MUR 1098 (79)

Dear Mr. Blessington,

In reference to your inquiry letter dated March 26, 1980, regarding my alleged "illegal loan to my brother", I submit the following answers.

1. In early September, 1978, my brother (then Congressman Walter Flowers) called to ask if I could arrange to lend him $50,000, part of it to be used in his campaign.

   At that point neither of us were aware that it was illegal for a brother of a candidate to loan his brother funds to help finance a campaign. Therefore, I arranged with my bank, the First Hawaiian Bank, Aina Haina Branch, to transfer to his bank, the Sargeant at Arms Bank of The U.S. House of Representatives, the above sums - $35,000 to go to his campaign and a $15,000 personal loan.

   His campaign committee reported this, and within a few days he called me to tell me that a mistake had been made in asking me for this money and stated that this money would be repaid promptly. On approximately September 23, 1978, I was repaid in full.

2. There were no checks involved in the loan. It was made by bank transfer from the First Hawaiian Bank, as mentioned above to the Sargeant at Arms Bank of the U.S. House of Representatives. If desired these documents could be obtained from the respective banks.

3. I have enclosed a copy of all records I have relative to the matter under consideration. Exhibit A is a copy of the $50,000 deposit slip which was the result of the loan taken out of the First Hawaiian Bank. These funds

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GENERAL COUNSEL

were deposited in my account. Exhibit B is a copy of the check by which I made payment of $15,014.00 to the First Hawaiian Bank, which was what was required to transfer the funds to my brother's account in Washington. Exhibit C is a deposit slip dated September 28, 1978, wherein the $50,000 that was promptly repaid to me by my brother was deposited in my checking account, and Exhibit D is a copy of my deposit slip wherein two checks, numbered as listed, were deposited on September 28, 1978, to the total of $50,000.

4. Please refer to my letter of April 4, 1980, requesting an extension.

Please be assured that the above funds were transferred to my brother without any knowledge of the illegality of such a loan, either on my part by making it or on his part by requesting it. As soon as it was noted that an error was made, the situation was immediately rectified.

Throughout the long training of my residency in surgery and plastic surgery my brother subsidized my training, and it seemed only natural for me to extend a helping hand for him when he decided to make a bid for the Senate, which was the first time he had ever needed my help. The situation was prompty rectified when it was realized that a mistake had been made.

Sincerely yours,

Robert S. Flowers, M.D.

RSF/lm
Enclosures

0204030077

PLASTIC SURGERY CENTER, INC.
Robert S. Flowers, M.D.

Suite 1011
Pacific Int'l. Bldg.
677 Ala Moana Blvd.
Honolulu, Hawaii 96813

HONOLULU, HI
PM
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1990

Daniel J. Blessington
Federal Election Commission
Washington D.C. 20463

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Miller, Hamilton & Snider
Attorneys and Counselors at Law
2302 First National Bank Building
Post Office Box 46
Mobile, Alabama 36601
(205) 432-8884

John C. H. Miller, Jr.
Ronald A. Snider
Palmer C. Hamilton

Suite 210
1750 New York Avenue, N.W.
Washington, D.C. 20006
(202) 466-4836

April 25, 1980

807767

Daniel J. Blessington, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Dear Mr. Blessington:

Re: MUR 1098 (79)

By now you should have received from Mr. Victor Poole in Moundville, Alabama a letter stating that this law firm is acting as his counsel.

I appreciate the opportunity to speak with you on the telephone on Thursday, and also to inform you and your office that we are looking into the matter on his behalf. I would expect that we would be able to provide you with the documentation which you have requested by Monday, May 12, 1980.

In my judgment, we will be unable to research the law and facts any more promptly than that, but we would hope at that point to have a thoroughly documented submission for your review and perusal.

With appreciation for your understanding, I am

Sincerely,

John C. H. Miller, Jr.

John C. H. Miller, Jr.
(Dictated by but signed in the absence of Mr. Miller)

cc: Mr. Victor Poole

JCHM,Jr./glb

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OFFICE OF THE
GENERAL COUNSEL

6204030979

Miller, Hamilton & Snider
Attorneys and Counsellors at Law
Post Office Box 46
Mobile, Alabama 36601

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80 APR 28 AM 11:

Daniel J. Blessington, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

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PLASTIC SURGERY CENTER, INC.
Robert S. Flowers, M.D.

Suite 1011
Pacific Int'l. Bldg.
677 Ala Moana Blvd.
Honolulu, Hawaii 96813
521-6581

BCC
988

April 4, 1980

007386

Daniel J. Blessington
Federal Election Commission
Washington D.C. 20463

Dear Mr. Blessington,

Re: MUR 1098 (79)

I received yesterday your communication dated March 20, 1980, concerning your belief that I have violated the election laws.

It will take awhile for me to gather together the necessary information to respond to your questions, and to produce documents. I am requesting that you extend the period of thirty days from the date of this letter. This should give me sufficient time to put together the information requested, which will clearly show that there has been no intent to violate the election law, and that the intent of both my brother, Walter Flowers, and myself, was to comply to the fullest with existing statutes and regulations.

Sincerely yours,

Robert S. Flowers, M.D.

RSF/lm

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FEDERAL ELECTION COMMISSION
OFFICE OF THE GENERAL COUNSEL

8204030981

PLASTIC SURGERY CENTER, INC.
Robert S. Flowers, M.D.
[redacted]
Suite 1011
Pacific [redacted] Int'l. Bldg.
677 Ala Moana Blvd.
Honolulu, Hawaii 96813

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1980

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Daniel J. Blessington
Federal Election Commission
Washington D.C. 20463

BANK OF MOUNDVILLE
MOUNDVILLE, ALABAMA 35474

Federal Election Commission
Washington, D. C. 20463

HCC 946

BANK OF MOULTRIE

Member FDIC

MOULTRIE, ALA.

35474

April 2, 1980

C07317

Federal Election Commission
Washington, D. C. 20463

Attn: Mr. Daniel Blessington

Dear Sir; Re: MUR # 1098

Receipt is hereby acknowledged of your letter of March 26, 1980.

Mrs. Madie E. Howell, our President, asked that I respond to your inquiry, inasmuch as she is not active in this phase of our bank.

We will be glad to furnish you with the information asked for, however, we will need an additional ten days inasmuch as this information is in our inactive files and will require more than the normal research.

Your approval of this additional time, until April 25, 1980, will be appreciated.

Thank you.

Yours truly;

Victor P. Poole

Victor P. Poole
Vice President

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OFFICE OF THE
GENERAL COUNSEL
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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 26, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dr. Robert S. Flowers
219 Paiko Drive
Honolulu, Hawaii 96821

Re: MUR 1098(79)

Dear Dr. Flowers:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that you have violated 2 U.S.C. §§ 441a(a)(1)(A) and 441a(a)(3) of the Federal Election Campaign Act of 1971, as amended ("Act"). A summary containing the factual and legal bases for this finding accompanies this letter.

The matter has been numbered MUR 1098. Please refer to it in all future correspondence.

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. Additionally, please submit the answers and documents called for in the enclosed "Request" within 10 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of additional information demonstrating that no further action be taken against you, the Commission may find probable cause to believe that a violation of the Act has occurred, and proceed with conciliation efforts. This does not prevent you from entering into a conciliation agreement with the Commission prior to a finding of probable cause if you indicate by letter to the General Counsel a desire to enter into negotiations directed towards reaching such a conciliation agreement and the Commission agrees to proceed with such negotiations.

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This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(12)(A) unless you notify the Commission in writing that you desire the investigation to be made public.

If you intend to be represented by counsel, please advise the Commission by sending a letter of representation signed by you authorizing such counsel to receive any and all notifications and other communications from the Commission in your behalf. The name, address and telephone number of such counsel must be included in the letter of representation.

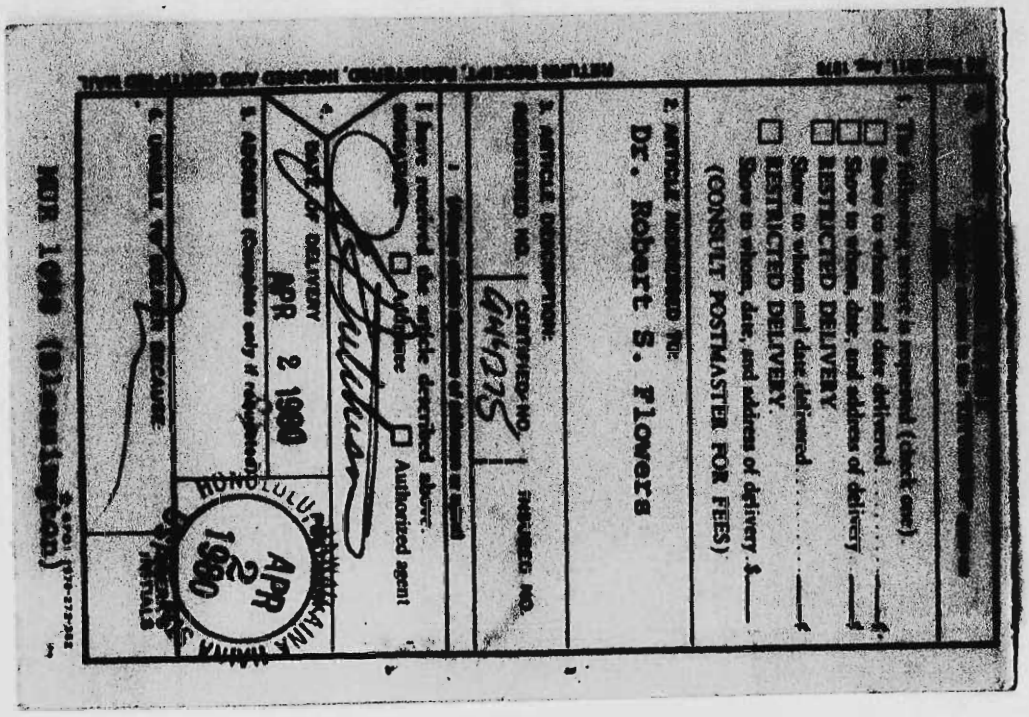
If you have any questions, please contact Daniel J. Blessington, the attorney assigned to this matter, at (202) 523-4039.

Sincerely,

Robert O. Tiernan

ROBERT O. TIERNAN
Chairman

Enclosures
Request for Answers to Questions and Production of Documents
Summary of Factual and Legal Bases
Description of Procedures



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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dr. Robert S. Flowers
219 Paiko Drive
Honolulu, Hawaii 96821

Re: MUR 1098

Dear Dr. Flowers:

Based on information ascertained in the [illegible] of carrying out its [illegible] responsibilities, the Federal Election Commission [illegible] reason to believe that you may have violated 2 U.S.C. [illegible](1)(A) and [illegible] of the Federal Election Campaign Act of 1971, as [illegible]. A summary of the [illegible] and legal [illegible] on which finding is based [illegible] this letter.

The matter has been numbered MUR 1098. Please refer to it in all future correspondence.

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. Additionally, please submit the answers and documents called for in the enclosed "Request" within 10 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of additional information demonstrating that no further action be taken against you, the Commission may find probable cause to believe that a violation of the Act has occurred, and proceed with conciliation efforts. This does not prevent you from entering into a conciliation agreement with the Commission prior to a finding of probable cause if you indicate by letter to the General Counsel a desire to enter into negotiations directed towards reaching such a conciliation agreement and the Commission agrees to proceed with such negotiations.

PJB
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This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(12)(A) unless you notify the Commission in writing that you desire the investigation to be made public.

If you intend to be represented by counsel, please advise the Commission by sending a letter of representation signed by you authorizing such counsel to receive any and all notifications and other communications from the Commission in your behalf. The name, address and telephone number of such counsel must be included in the letter of representation.

If you have any questions, please contact Daniel J. Skequington, the Attorney assigned to this matter at (202) 523-4023.

Sincerely,

Enclosures
Request for Answers to Questions and Production of Documents
Summary of Factual and Legal Bases
Description of Procedures

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FEDERAL ELECTION COMMISSION

Dr. Robert S. Flowers
March 20, 1980

MUR 1098

Request For Answers To Questions and Production of Documents

1. Please explain the circumstances surrounding the reported loan of $35,000 to Walter Flowers on September 11, 1978, and its repayment.

2. Please submit copies of any checks (front and back) by which you made such loan, referred to in Request Number 1, above.

3. Please submit any other documents, such as bank statements, which in any way relate, refer or pertain to the loan described above and its repayment.

4. Responses to Requests 1-3 should be submitted within 10 days of receipt of this material.

6204036 0989

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE March 20, 1980

MUR NO. 1098
STAFF MEMBER(S) & TEL. NO.
Daniel J. Blessington
(202) 523-4039

RESPONDENT Dr. Robert Flowers

SOURCE OF MUR: INTERNALLY GENERATED

BACKGROUND

On the basis of information ascertained in reviewing the reports of the Walter Flowers for U.S. Senate Committee, the Reports Analysis Division ("RAD") found evidence that Dr. Robert Flowers may have violated 2 U.S.C § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended ("Act") by a reported loan of $35,000 to the candidate. RAD thereafter referred the matter to the Office of General Counsel which determined that the evidence also suggested that Dr. Flowers may have violated 2 U.S.C. § 441a(a)(3).

FACTUAL BASIS AND LEGAL ANALYSIS

The loan was reported on the Ten Day Pre-Runoff Report of the Walter Flowers for U.S. Senate Committee. The loan was reportedly made on September 11, 1978, and repaid on September 19, 1978.

Section 431(8)(A)(i) of the Act (formerly § 431(e)(1)) includes a loan within the definition of contribution. Section 441a(a)(1)(A) makes it unlawful for a person to contribute in excess of $1,000 to a candidate for an election and § 441a(a)(3) makes it unlawful for a person to contribute an aggregate amount in excess of $25,000 in any calendar year. The loan by Dr. Flowers to his brother, the candidate, during the runoff campaign, appears to have exceeded both the $1,000 and $25,000 limitations of the Act. Therefore, Dr. Flowers may be in violation of § 441a(a)(1)(A) and § 441a(a)(3).

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COMMISSION DETERMINATION

On March 20, 1980, the Federal Election Commission took the following actions:

1. Found reason to believe that Dr. Robert Flowers violated 2 U.S.C. §§ 441a(a)(1)(A) and 441a(a)(3).

2. Approved the sending of the notification letter and request for answers to questions and production of documents.

6204030991

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 26, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Samuel B. Fields, Treasurer
Walter Flowers for U.S. Senate
Committee
Post Office Box 2230
Tuscaloosa, Alabama 35401

Re: MUR 1098 (79)

Dear Mr. Fields:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that the Walter Flowers for U S. Senate Committee ("Committee") violated 2 U.S.C. §§ 441a(f) and 441b(a) of the Federal Election Campaign Act of 1971, as amended ("Act"). A summary containing the factual and legal basis for these findings accompanies this letter.

This matter has been numbered MUR 1098. Please refer to it in all future correspondence.

Under the Act, you have an opportunity to demonstrate that no further action should be taken against you or your Committee. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter Additionally, please submit the answers and documents called for in the enclosed "Request" within 10 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of additional information demonstrating that no further action should be taken against you or your Committee, the Commission may find probable cause to believe that one or more violations of the Act have occurred, and proceed with conciliation efforts. This does not prevent you from entering into a conciliation agreement with the Commission prior to any probable cause findings if you

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indicate by letter to the General Counsel a desire to enter into negotiations directed towards reaching such an agreement, and the Commission agrees to proceed with such negotiations.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(12)(A) unless you notify the Commission in writing that you desire the investigation to be made public.

If you intend to be represented by counsel, please advise the Commission by sending a letter of representation signed by you authorizing such counsel to receive any and all communications from the Commission in your behalf. The name, address and telephone number of such counsel must be included in the letter of representation.

If you have any questions, please contact Daniel J. Blessington, the attorney assigned to this matter, at (202) 523-4039.

Sincerely,

Robert O. Tiernan

ROBERT O. TIERNAN
Chairman

Enclosures

Request for Answers to Questions and
Production of Documents
Summary of Factual and Legal Basis
Description of Procedures

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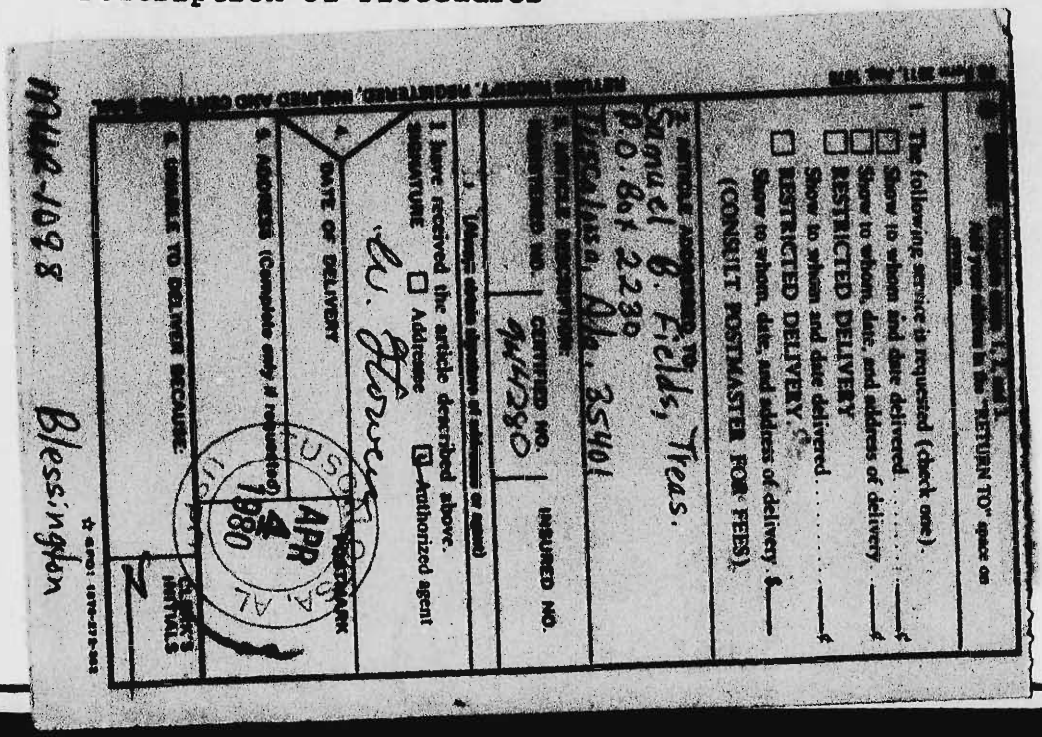

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Samuel B. Fields, Treasurer
Walter Flowers for U.S. Senate
Committee
P.O. Box 2230
Tuscaloosa, Alabama 35401

RE: MUR 1098 (79)

Dear Mr. Fields:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that the Walter Flowers for U.S. Senate Committee ("Committee") may have violated 2 U.S.C. [illegible] and [illegible] of the Federal Election Campaign Act of 1971, [illegible] ("Act"). A summary containing [illegible] and [illegible] findings accompany this [illegible]

This matter has been [illegible] MUR 1098. Please refer to it in all future correspondence.

Under the Act, you have an opportunity to demonstrate that no further action should be taken against you or your Committee. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit the answers and documents called for in the enclosed "[illegible]" within 10 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of additional information demonstrating that no further action should be taken against you or your Committee, the Commission may find probable cause to believe that one or more violations of the Act have occurred, and proceed with conciliation efforts. This does not prevent you from entering into a conciliation agreement with the Commission prior to any probable cause findings if you

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indicate by letter to the General Counsel a desire to enter into negotiations directed towards reaching such an agreement, and the Commission agrees to proceed with such negotiations.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(12)(A) unless you notify the Commission in writing that you desire the investigation to be made public.

If you intend to be represented by counsel, please advise the Commission by sending a letter of representation signed by you authorizing such counsel to receive any and all communications from the Commission in your behalf. The name, address and telephone number of such counsel must be included in the letter of representation.

If you have any questions, please contact Daniel J. Blessington, the attorney assigned to this matter, at (202) 523-4039.

Sincerely,

Enclosures

Request for Answers to Questions and Production of Documents
Summary of Factual and Legal Basis
Description of Procedures

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FEDERAL ELECTION COMMISSION

Samuel B. Fields
March 20, 1980

MUR 1098

REQUEST FOR ANSWERS TO QUESTIONS
AND PRODUCTION OF DOCUMENTS

1. Please describe in detail the Committee's acceptance of the reported loan of $35,000 in connection with the loan by Dr. Robert Flowers to candidate Flowers.

2. Please explain the procedures used by the Committee in determining whether a given contribution did or did not violate the Federal Election Campaign Act of 1971, as amended.

3. Please describe in detail the steps taken by the Committee in repaying Dr. Flowers for his $35,000 loan, referred to in Request Number 1.

4. Please submit copies of all documents and materials which in any way relate, refer or pertain to the Committee's acceptance of monies in connection with the loan referred to in Request Number 1.

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5. Please submit copies of any checks (front and back) by which the Committee repaid Dr. Flowers in connection with the loan referred to in Request Number 1.

6. Please submit copies of all documents and materials which in any way relate, refer or pertain to the repayment referred to in Request Number 5.

7. Please describe in detail all loans made by the candidate to the Committee which in any way involved loans made by the Bank of Moundville. Include whether or not the bank loans were secured, and all details concerning interest.

8. Please describe in detail all repayments by the Committee of loans referred to in Request Number 7, including the payment of interest if any.

9. Please submit copies of all documents and materials which in any way relate, refer or pertain to the Committee's acceptance of monies in connection with any loans referred to in Request Number 7.

10. Please submit copies of any checks (front and back) by which the Committee repaid the Bank of Moundville in connection with any loans referred to in Request Number 7.

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11. Please submit copies of all documents and materials which in any way relate, refer or pertain to the repayment referred to in Request Number 8.

12. Responses to Requests 1-11 should be submitted within 10 days of receipt of this material.

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FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE March 20, 1980

MUR NO. 1098
STAFF MEMBER(S) & TEL. NO.
Daniel J. Blessington
(202) 523-4039

RESPONDENT Walter Flowers for U.S. Senate

SOURCE OF MUR: INTERNALLY GENERATED

BACKGROUND

On the basis of information ascertained in reviewing the reports of the Walter Flowers for U.S. Senate Committee ("Committee") 1/ the Reports Analysis Division ("RAD") found evidence that the Committee may have accepted a loan which violated 2 U.S.C. § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended ("Act"). RAD thereafter referred the matter to the Office of General Counsel which determined that available evidence indicated possible violations of 2 U.S.C. § 441a(f) and of 2 U.S.C. § 441b(a).

FACTUAL BASIS AND LEGAL ANALYSIS

A. Acceptance of Excessive Contribution

The Ten Day Pre-Runoff Report of the Walter Flowers for U.S. Senate Committee, covering the period from August 22, to September 11, 1978, disclosed receipt of a loan in the amount of $35,000 from Dr. Robert S. Flowers, the candidate's brother. The report also shows that the loan was originally made to the candidate himself who, in turn, loaned the funds to the Committee. An amendment to this report indicates that the Committee refunded the loan on September 19, 1978.

Section 431(8)(A)(i) of the Act (formerly § 431(e)(1)) includes a loan within the definition of contribution. Section 441a(a)(1)(A) makes it unlawful for a person to contribute in excess of $1,000 to a candidate for an election.

Since the Committee accepted the loan from Dr. Flowers, it appears to have violated 2 U.S.C. § 441a(f) which makes it unlawful for a committee to accept a contribution in violation of section 441a.

1/ The following reports were relevant to this matter: July 10 Quarterly Report (7/6/78); Ten Day Pre-Primary Report (8/24/78); Ten Day Pre-Runoff Report (9/14/78); and an Amendment to Ten Day Pre-Runoff Report (9/19/78).

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B. Acceptance of Impermissible Contribution By a State Bank

In examining Committee reports in connection with the Dr. Flowers' loan, it was noted that the Committee received substantial sums in loans from the Bank of Moundville, a state bank ("Bank"). Between June 16, 1978, and September 19, 1978, the Bank extended a total of $185,000 to the candidate in loans. Maturity dates varied, and some of the loans were renewed. Interest on all was stated to be at 9%. Some repayments were made during this period, but the reports did not indicate that interest was paid. On September 11, 1978, one of the Bank's earlier loans of $100,000 was repaid at a time prior to maturity. The repayment was reported to have occurred in three portions, although all on this one day: $40,000; $25,000; and $35,000. On September 19, 1978, the Committee received a $35,000 loan from the Bank.

Section 431(e)(5)(G) of the Act (redesignated §431(8)(B)(vii)) states that a loan is a contribution unless made by a national or State bank "... in accordance with the applicable banking laws and regulations and in the ordinary course of business ..." Here there is a question as to whether the Bank followed these requirements of the Act. If it did not, then its loans would be considered contributions and, since the bank is incorporated, in violation of the § 441b prohibition.

First - There is no indication that any interest was included in the Committee's repayment of $100,000 to the Bank on September 11, 1978, which amount had been loaned on July 28, 1978.

Second - The reports do not indicate whether the loans made by the bank to the candidate were secured. The Code of Alabama 1975, §5-5-16 makes it unlawful for any bank to make an unsecured loan to any individual in excess of 10% of the total of its capital, unimpaired surplus and undivided profits. According to Committee reports, the Bank had loans outstanding in the amount of $150,000 to Walter Flowers between July 28 and September 11, 1978. McFadden's American Bank Directory (Fall, 1978 ed.) indicates that the Bank of Moundville had a total of $934,000 in these three areas.

If these figures truly represent the Bank's condition at the time the loans to candidate Flowers were outstanding, there is the possibility that the loans were made in violation of applicable state law.

Were the loans made by the incorporated Bank in violation of applicable state law and/or out of the ordinary course of business, they would be considered corporate contributions. Acceptance of corporate contributions violates 2 U.S.C. § 441b(a). Therefore, the Committee may have violated this section of the Act.

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COMMISSION DETERMINATION

On March 20, 1980, the Federal Election Commission took the following actions:

1. Found reason to believe that the Walter Flowers for U.S. Senate Committee violated: 2 U.S.C. § 441a(f) by accepting a contribution in violation of 2 U.S.C. § 441a; and 2 U.S.C. § 441b(a) by accepting a contribution from a State bank.

2. Approved the sending of the notification letter and requests for answers to questions and production of documents.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 26, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Walter Flowers
31 University Circle
Tuscaloosa, Alabama 35401

Re: MUR 1098 (79)

Dear Mr. Flowers:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that you have violated 2 U.S.C. §§ 441a(f) and 441b(a) of the Federal Election Campaign Act of 1971, as amended ("Act"). A summary containing the factual and legal basis for these findings accompanies this letter.

This matter has been numbered MUR 1098. Please refer to it in all future correspondence.

Under the Act, you have an opportunity to demonstrate that no further action should be taken against you or your Committee. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit the answers and documents called for in the enclosed "Request" within 10 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of additional information demonstrating that no further action should be taken against you, the Commission may find probable cause to believe that one or more violations of the Act have occurred, and proceed with conciliation efforts. This does not prevent you from entering into a conciliation agreement with the Commission prior to any probable cause findings if you indicate by letter to the General Counsel a desire to enter into negotiations directed towards reaching such an agreement, and the Commission agrees to proceed with such negotiations.

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If you intend to be represented by counsel, please advise the Commission by sending a letter of representation signed by you authorizing such counsel to receive any and all communications from the Commission in your behalf. The name, address and telephone number of such counsel must be included in the letter of representation.

If you have any questions, please contact Daniel J. Blessington, the attorney assigned to this matter, at (202) 523-4039.

Sincerely,

Robert O. Tiernan

ROBERT O. TIERNAN
Chairman

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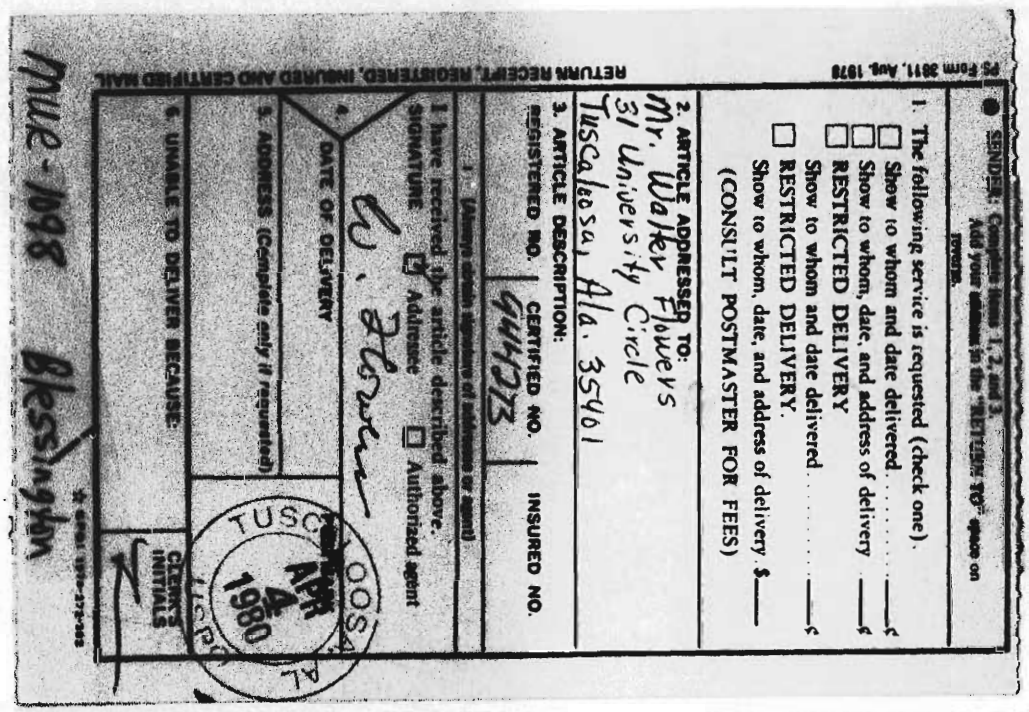
Enclosures

Request for Answers to Questions and Production of Documents
Summary of Factual and Legal Basis
Description of Procedures


PS Form 3811, Aug. 1978
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL
SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.
1. The following service is requested (check one).
Show to whom and date delivered ____¢
Show to whom, date, and address of delivery ____¢
RESTRICTED DELIVERY
Show to whom and date delivered ____¢
RESTRICTED DELIVERY.
Show to whom, date, and address of delivery $____
(CONSULT POSTMASTER FOR FEES)
2. ARTICLE ADDRESSED TO:
Mr. Walker Flowers
31 University Circle
Tuscaloosa, Ala. 35401
3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. 944073 INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE Addressee Authorized agent
4. DATE OF DELIVERY
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS
TUSCALOOSA AL
APR 4 1980
USPS
mue-1098 Blessington

[redacted]

Mr. Walker Flowers
31 University Circle
Tuscaloosa, Alabama 35401

RE: MUR 1098 (RV)

Dear Mr. Flowers:

Based on information ascertained in the [redacted] of carrying out its supervisory responsibilit[redacted] Federal Election Commission has found reason [redacted] that you may have violated 2 U.S.C. 441a(f) [redacted] of the Federal Election Campaign Act of 197[redacted] ("Act"). A summary containing the factual [redacted] for these findings accompany this letter.

This matter has been [redacted] MUR 1098. Please refer to it in all future [redacted]

Under the Act, you have [redacted] to demonstrate that no further action should [redacted] you or your Committee. Please submit any factual or [redacted] which you believe are relevant to the [redacted] of this matter. Additionally, please [redacted] and documents called for in the enclosed [redacted] 10 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of additional information demonstrating that no further action should be taken against you, the Commission may find probable cause to believe that one or more violations of the Act have occurred, and proceed with conciliation efforts. This does not prevent you from entering into a conciliation agreement with the Commission prior to any probable cause findings if you indicate by letter to the General Counsel a desire to enter into negotiations directed towards reaching such an agreement, and the Commission agrees to proceed with such negotiations.

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This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(12)(A) unless you notify [illegible] in writing that you desire the investigation be made public.

If you intend to be represented by counsel, please advise the Commission by sending a letter of representation signed by you authorizing such counsel to receive any and all communications from the Commission in your behalf. Your name, address and telephone number of such counsel must be included in the letter of representation.

If you have any questions, please contact Daniel J. Bakeswhington, the attorney assigned to this matter, at (202) 523-4039.

Sincerely,

Enclosures

Request for Answers to Questions and Production of Documents
Summary of Factual and Legal Basis
Description of Procedures

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8204036105

FEDERAL ELECTION COMMISSI

Walter Flowers
March 20, 1980

MUR 1098

REQUEST FOR ANSWERS TO QUESTIONS
AND PRODUCTION OF DOCUMENTS

1. Please describe in detail your reported loan of $35,000 to the Committee on September 11, 1978. Include descriptions of your receipt of such amount from Dr. Robert Flowers, and how such amount was transferred to the Committee.

2. Please describe in detail the procedures used by you and the Committee in determining whether a given contribution did or did not violate the Federal Election Campaign Act of 1971, as amended.

3. Please describe in detail the steps taken by you and the Committee in repaying Dr. Flowers for his $35,000 loan, referred to in Request Number 1.

4. Please submit copies of all documents and materials which in any way relate, refer or pertain to your acceptance of monies in connection with the loan referred to in Request Number 1, and the transfer of such monies to the Committee.

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5. Please submit copies of any checks (front and back) by which you loaned the Committee the monies referred to in Request Number 1.

6. Please submit copies of all documents and materials which in any way relate, refer or pertain to the repayment referred to in Request Number 3.

7. Please describe in detail all loans made to you by the Bank of Moundville in connection with your election campaign. Include whether or not the bank loans were secured, all details concerning interest, and a description of how such monies were transferred to the Committee.

8. Please describe in detail all repayments by the Committee of loans referred to in Request Number 7, including the payment of interest if any.

9. Please submit copies of all documents and materials which in any way relate, refer or pertain to the transfer to the Committee of monies in connection with any loans referred to in Request Number 7.

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10. Please submit copies of any checks (front and back) by which you loaned the Committee any monies in connection with loans made to you by the Bank of Moundville.

11. Please submit copies of all documents and materials which in any way relate, refer or pertain to the repayment referred to in Request Number 8.

12. Responses to Request 1-11 should be submitted within 10 days of receipt of this material.

6204036108

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE March 20, 1980

MUR NO. 1098

STAFF MEMBER(S) & TEL. NO.
Daniel Blessington

RESPONDENT Walter Flowers

(202) 523-4039

SOURCE OF MUR: INTERNALLY GENERATED

BACKGROUND

On the basis of information ascertained in reviewing the reports of the Walter Flowers for U.S. Senate Committee ("Committee") 1/ the Reports Analysis Division ("RAD") found evidence that the Committee may have accepted a loan which violated 2 U.S.C. § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended ("Act"). RAD thereafter referred the matter to the Office of General Counsel which determined that available evidence indicated possible violations by the candidate of 2 U.S.C. § 441a(f) and of 2 U.S.C. § 441b(a).

FACTUAL BASIS AND LEGAL ANALYSIS

A. Acceptance of Excessive Contribution

The Ten Day Pre-Runoff Report of the Walter Flowers for U.S. Senate Committee, covering the period from August 22, to September 11, 1978, disclosed receipt of a loan in the amount of $35,000 from Dr. Robert S. Flowers, the candidate's brother. The report also shows that the loan was originally made to the candidate himself who, in turn, loaned the funds to the Committee. An amendment to this report indicates that the Committee refunded the loan on September 19, 1978.

Section 431(8)(A)(i) of the Act (formerly § 431(e)(1)) includes a loan within the definition of contribution. Section 441a(a)(1)(A) makes it unlawful for a person to contribute in excess of $1,000 to a candidate for an election.

Since the candidate accepted the loan from Dr. Flowers and then loaned $35,000 to the Committee, it appears that candidate Flowers may have violated 2 U.S.C § 441a(f) which makes it unlawful for a candidate to accept a contribution in violation of section 441a.

1/ The following reports were relevant to this matter: July 10 Quarterly Report (7/6/78); Ten Day Pre-Primary Report (8/24/78); Ten Day Pre-Runoff Report (9/14/78); and an Amendment to Ten Day Pre-Runoff Report (9/19/78).

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B. Acceptance of Impermissible Contribution By a State Bank

In examining Committee reports in connection with the Dr. Flowers' loan, it was noted that the Committee received substantial sums in loans from the Bank of Moundville, a state bank ("Bank"). Between June 16, 1978, and September 19, 1978, the Bank extended a total of $185,000 to the candidate in loans. Maturity dates varied, and some of the loans were renewed. Interest on all was stated to be at 9%. Some repayments were made during this period, but the reports did not indicate that interest was paid. On September 11, 1978, one of the Bank's earlier loans of $100,000 was repaid at a time prior to maturity. The repayment was reported to have occurred in three portions, although all on this one day: $40,000; $25,000; and $35,000. On September 19, 1978, the candidate received a $35,000 loan from the Bank.

Section 431(e)(5)(G) of the Act (redesignated § 431(8)(B)(vii) states that a loan is a contribution unless made by a national or state bank "... in accordance with the applicable banking laws and regulations and in the ordinary course of business...." Here there is a question as to whether the Bank followed these requirements of the Act. If it did not, then its loans would be considered contributions and, since the bank is incorporated, in violation of the § 441b prohibition.

First - There is no indication that any interest was included in the Committee's repayment of $100,000 to the Bank on September 11, 1978, which amount had been loaned on July 28, 1978.

Second - The reports do not indicate whether the loans made by the bank to the candidate were secured. The Code of Alabama 1975, §5-5-16 makes it unlawful for any bank to make an unsecured loan to any individual in excess of 10% of the total of its capital, unimpaired surplus and undivided profits. According to Committee reports, the Bank had loans outstanding in the amount of $150,000 to Walter Flowers between July 28 and September 11, 1978. McFadden's American Bank Directory (Fall, 1978 ed.) indicates that the Bank of Moundville had a total of $934,000 in these three areas.

If these figures truly represent the Bank's condition at the time the loans to candidate Flowers were outstanding, there is the possibility that the loans were made in violation of applicable state law.

Were the loans made by the incorporated Bank in violation of applicable state law and/or out of the ordinary course of business, they would be considered corporate contributions. Acceptance of corporate contributions violates 2 U.S.C. § 441b(a). Therefore, the candidate may have violated this section of the Act.

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COMMISSION DETERMINATION

On March 20, 1980, the Federal Election Commission took the following actions:

1. Found reason to believe that Walter Flowers violated: 2 U.S.C. § 441a(f) by accepting a contribution in violation of 2 U.S.C. § 441a; and 2 U.S.C. § 441b(a) by accepting a contribution from an incorporated State Bank.

2. Approved the sending of the notification letter and requests for answers to questions and production of documents.

6204036101 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 26, 1980

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Madie E. Howell, President
Bank of Moundville
P.O. Box 158
Moundville, Alabama 35474

Re: MUR 1098 (79)

Dear Mrs. Howell:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that the Bank of Moundville ("Bank") violated 2 U.S.C. § 441b(a) of the Federal Election Campaign Act of 1971, as amended ("Act"). A summary containing the factual and legal basis for these findings accompanies this letter.

This matter has been numbered MUR 1098. Please refer to it in all future correspondence.

Under the Act, you have an opportunity to demonstrate that no further action should be taken against the Bank. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit the answers and documents called for in the enclosed "Request" within 10 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of additional information demonstrating that no further action should be taken against the Bank, the Commission may find probable cause to believe that a violation of the Act has occurred, and proceed with conciliation efforts. This does not prevent you from entering into a conciliation agreement with the Commission prior to any probable cause findings if you indicate by letter to

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the General Counsel a desire to enter into negotiations directed towards reaching such an agreement, and the Commission agrees to proceed with such negotiations.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(12)(A) unless you notify the Commission in writing that you desire the investigation to be made public.

If you intend to be represented by counsel, please advise the Commission by sending a letter of representation signed by you authorizing such counsel to receive any and all communications from the Commission in your behalf. The name, address and telephone number of such counsel must be included in the letter of representation.

If you have any questions, please contact Daniel J. Blessington, the attorney assigned to this matter, at (202) 523-4039.

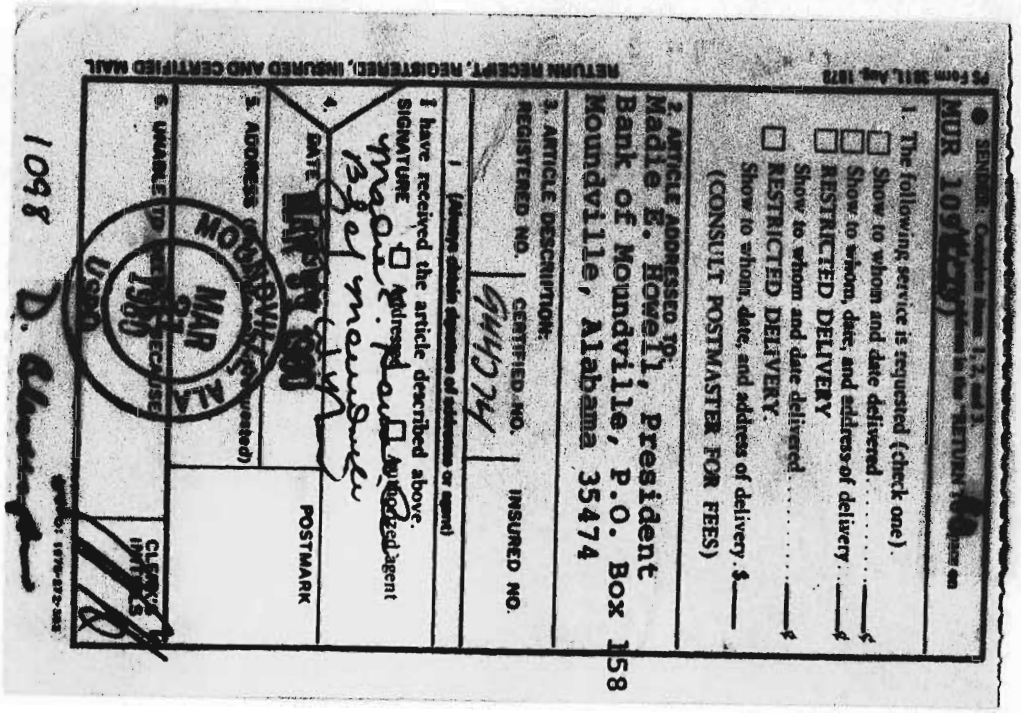
Sincerely,

Robert O. Tiernan

ROBERT O. TIERNAN
Chairman

Enclosures

Request for Answers to Questions and
Production of Documents
Summary of Factual and Legal Basis
Description of Procedures



1098

D. Blessington

6204036101 3

[illegible]

[illegible]

Re: MUR 1098 (79)

Dear Sen. [illegible]

Based on [illegible] information encountered in the normal course of carrying [illegible] responsibilities, the Federal Election Commission has [illegible] reason to believe that the Bank of [illegible] may have violated 2 U.S.C. §441b(a) of the Federal Election Campaign Act of 1971, as amended ("Act"). A [illegible] pertaining the [illegible] and legal bases for [illegible] accompany this letter.

This matter has been numbered MUR 1098. Please refer to it in all future [illegible].

Under the Act, you have an opportunity to demonstrate that no further action should be taken against the Bank. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit the answers and documents called for in the enclosed "Request" within 10 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of additional information demonstrating that no further action should be taken against the Bank, the Commission may find probable cause to believe that a violation of the Act has occurred, and proceed with conciliation efforts. This does not prevent you from entering into a conciliation agreement with the Commission prior to any probable cause findings if you indicate by letter to

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the General Counsel a desire to enter into negotiations directed towards reaching such an agreement, and the Commission agrees to proceed with such negotiations.

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 desire the investigation to be made public.

If you intend to be represented by counsel, please advise the Commission by sending a letter of representation signed by you authorizing such counsel to receive any and all communications from the Commission in your behalf. The name, address and telephone number of such counsel must be included in the letter of representation.

If you have any questions, please contact Daniel J. Bloomington, the attorney assigned to this matter, at (202) 523-4039.

Sincerely,

Enclosures

Request for Answers to Questions and Production of Documents
Summary of Factual and Legal Basis
Description of Procedures.

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3/22

FEDERAL ELECTION COMMISSI

Madie E. Howell
March 20, 1980

MUR 1098

REQUEST FOR ANSWERS TO QUESTIONS
AND PRODUCTION OF DOCUMENTS

1. Please describe in detail all loans made to Walter Flowers during 1978. Include whether or not such loans were secured, the maturity dates, the security (if any), and all details relating to interest for such loans.

2. Please describe in detail all repayments of loans described in Request Number 1. Include whether or not interest was paid, and what party or parties made repayment.

3. Please submit copies of all documents and materials which in any way relate, refer or pertain to the making and repayment of the loans described in Requests Numbers 1 and 2.

4. Please describe the role, if any, in the making and repayment of the loans described above of Mr. Victor Poole.

5. Please submit copies of all documents and materials which in any way relate, refer or pertain to the description in Request Number 4.

6. Please describe in detail the total of the Bank's capital, unimpaired surplus and undivided profits during the time in which loans were outstanding to Walter Flowers, and for all of 1978.

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7. Please submit copies of all documents and materials which in any way relate, refer or pertain to the descriptions of the Bank's condition called for in Request Number 6.

8. Responses to Requests 1-7 should be submitted within 10 days of receipt of this material.

6204036 10 17

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE March 20, 1980

MUR NO. 1098
STAFF MEMBER(S) & TEL. NO.
Daniel Blessington
(202) 523-4039

RESPONDENT Bank of Moundville

SOURCE OF MUR: INTERNALLY GENERATED

BACKGROUND

On the basis of information ascertained in reviewing the reports of the Walter Flowers for U.S. Senate Committee ("Committee")1/ the Reports Analysis Division ("RAD") found evidence of violations of the Federal Election Campaign Act of 1971, as amended ("Act"). RAD thereafter referred the matter to the Office of General Counsel which determined that available evidence indicated that the Bank of Moundville may have violated 2 U.S.C. §441b(a).

Acceptance of Impermissible Contribution By a State Bank

In examining Committee reports, it was noted that the Committee received substantial sums in loans from the Bank of Moundville, a state bank ("Bank"). Between June 16, 1978 and September 19, 1978, the Bank extended a total of $185,000 to the candidate in loans. Maturity dates varied, and some of the loans were renewed. Interest on all was stated to be at 9%. Some repayments were made during this period, but the reports did not indicate that interest was paid. On September 11, 1978, one of the Bank's earlier loans of $100,000 was repaid at a time prior to maturity. The repayment was reported to have occurred in three portions, although all on this one day: $40,000; $25,000; and $35,000. On September 19, 1978, the Committee received a $35,000 loan from the Bank.

Section 431(e)(5)(G) of the Act (redesignated § 431(8)(B)(vii)) states that a loan is a contribution unless made by a national or State bank "... in accordance with the applicable banking laws and regulations and in the ordinary course of business ..." Here there is a question as to whether the Bank followed these requirements of the Act. If it did not, then its loans would be considered contributions and, since the bank is incorporated, in violation of the §441b prohibition.

1/ The following reports were relevant to this matter: July 10 Quarterly Report (7/6/78); Ten Day Pre-Primary Report (8/24/78); Ten Day Pre-Runoff Report (9/14/78); and an Amendment to Ten Day Pre-Runoff Report (9/19/78).

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First - There is no indication that any interest was included in the Committee's repayment of $100,000 to the Bank on September 11, 1978, which amount had been loaned on July 28, 1978.

Second - The reports do not indicate whether the loans made by the Bank to the candidate were secured. The Code of Alabama 1975, §5-5-16 makes it unlawful for any bank to make an unsecured loan to any individual in excess of 10% of the total of its capital, unimpaired surplus and undivided profits. According to Committee reports, the Bank had loans outstanding in the amount of $150,000 to Walter Flowers between July 28 and September 11, 1978. McFadden's American Bank Directory (Fall, 1978 ed.) indicates that the Bank of Moundville had a total of $934,000 in these three areas.

If these figures truly represent the Bank's condition at the time the loans to candidate Flowers were outstanding, there is the possibility that the loans were made in violation of applicable state law.

Were the loans made by the incorporated Bank in violation of applicable state law and/or out of the ordinary course of business, they would be considered corporate contributions. Corporate contributions are in violation of 2 U.S.C. § 441b(a). Therefore, the Bank may have violated this section of the Act.

COMMISSION DETERMINATION

On March 20, 1980, the Federal Election Commission took the following actions:

1. Found reason to believe that the Bank of Moundville violated 2 U.S.C. § 441b(a) by making loans to Walter Flowers which may not have met the § 431(8)(B)(vii) ordinary banking practices exception to the definition of "contribution."

2. Approved the sending of notification letter and requests for answers to questions and production of documents.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 1098
Dr. Robert Flowers, et al.)

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission's Executive Session on March 20, 1980, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 1098:

1. FIND REASON TO BELIEVE that Dr. Robert Flowers violated 2 U.S.C. §441a(a)(1)(A) and §441a(a)(3) by his loan to the candidate in the amount of $35,000.

2. FIND REASON TO BELIEVE that the Walter Flowers for U. S. Senate Committee violated: (a) 2 U.S.C. §441a(f) by accepting a contribution in violation of 2 U.S.C. §441a; and (b) 2 U.S.C. §441b(a) by accepting a contribution from the Bank of Moundville.

3. FIND REASON TO BELIEVE that Walter Flowers violated: (a) 2 U.S.C. §441a(f) by accepting a contribution in violation of 2 U.S.C. §441a; and (b) 2 U.S.C. §441b(a) by accepting a contribution from the Bank of Moundville.

4. FIND REASON TO BELIEVE that the Bank of Moundville violated 2 U.S.C. §441b(a) by making loans to Walter Flowers which may not have been in compliance with the §431(8)(B)(vii) ordinary banking practices exception to the definition of "contribution."

5. Approve the sending of the letters and requests for answers to questions and production of documents as attached to the General Counsel's First Report in this matter.

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

Attest:

3/21/80
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

MWE

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS/MARGARET CHANEY mc

DATE: MARCH 11, 1980

SUBJECT: OBJECTION - MUR 1098 - First General Counsel's Report dated 3-5-80; Received in OCS 3-5-80, 4:53

The above-named document was circulated on a 48 hour vote basis at 11:00, March 6, 1980.

A certification of approval was delivered to the OGC Docket at 12:00, March 10, 1980.

Commissioner Aikens submitted an objection at 3:38, March 10, 1980. Elissa Garr was contacted immediately and the certification withdrawn. MUR 1098 will be placed on the Executive Session Agenda for March 18, 1980.

6204036102 1

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1098
Dr. Robert S. Flowers	)	
Walter Flowers	)	
Walter Flowers for U.S. Senate Committee	)	
Bank of Moundville (Ala.)	)	

CERTIFICATION

I, Marjorie W. Emmons, Secrertary to the Federal Election Commission, do hereby certify that on March 10, 1980, the Commission decided by a vote of 5-0 to take the following actions regarding MUR 1098:

1. Find REASON TO BELIEVE that Dr. Robert Flowers violated 2 U.S.C. §441a(a)(1)(A) and §441a(a)(3) by his loan to the candidate in the amount of $35,000.

2. Find REASON TO BELIEVE that the Walter Flowers for U.S. Senate Committee violated: (a) 2 U.S.C. §441a(f) by accepting a contribution in violation of 2 U.S.C. §441a; and (b) 2 U.S.C. §441b(a) by accepting a contribution from the Bank of Moundville.

3. Find REASON TO BELIEVE that Walter Flowers violated: (a) 2 U.S.C. §441a(f) by accepting a contribution in violation of 2 U.S.C. §441a; and (b) 2 U.S.C. § 441b(a) by accepting a contribution from the Bank of Moundville.

(Continued)

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4. Find REASON TO BELIEVE that the Bank of Moundville violated 2 U.S.C. §441b(a) by making loans to Walter Flowers which may not have been in compliance with the §431(8)(B)(vii) ordinary banking practices exception to the definition of "contribution."

5. Approve the sending of letters and requests for answers to questions and production of documents. (Attachments to the above-named report).

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

Attest:

3-10-80
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

Received in Office of the Commission Secretary: 3-5-80, 4:53
Circulated on a 48 hour vote basis: 3-6-80, 11:00

6204036 1023

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1098
Dr. Robert S. Flowers	)	
Walter Flowers	)	
Walter Flowers for U.S. Senate Committee	)	
Bank of Moundville (Ala.)	)	

CERTIFICATION

I, Marjorie W. Emmons, Secrertary to the Federal Election Commission, do hereby certify that on March 10, 1980, the Commission decided by a vote of 5-0 to take the following actions regarding MUR 1098:

1. Find REASON TO BELIEVE that Dr. Robert Flowers violated 2 U.S.C. §441a(a)(1)(A) and §441a(a)(3) by his loan to the candidate in the amount of $35,000.

2. Find REASON TO BELIEVE that the Walter Flowers for U.S. Senate Committee violated: (a) 2 U.S.C. §441a(f) by accepting a contribution in violation of 2 U.S.C. §441a; and (b) 2 U.S.C. §441b(a) by accepting a contribution from the Bank of Moundville.

3. Find REASON TO BELIEVE that Walter Flowers violated: (a) 2 U.S.C. §441a(f) by accepting a contribution in violation of 2 U.S.C. §441a; and (b) 2 U.S.C. § 441b(a) by accepting a contribution from the Bank of Moundville.

(Continued)

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4. Find REASON TO BELIEVE that the Bank of Moundville violated 2 U.S.C. §441b(a) by making loans to Walter Flowers which may not have been in compliance with the §431(8)(B)(vii) ordinary banking practices exception to the definition of "contribution."

5. Approve the sending of letters and requests for answers to questions and production of documents. (Attachments to the above-named report).

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

Attest:

3-10-80
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

Received in Office of the Commission Secretary: 3-5-80, 4:53
Circulated on a 48 hour vote basis: 3-6-80, 11:00

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MARCH 8, 1988

MEMORANDUM TO: Marjorie W. Emmons

FROM: Eliza T. Garr

SUBJECT: MUR 1098

Please have the attached First GC Report on MUR 1098 distributed to the Commission on a 48 hour tally basis. Thank you.

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FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20003

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 3-5-80

MUR # 80 MAR 5 P4:53
STAFF MEMBER(S) Blessington

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENT'S NAME: Dr. Robert S. Flowers Walter Flowers, Walter Flowers for U.S. Senate Committee, Bank of Moundville (Ala.)

RELEVANT STATUTE: 2 U.S.C. § 441a(a)(1)(A), 2 U.S.C. § 441a(a)(3), 2 U.S.C. § 441a(f), 2 U.S.C. § 441b(a), 2 U.S.C. § 431(e), 11 C.F.R. § 103.3

INTERNAL REPORTS CHECKED: See Attachments

FEDERAL AGENCIES CHECKED: None

SUMMARY OF ALLEGATIONS

This matter was referred to the Office of General Counsel by memo from the Reports Analysis Division ("RAD") (Attachment B, I-V).

FACTUAL AND LEGAL ANALYSIS

The RAD referral was concerned with an excessive loan by an individual in possible violation of § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended ("Act"). The timing of this loan led to the examination of other transactions on the respondent committee's reports, all of which will be discussed below.

A. Excessive Contribution by Individual

The Ten Day Pre-Runoff Report of the Walter Flowers 1/ for U.S. Senate Committee ("Committee"), covering the period from August 22 to September 11, 1978, disclosed receipt of a loan in the amount of $35,000 from Dr. Robert S. Flowers, the candidate's brother. (See attachment B-II and C). The reports also show that the loan was originally made to the candidate himself who, in turn, loaned the funds to the Committee. An amendment to this report indicates that the Committee refunded the loan

1/ Candidate Flowers received 30.6% of the primary vote on September 5, 1978, qualifying him for the runoff on September 26, 1978. He lost the runoff, receiving approximately 35.2% of the vote.

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on September 19, 1978 (Attachment B-III); however on July 18, 1979, prior to the time the amendment had been noted at the Commission, a surface violation letter was sent to the Committee concerning the loan. (Attachment B-IV). The Committee Treasurer responded by letter received on August 6, 1979, stating that the error had been discovered and the loan had been repaid. (Attachment B-V).

Section 431(8)(A)(i) of the Act (formerly § 431(e)(1)) includes a loan within the definition of contribution. Section 441a(a)(1)(A) makes it unlawful for a person to contribute in excess of $1,000 to a candidate for an election and § 441a(a)(3) makes it unlawful for a person to contribute an aggregate amount in excess of $25,000 in any calendar year. The loan by Dr. Flowers to his brother, the candidate, during the runoff campaign, appears to have exceeded both the $1,000 and $25,000 limitations of the Act. Therefore, Dr. Flowers may be in violation of § 441a(a)(1)(A) and § 441a(a)(3). 2/

B. Impermissible Loans By State Bank

In examining Committee reports in connection with the Dr. Flowers' loan, this office noted that the Committee received substantial sums in loans from the Bank of Moundville, a state bank ("Bank"). It also appeared that there may have been a connection between the Flowers loan and the Bank's loans and that the Bank's loans, by themselves, may have been improper.

Between June 16, 1978, and September 19, 1978, the Bank extended a total of $185,000 to the candidate in loans. Maturity dates varied, and some of the loans were renewed. Interest on all was stated to be at 9%. Some repayments were made during this period, but interest was not indicated as being paid. (See attached chart for specific dates and amounts of each loan, Attachment A). On September 11, 1978, the same date as the Committee's receipt of the $35,000 from the candidate's brother, one of the Bank's earlier loans of $100,000 was repaid at a time prior to maturity. The repayment was reported to have occurred in three portions, although all on this one day: $40,000; $25,000; and $35,000. Furthermore, on September 19, 1978, the day that Dr. Flowers' loan of $35,000 was returned to him the Committee received a $35,000 loan from the Bank.

Section 431(8)(B)(vii) of the Act (formerly § 431(e)(5)(G)) states that a loan is a contribution unless made by a national or State bank "... in accordance with the applicable banking laws and regulations and in the ordinary course of business...." There is a question as to whether the Bank followed these requirements of the Act. If it did not, then its loans would be considered contributions and, since the bank is incorporated, in violation of the § 441b prohibition.

2/ According to committee reports, Dr. Flowers may have previously been in violation of 2 U.S.C. § 441a(a)(1)(A). The Quarterly Report for July 10, 1978, disclosed receipt on June 14 of contributions of $1,000 each from the following people residing at the same address: Robert S. Flowers, M.D.; Jane S. Flowers; S. Swain Flowers; and Robert Scott Flowers. The same report notes that the latter two contributions were refunded as "ineligible." (See attachment F, pp.4 and 6).

First, Committee reports do not indicate whether the loans by the Bank to the candidate were secured. 3/ The Code of Alabama 1975, § 5-5-16 makes it unlawful for any bank to make an unsecured loan to a single individual in excess of 10% of the total of its capital, unimpaired surplus and undivided profits. McFadden's American Bank Directory (Fall, 1978 ed) shows the Bank of Moundville as having a total in these three areas of $934,000. 4/ Between July 28 and September 11, 1978, the Bank had loans outstanding to candidate Flowers of $150,000. These loans to candidate Flowers, therefore, would have amounted to approximately 16% of that figure. Since it is unclear from Committee reports whether or not the loans were secured, the possibility exists that the loans were made in violation of applicable state law.

Next, there is no indication that any interest was included in the Committee's repayment of $100,000 to the Bank on September 11, 1978, which amount had been loaned on July 28, 1978. (See attachment E, pps. 3 & 4).

Since the loans may not have met the § 431(8)(B)(vii) ordinary banking practices exception to the definition of "contribution," the bank may be in violation of § 441b.

In view of the possible connection between the § 441a matter referred to this Office by RAD, and the loans by the Bank which were not referred, we think it is appropriate to deal with the Bank in the context of this MUR. 5/

Acceptance of Excessive and Impermissible Contributions

The candidate and the Committee accepted the loan from Dr. Flowers and the loans from the Bank. Sections 441a(f) and 441b(a) of the Act make it unlawful for a candidate or committee to knowingly accept any contribution in violation of sections 441a and 441b, respectively. 6/

Along with the "knowing acceptance" provision of the Act is the regulation which requires a candidate or committee to either return or refund an illegal contribution within ten days 11 C.F.R. § 103.3(b). While the Committee did make a refund of the Dr. Flowers' contribution within ten days, and the Commission might view this as grounds for taking no further action, we think that the transactions already on the record in this matter warrant at least a further investigation into the circumstances of the loans. If it develops that the $35,000 from Dr. Flowers was connected with the repayment of a bank loan and the taking out of another

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3/ In this regard, it should be pointed out that the Commission's Revised Instructions for Schedule C of F.E.C. Form 3 require the reporting entity to indicate whether and how a loan is secured.

4/ The Directory states that the figures "are from June 30, 1978 statements, or the nearest available data."

5/ The Bank's Executive Vice President is Victor Poole. Victor Poole was Chairman of the Committee.

6/ It is noted that candidates themselves are not subject to the contribution limitations of the Act, and can thus make unlimited loans to their committees from their personal funds. In this matter, however, committee reports indicate that the candidate's role was essentially that of a conduit for loans made by others which were received by the committee.

loan, then the § 103.3(b) return provision might not be viewed as insulating the recipients from the violations of accepting an excessive contribution. In any event, the questioned loans were made to the candidate himself who, in turn, made loans to the Committee. It would appear therefore, that the candidate was aware of the questioned loans before the Committee's receipt of them.

RECOMMENDATIONS

1. Find reason to believe that Dr. Robert Flowers violated 2 U.S.C. § 441a(a)(1)(A) and § 441a(a)(3) by his loan to the candidate in the amount of $35,000.

2. Find reason to believe that the Walter Flowers for U.S. Senate Committee violated: (a) 2 U.S.C. § 441a(f) by accepting a contribution in violation of 2 U.S.C. § 441a; and (b) 2 U.S.C. § 441b(a) by accepting a contribution from the Bank of Moundville.

3. Find reason to believe that Walter Flowers violated: (a) 2 U.S.C. § 441a(f) by accepting a contribution in violation of 2 U.S.C. § 441a; and (b) 2 U.S.C. § 441b(a) by accepting a contribution from the Bank of Moundville.

4. Find reason to believe that the Bank of Moundville violated 2 U.S.C. § 441b(a) by making loans to Walter Flowers which may not have been in compliance with the § 431(8)(B)(vii) ordinary banking practices exception to the definition of "contribution."

5. Approve the sending of attached letters and requests for answers to questions and production of documents.

Attachments
- Chart of loan activity
- RAD referral
- Sections of Committee reports
- Proposed letters (4) with
  - Requests for Answers
  - Notifications of RTB finding
  - Descriptions of Preliminary Procedures

Loan and Loan Repayment Activity (Receipts and Expenditures)*

DATE	RECEIPTS	EXPLANATION	EXPENDITURES
6-19-78	$50,000	30 day loan to candidate from B of M 1/	
7-19-78	-------	Extension of above loan - 90 days (a 9%)	
7-28-78	$100,000 2/	90 day loan (a 9% to candidate from B of M)	
9-11-78	$35,000	Loan to candidate from his brother	
		Repayment of loan of 7-28-78 ($100,000) which was due approx. 10-28-78. No interest indicated.	$25,000 $35,000 $40,000
9-19-78	$35,000	180 day loan (a 9% to candidate from B of M)	
		Repayment of loan from candidate's brother of 9-11-78.	$35,000

*Source: Reports filed by the Walter Flowers for Senate Committee (See attachments B, D, E and F).

1/ Bank of Moundville.

2/ Between July 28 and September 11, 1978, the Bank had outstanding loans amounting to $150,000 to Walter Flowers.

RAD

REFER TO INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING

REPORTS ANALYSIS REFERRAL SHEET

DATE December 7, 1979 ANALYST Mary Jo Mesner

TO: Office of General Counsel TEAM CHIEF Suzanne Wilson

THROUGH: STAFF DIRECTOR COMPLIANCE REVIEW Carroll Bowen

FROM: ASSISTANT STAFF DIRECTOR FOR REPORTS ANALYSIS

CANDIDATE/COMMITTEE: WALTER FLOWERS FOR U. S. SENATE
TREASURER: Samuel B. Fields
ADDRESS: P. O. Box 2230, Tuscaloosa, AL 35401

MUR 1098

AFFILIATE(S): None

ALLEGATION(S):	CITE:	ATTACHMENT(S)
Excessive individual loan	2 U.S.C. 441a(a)(1)(A)	II

DATE INITIATED: 6/20/79

MANNER IN WHICH REVIEW WAS INITIATED:
☒ Normal Review ☐ Other:
☐ Special Project: ATTACHMENT

REPORTS: All reports within the dates listed below have received initial basic review. For all reports reviewed, see Attachment I.

PERIOD COVERED FROM 8/22/78 TO 9/11/78

TOTAL RECEIPTS $ 144,621 TOTAL EXPENDITURES $ 169,283

CASH ON HAND $ 9,917 DEBTS $ 110,000 (owed by committee)

HISTORY:

RESULTS OF REVIEW:	ATTACHMENT
Excessive loan disclosed on 10 Day Pre-Runoff report	II
Unrequested amendment to same report received showing loan repaid	III
SV notice sent 7/18/79, before amendment showing refund was noted.	IV
Response received 8/6/79	V

COMMUNICATIONS WITH CANDIDATE/COMMITTEE: ATTACHMENT

Not pertinent to allegations

REASON(S) FOR REFERRAL: ATTACHMENT

Loan repaid within 10 days of receipt but amount exceeds Division threshold for referral

OTHER PENDING ACTIONS INITIATED BY RAD: ATTACHMENT

None

OTHER RELEVANT INFORMATION: ATTACHMENT

PREVIOUS OGC/AUDIT REFERRALS FROM RAD:

None

RAD Form 1
REVISED Oct. 1979

8204036103 2

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FEDERAL ELECTION COMMISSION
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - 1977-1978

10402134

DATE 20NOV79
PAGE

SENATE

COMMITTEE	DOCUMENT	RECEIPTS PRIMARY	RECEIPTS GENERAL	EXPENDITURES PRIMARY	EXPENDITURES GENERAL	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
WALTER FLOWERS FOR THE U.S. SENATE								ID# C00097493
1978	STATEMENT OF ORGANIZATION					8JUN78	4	78SEN/006/2972
	REQUEST FOR ADDITIONAL INFORMATION					17JUL78	3	78FEC/080/3704
	STATEMENT OF ORGANIZATION- AMENDMENT					25JUL78	7	78SEN/009/4006
	48 HOUR CONTRIBUTION NOTICE					23AUG78	3	78SEN/010/2978
	48 HOUR CONTRIBUTION NOTICE					24AUG78	3	78SEN/010/2981
	48 HOUR CONTRIBUTION NOTICE					25AUG78	2	78SEN/010/2881
	48 HOUR CONTRIBUTION NOTICE					25AUG78	2	78SEN/010/2785
	48 HOUR CONTRIBUTION NOTICE					25AUG78	3	78SEN/010/3590
	48 HOUR CONTRIBUTION NOTICE					26AUG78	2	78SEN/010/2897
	48 HOUR CONTRIBUTION NOTICE					29AUG78	3	78SEN/010/3895
	48 HOUR CONTRIBUTION NOTICE					30AUG78	2	78SEN/010/3615
	48 HOUR CONTRIBUTION NOTICE					30AUG78	3	78SEN/011/0012
	48 HOUR CONTRIBUTION NOTICE					31AUG78	2	78SEN/010/3724
	48 HOUR CONTRIBUTION NOTICE					31AUG78	3	78SEN/011/0015
	48 HOUR CONTRIBUTION NOTICE					1SEP78	2	78SEN/010/3893
	48 HOUR CONTRIBUTION NOTICE					1SEP78	3	78SEN/011/0018
	48 HOUR CONTRIBUTION NOTICE					2SEP78	1	78SEN/011/1110
	48 HOUR CONTRIBUTION NOTICE					5SEP78	2	78SEN/011/0007
	48 HOUR CONTRIBUTION NOTICE					8SEP78	3	78SEN/011/2349
	48 HOUR CONTRIBUTION NOTICE					18SEP78	3	78SEN/012/0703
	48 HOUR CONTRIBUTION NOTICE					19SEP78	2	78SEN/012/0469
	48 HOUR CONTRIBUTION NOTICE					20SEP78	4	78SEN/012/0706
	48 HOUR CONTRIBUTION NOTICE					21SEP78	3	78SEN/012/0526
	48 HOUR CONTRIBUTION NOTICE					22SEP78	3	78SEN/012/0943
	48 HOUR CONTRIBUTION NOTICE					23SEP78	2	78SEN/012/0437
	48 HOUR CONTRIBUTION NOTICE					23SEP78	2	78SEN/012/0639
	10 DAY PRE-PRIMARY	308,246		315,832		1JUL78 -21AUG78	91	78SEN/010/2984
	REQUEST FOR ADDITIONAL INFORMATION					1JUL78 -21AUG78	3	79FEC/129/5448
	10 DAY PRE-RUNOFF	144,621		169,283		22AUG78 -11SEP78	59	78SEN/012/0360
	10 DAY PRE-RUNOFF - AMENDMENT	179,621		204,283		22AUG78 -11SEP78	60	78SEN/012/1029
	REQUEST FOR ADDITIONAL INFORMATION					22AUG78 -11SEP78	2	79FEC/129/5451
	REQUEST FOR ADDITIONAL INFO 2ND					22AUG78 -11SEP78	2	79FEC/133/1271
	10 DAY PRE-RUNOFF - AMENDMENT					22AUG78 -11SEP78	3	79SEN/009/1171
	30 DAY POST-PRIMARY	48,234		34,794		12SEP78 -25SEP78	33	78SEN/012/1364
	REQUEST FOR ADDITIONAL INFORMATION					12SEP78 -25SEP78	2	79FEC/129/5453
	30 DAY POST-RUNOFF	5,399		11,383		10CT78 -16OCT78	15	78SEN/016/0008
	REQUEST FOR ADDITIONAL INFORMATION					10CT78 -16OCT78	2	79FEC/129/5457
	JULY 10 QUARTERLY	185,802		143,636		1APR78 -30JUN78	41	78SEN/009/1751
	REQUEST FOR ADDITIONAL INFORMATION					1APR78 -30JUN78	4	79FEC/086/1053
	JULY 10 QUARTERLY - AMENDMENT	185,802		143,636		1APR78 -30JUN78	43	78SEN/012/1397
	OCTOBER 10 QUARTERLY	3,260		11,316		26SEP78 -30SEP78	12	78SEN/014/4038
	REQUEST FOR ADDITIONAL INFORMATION					26SEP78 -30SEP78	2	79FEC/129/5458
	YEAR END REPORT	28,941		34,015		17OCT78 -31DEC78	32	79SEN/001/0406
	REQUEST FOR ADDITIONAL INFORMATION					17OCT78 -31DEC78	3	79FEC/129/5459
	TOTAL	759,503	0	755,259	0		483	TOTAL PAGES

All reports reviewed

FEDERAL ELECTION COMMISSION
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - FC) 1979-1980

DATE 20NOV79
PAGE

SENATE

COMMITTEE	DOCUMENT	RECEIPTS PRIMARY	RECEIPTS GENERAL	EXPENDITURES PRIMARY	EXPENDITURES GENERAL	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
WALTER FLOWERS FOR THE U.S. SENATE								IDX C00097493
1979 MISCELLANEOUS TRANSACTION TO F.E.C.						9OCT79	3	79SEN/005/2963
APRIL 10 QUARTERLY			1,009		7,214	1JAN79 -31MAR79	9	79SEN/003/2670
JULY 10 QUARTERLY	3A - POSTCARD					1APR79 -30JUN79	1	79SEN/004/1066
OCTOBER 10 QUARTERLY	3A - POSTCARD					1JUL79 -30SEP79	3	79SEN/007/1112
	TOTAL	0	1,009	0	7,214		16	TOTAL PAGES

All reports reviewed

8 2 0 4 0 3 6 1 0 3 6

FORM 3C
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC FORM 3

(Indicate Primary or General Election for each Entry)

Page 2 of 2
Line Number 13
Total Balance Brought Forward (with continuation lines)

Name of Candidate and Committee in Full
Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 Primary General X Other	2-11-78	$25,000.00	$ -0-	$25,000.00

NATURE OF OBLIGATION (Details of Debt)
Personal loan made by Dr. Robert S. Flowers 219 Paiko Drive Honolulu, Hawaii 96821
180 day loan made September 11, 1978 at 9% interest.

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Primary General Other		$	$	$

NATURE OF OBLIGATION (Details of Debt)

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Primary General Other		$	$	$

NATURE OF OBLIGATION (Details of Debt)

SUBTOTALS this period this page (optional)	$	$	$
TOTAL this period (last page this line number only)	$	$	$ 25,000.00

Carry outstanding balance only to appropriate line of summary

7 8 0 2 0 4 0 3 6 1 0 3 7 2 0 1 1 5

8 2 0 4 0 3 6 1 0 3 8

SCHEDULE C
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC FORM 3

(Indicate Primary or General Election for each Entry)

Page 2 of 2 for
Line Number 13

(Use Separate Schedules for each numbered line)

Name of Candidate and Committee in Full
Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 ☐ Primary ☐ General ☒ Other	9-11-78	$35,000.00	$35,000.00 9/19	$ -0-

NATURE OF OBLIGATION (Details of Debt):
Personal loan made by Dr. Robert S. Flowers 219 Paiko Drive Honolulu, Hawaii 96821
180 day loan made September 11, 1978 at 9% interest

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 ☐ Primary ☐ General ☒ Other	9-19-78	$35,000.00	$ -0-	$35,000.00

NATURE OF OBLIGATION (Details of Debt):
Personal loan made by Bank of Moundville P.O. Box 158 Moundville, AL 35474
180 day loan made September 19, 1978 at 9% interest

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
☐ Primary ☐ General ☐ Other		$	$	$

NATURE OF OBLIGATION (Details of Debt):

SUBTOTALS this period this page (optional)	$	$	$
TOTAL this period (last page this line number only)	$245,000.00	$135,000.00	$110,000.00

Carry outstanding balance only to appropriate line of summary

02040361039

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 18, 1979

Samuel B. Fields, Treasurer
Walter Flowers for U.S. Senate
P. O. Box 2230
Tuscaloosa, Alabama 35401

Dear Mr. Fields:

This letter is prompted by the Commission's interest in assisting candidates and committees who wish to comply with the Federal Election Campaign Act, as amended. During review of the 10 Day Pre-Runoff Report of Receipts and Expenditures, we noticed an entry indicating that you may have received a contribution which exceeds the limits set forth in the Act. A copy of that portion of your report is attached so that a review of your records can be made.

The Act precludes individuals from making political contributions to a candidate for Federal election in excess of $1,000 per election.

The Commission recommends that if you find the contribution you received was in excess of the limits set forth in the Act you return the amount in excess of $1,000 to the donor. This return should be reported immediately by letter and should be reflected as a contribution refund on your next report of receipts and expenditures. If you find that the entry in question is incomplete or incorrect, please submit a statement which would clarify this particular matter for the public record. You may do so by amending your original report by letter.

Please notify the Commission within fifteen (15) days from the date of this letter of the determination made on this matter. If you have any questions concerning this matter, please do not hesitate to contact Mary Jo Mesner (800)424-9530, our Reports Analyst assigned to you. Our local telephone number is (202)523-4172.

Enclosure
Certified Mail:
Return Receipt Requested

7903133127
6204035104

PS Form 3811, Apr. 1977 — RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered ..... ___¢
☐ Show to whom, date, and address of delivery ..... ___¢
☐ RESTRICTED DELIVERY
Show to whom and date delivered ..... ___¢
☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery $___
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. | INSURED NO.

(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Ru Glenn for Mr Flowers

4. DATE OF DELIVERY — POSTMARK
27 JUL 1979

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: — CLERK'S INITIALS
F. G. HOPKINS

(WALTER FLOWERS FOR U.S. SEN AL)

6 2 0 4 0 3 6 1 0 4 2

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RECEIVED
FEDERAL ELECTION
COMMISSION

'79 AUG 8 AM 10:32

AUG 2 1979

REGULAR MAIL

WALTER FLOWERS FOR U. S. SENATE
P. O. Box 2230
Tuscaloosa, Alabama 35401

1979 AUG -7 PM 12:11
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

Mr. Orlando B. Potter
Staff Director
Federal Election Commission
Washington, D. C. 20463

Attention: Ms. Mary Jo Mesner

Dear Mr. Potter:

In reference to your letter SSV1/79-16 dated July 18, 1979, and my telephone conversation with Mr. Mac Malone of your office on July 30, 1979, you are advised the error to which your letter relates was discovered and refunded on September 19, 1978. This was reported to the commission by my amended report dated September 19, 1978.

I hope the information included in the amended report answers your questions.

Yours very truly,

Samuel B. Fields

Samuel B. Fields, Treasurer
Walter Flowers for U. S. Senate

RECEIVED
SECRETARY OF THE SENATE
1979 AUG 14 AM 9:31
HAND DELIVERED

02040301043

1978 SEP 23 AM 10 18

HAND DELIVERED

-061674E265 09/22/78
NBR IPLSNBZ CSP

2057592558 NL TDBN TUSCALOOSA AL 100 09-22 0437P CDTPOMA
PMS SECRETARY OF THE SENATE, DLR

WASHINGTON DC 20510

S 2601
AL DEM C1063

THE WALTER FLOWERS FOR U S SENATE COMMITTEE WILL FILE A REVISED REPORT OF RECEIPTS AND EXPENDITURES FOR THE PERIOD COVERING AUGUST 22 1978 THROUGH SEPTEMBER 11 1978 INDICATING REPAYMENT OF LOAN TO WALTER FLOWERS FROM HIS BROTHER, DR ROBERT FLOWERS. THE LOAN WAS REPAID ON SEPTEMBER 19 1978. THE REVISED REPORT WILL BE MAILED TODAY.

SAMUEL B FIELDS TREASURER
ID #C00097493

16:47 EST

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FEC FORM 3
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

REPORT OF RECEIPTS AND EXPENDITURES FOR A CANDIDATE OR COMMITTEE SUPPORTING CANDIDATE(S) FOR NOMINATION OR ELECTION TO FEDERAL OFFICE

(Except for Candidates or Committees Receiving Federal Matching Funds)

RECEIVED
SECRETARY OF THE SENATE
1978 AUG 28 AM 11:02

Note: *Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.*

1 Walter Flowers for U.S. Senate
Name of Candidate or Committee (in full)

2 I.D. No. C00097493 S2601
Candidate/Committee

P.O. Box 2230
Address (number and street)

3 United States Senate
Office Sought, State/District (if applicable)

Tuscaloosa, Alabama 35401
City, State and ZIP Code

☐ Check if address is different than previously reported.

Year of Election 1978

AL DEM C 1063

4 Type of Report (check appropriate boxes)

☐ April 10 Quarterly Report
☐ July 10 Quarterly Report
☐ October 10 Quarterly Report
☐ January 31 Annual Report
☐ Monthly Report _____ (month)

☒ Tenth day report preceding Primary election (primary, general or convention)
on Sept. 5, 1978 (date) in the State of Alabama
☐ Thirtieth day report following _____ election (primary, general or convention)
on _____ (date) in the State of _____

☐ Termination Report
☐ Amendment for: _____ (which report)

This is a report for ☒ Primary Election ☐ General Election ☐ Primary and General ☐ Other (special, runoff, etc.)

SUMMARY OF RECEIPTS AND EXPENDITURES

(Figures may be rounded to nearest dollar.)

	Column A This Period	Column B Calendar Year-To-Date
5 Covering Period July 1, 1978 Through August 24, 1978		
6 Cash on hand January 1, 19		$ -0-
7 Cash on hand at beginning of reporting period	$ 42,165.80	
8 Total receipts (from line 19)	$ 308,246.09	$ 494,048.12
(a) Subtotal (Add lines 7 and 8 for Column A and lines 6 and 8 for Column B)	$ 350,411.89	$ 494,048.12
9 Total expenditures (from line 25)	$ 315,832.87	$ 459,469.10
10 Cash on hand at close of reporting period (Subtract line 9 from line 8a)	$ 34,579.02	$ 34,579.02
11 Value of contributed items on hand to be liquidated (Attach itemized list) $ _____		
12 Debts and obligations owed to the Committee/Candidate (itemize all on Schedule C)	$	
13 Debts and obligations owed by the Committee/Candidate (itemize all on Schedule C)	$ 150,000.00	

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

August 24, 1978 (Date)

Samuel B. Fields (Typed Name of Treasurer or Candidate)

Samuel B. Fields (Signature of Treasurer or Candidate)

Note: *Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. Section 437g, or Section 441j (see reverse side of form).*

5

For further information, Contact:

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

or call 800/424-9530

Approved by GAO
B-187620 (R0506)
Expires 3-31-81

All previous versions of FEC FORM 3 are obsolete and should no longer be used.

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

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DETAILED SUMMARY OF RECEIPTS AND EXPENDITURES
(Page 2, FEC FORM 3)

NAME OF CANDIDATE OR COMMITTEE
Walter Flowers For U.S. Senate

REPORT COVERING THE PERIOD
FROM: July 1, 1978 TO: August 21, 1978

RECEIPTS	Column A This Period	Column B Calendar Year-To-Date
14. Contributions from Individuals (including contributions in-kind):		
(a) Itemized (use Schedule A)	$ 170,247.82	
(b) Unitemized	$ 37,851.00	
(c) Sales and collections included above: List by event on memo Schedule D ($ 6,630.00)		
(d) Subtotal of contributions from individuals	$ 208,098.82	$ 257,634.82
15. Transfers from Political Committees:		
(a) Funds from affiliated/authorized committee (Itemize on Schedule A regardless of amount)	$	
(b) Funds from other committees (Itemize on Schedule A regardless of amount)	$	
(c) Contributions in-kind from political committees (Itemize on Schedule A regardless of amount)	$	
(d) Subtotal of transfers in and contributions in-kind from political committees	$ -0-	$ 56,154.50
16. Other Income:		
(a) Itemized (use Schedule A)	$ 147.27	
(b) Unitemized	$	
(c) Subtotal of other income	$ 147.27	$ 258.80
17. Loans and Loan Repayments Received:		
(a) Itemized (use Schedule A)	$ 100,000.00	
(b) Unitemized	$	
(c) Subtotal of loans and loan repayments received	$ 100,000.00	$ 150,000.00
18. Refunds, Rebates, Returns of Deposits:		
(a) Itemized (use Schedule A)	$	
(b) Unitemized	$	
(c) Subtotal of refunds, rebates, returns of deposits	$ -0-	$ -0-
19. Total Receipts	$ 308,246.09	$ 494,045.12
EXPENDITURES		
20. Operating Expenditures:		
(a) Itemized (use Schedule B)	$ 315,732.87	
(b) Unitemized	$	
(c) Subtotal of operating expenditures	$ 315,732.87	$ 457,369.10
21. Loans, Loan Repayments, and Contribution Refunds Made:		
(a) Itemized (use Schedule B)	$ 100.00	
(b) Unitemized	$	
(c) Subtotal of loans and loan repayments made and contribution refunds	$ 100.00	$ 2,100.00
22. Transfers Out to Political Committees:		
(a) To affiliated/authorized committee (Itemize on Schedule B regardless of amount)	$	
(b) To other committees (Itemize on Schedule B regardless of amount)	$	
(c) Contributions in-kind to other committees (Itemize on Schedule B regardless of amount)	$	
(d) Subtotal of transfers out	$ -0-	$ -0-
23. Independent Expenditures (use Schedule E)	$ -0-	$ -0-
24. Coordinated Expenditures Made by Political Committees (2 U.S.C. 441a(d)) (Itemize on Schedule F)	$ -0-	$ -0-
25. Total Expenditures	$ 315,832.87	$ 459,469.10
RECEIPTS AND EXPENDITURES, NET OF TRANSFERS TO AND FROM AFFILIATED COMMITTEES		
26. Total Receipts (from line 19)	$ 308,246.09	
27. Transfers In (from line 15(a))	$ -0-	
28. Net Receipts (Subtract line 27 from line 26)	$ 308,246.09	
29. Total Expenditures (from line 25)	$ 315,832.87	
30. Transfers Out (from line 22(a))	$ -0-	
31. Net Expenditures (Subtract line 30 from line 29)	$ 315,832.87	

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SCHEDULE A
REVISED
January 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind, Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a of FEC FORM 3

Page 1 of 1

Line Number 17a

(Use Separate Schedules for each numbered line)

8/28/78

Name of Candidate or Committee in Full
Walter Flowers For U.S. Senate S8AL00084

Full Name, Mailing Address and ZIP Code	Principal Place of Business / Occupation	Date (month, day, year)	Amount of each Receipt this Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 Receipt for: ☒ Primary ☐ General ☐ Other	House of Representatives Washington, D.C. Occupation: Congressman ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $ 150,000.00	7-28-78	100,000.00
Full Name, Mailing Address and ZIP Code Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business Occupation ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $	Date (month, day, year)	Amount of each Receipt this Period
Full Name, Mailing Address and ZIP Code Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business Occupation ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $	Date (month, day, year)	Amount of each Receipt this Period
Full Name, Mailing Address and ZIP Code Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business Occupation ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $	Date (month, day, year)	Amount of each Receipt this Period
Full Name, Mailing Address and ZIP Code Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business Occupation ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $	Date (month, day, year)	Amount of each Receipt this Period
Full Name, Mailing Address and ZIP Code Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business Occupation ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $	Date (month, day, year)	Amount of each Receipt this Period
Full Name, Mailing Address and ZIP Code Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business Occupation ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $	Date (month, day, year)	Amount of each Receipt this Period

SUBTOTAL of receipts this page (optional) . . . $

TOTAL this period (last page this line number only) $ 100,000.00

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SCHEDULE B
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

ITEMIZED EXPENDITURES

(Operating, Transfers Out, Contributions In-Kind, Loans, Loan Repayments and Refunds Made)
Supporting Lines 20a, 21a, and 22a, 22b, and 22c of FEC FORM 3

Page 37 of 31 for Line Number 20a

(Use Separate Schedules for each numbered line)

D 475

8/28/78

Name of Candidate or Committee in Full
Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Victor Poole P.O. Box 158 Moundville, AL 35474	Expenses - Gas - Food - Supplies - Motel Expenditure for: ☐ Primary ☐ General ☐ Other	8-18-78	3,000.00
Walter Flowers 31 University Circle Tuscaloosa, AL 35401	Expenses Gas, Food, Motel Expenditure for: ☐ Primary ☐ General ☐ Other	8-18-78	41.97
Jim Goostree 20 Wood Manor Tuscaloosa, AL 35401	T-Shirts Expenditure for: ☐ Primary ☐ General ☐ Other	8-18-78	110.00
Ed Clark P.O. Box 5641 University, AL 35486	Postage Expenditure for: ☐ Primary ☐ General ☐ Other	8-18-78	9.66
IBM P.O. Box 628 Atlanta, GA 30301	Typewriter ribbons Expenditure for: ☐ Primary ☐ General ☐ Other	8-18-78	41.87
South Central Bell P.O. Box 1310 Tuscaloosa, AL 35401	WATS Service Expenditure for: ☐ Primary ☐ General ☐ Other	8-18-78	3,167.32
Postmaster 1313 - 22nd Ave. Tuscaloosa, AL 35401	4,000 - 15¢ stamps Expenditure for: ☐ Primary ☐ General ☐ Other	8-18-78	600.00
Postmaster 1313 - 22nd Ave. Tuscaloosa, AL 35401	Return mail deposit Expenditure for: ☐ Primary ☐ General ☐ Other	8-21-78	25.00

SUBTOTAL of expenditures this page (optional) $6,995.82

TOTAL this period (last page this line number only) $

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SCHEDULE C
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC FORM 3

(Indicate Primary or General Election for each Entry)

Page 1 of 1 for
Line Number 13
(Use Separate Schedules for each numbered line)

8/25/78

Name of Candidate and Committee in Full
Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 ☒ Primary ☐ General ☐ Other	7-19-78	$50,000.00	$ -0-	$50,000.00

NATURE OF OBLIGATION (Details of Debt):
Personal loan made by
Bank of Moundville
P.O. Box 158
Moundville, AL 35474

30 day loan made June 19, 1978 renewed July 19, 1978 for 90 days at 9% interest.

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 ☒ Primary ☐ General ☐ Other	7-28-78	$100,000.00	$ -0-	$100,000.00

NATURE OF OBLIGATION (Details of Debt):
Personal loan made by:
Bank of Moundville
P.O. Box 158
Moundville, AL 35474

90 day loan made July 28, 1978 at 9% interest.

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
☐ Primary ☐ General ☐ Other		$	$	$

NATURE OF OBLIGATION (Details of Debt):

SUBTOTALS this period this page (optional)	$	$	$
TOTAL this period (last page this line number only)	$150,000.00	$ -0-	$150,000.00

Carry outstanding balance only to appropriate line of summary.

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FEC FORM 3
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

REPORT OF RECEIPTS AND EXPENDITURES FOR A CANDIDATE OR COMMITTEE SUPPORTING CANDIDATE(S) FOR NOMINATION OR ELECTION TO FEDERAL OFFICE 1978

(Except for Candidates or Committees Receiving Federal Matching Funds)

RECEIVED SECRETARY OF THE SEP 19 AM 5:47

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Note: Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.

1 Name of Candidate or Committee (in full): Walter Flowers for U.S. Senate

2 ID No. C00297493 Candidate/Committee

Address (number and street): P.O. Box 2230 S2601

3 Office Sought, State/District (if applicable): United States Senate

City, State and ZIP Code: Tuscaloosa, Alabama 35401 AL DEM C1063

☐ Check if address is different than previously reported.

Year of Election 1978

4 Type of Report (check appropriate boxes)

☐ April 10 Quarterly Report
☐ July 10 Quarterly Report
☐ October 10 Quarterly Report
☐ January 31 Annual Report
☐ Monthly Report _____ (month) on _____ (date) in the State of _____
☐ Tenth day report preceding Runoff election (primary, general or convention) on Sept 26 1978 (date) in the State of Alabama
☐ Thirtieth day report following _____ election (primary, general or convention)
☐ Termination Report
☐ Amendment for _____ (which report)

This is a report for ☐ Primary Election ☐ General Election ☐ Primary and General ☐ Other (special, runoff, etc.)

SUMMARY OF RECEIPTS AND EXPENDITURES

(Figures may be rounded to nearest dollar.)

5 Covering Period Aug 22 1978 Through Sept 11 1978	Column A This Period	Column B Calendar Year-To-Date
6 Cash on hand January 1, 19		$ —0—
7 Cash on hand at beginning of reporting period	$ 34,579.62	
8 Total receipts (from line 19)	$ 145,621.85	$ 638,669.32
(a) Subtotal (Add lines 7 and 8 for Column A and lines 6 and 8 for Column B)	$ 179,201.47	$ 638,669.97
9 Total expenditures (from line 25)	$ 169,283.55	$ 628,752.65
10 Cash on hand at close of reporting period (Subtract line 9 from line 8a)	$ 9,917.92	$ 9,917.32
11 Value of contributed items on hand to be liquidated (Attach itemized list) $ _____		
12 Debts and obligations owed to the Committee/Candidate (itemize all on Schedule C)	$	
13 Debts and obligations owed by the Committee/Candidate (itemize all on Schedule C)	$ 110,000.00	

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

Sept. 14, 1978 (Date)

Samuel B. Fields (Typed Name of Treasurer or Candidate)

Samuel B. Fields (Signature of Treasurer or Candidate)

Note: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. Section 437g, or Section 441j (see reverse side of form).

For further information, Contact: Federal Election Commission, 1325 K Street, N.W., Washington, D.C. 20463 or call 800/424-9530

Approved by GAO B-187620 (R0506) Expires 3-31-81

All previous versions of FEC FORM 3 are obsolete and should no longer be used.

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

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DETAILED SUMMARY OF RECEIPTS AND EXPENDITURES
(Page 2, FEC FORM 3)

NAME OF CANDIDATE OR COMMITTEE
Walter Flowers for U.S. Senate

REPORT COVERING THE PERIOD
FROM: August 22, 1978 TO: Sept. 11, 1978

RECEIPTS	Column A This Period	Column B Calendar Year-To-Date
14. Contributions from Individuals (including contributions in-kind):		
(a) Itemized (use Schedule A)	$ 65,596.35	
(b) Unitemized	$ 17,969.50	
(c) Sales and collections included above: List by event on memo Schedule D ($ _____)		
(d) Subtotal of contributions from individuals	$ 83,565.85	$ 371,200.67
15. Transfers from Political Committees		
(a) Funds from affiliated authorized committee (Itemize on Schedule A regardless of amount)	$	
(b) Funds from other committees (Itemize on Schedule A regardless of amount)	$	
(c) Contributions in-kind from political committees (Itemize on Schedule A regardless of amount)	$	
(d) Subtotal of transfers in and contributions in-kind from political committees	$ -0-	$ 56,154.50
16. Other Income:		
(a) Itemized (use Schedule A)	$	
(b) Unitemized	$	
(c) Subtotal of other income	$ -0-	$ 258.80
17. Loans and Loan Repayments Received		
(a) Itemized (use Schedule A)	$ 60,000.00	
(b) Unitemized	$	
(c) Subtotal of loans and loan repayments received	$ 60,000.00	$ 216,000.00
18. Refunds, Rebates, Returns of Deposits		
(a) Itemized (use Schedule A)	$ 1,056.00	
(b) Unitemized	$	
(c) Subtotal of refunds, rebates, returns of deposits	$ 1,056.00	$ 1,056.00
19. Total Receipts	$ 144,621.85	$ 635,670.97
EXPENDITURES		
20. Operating Expenditures		
(a) Itemized (use Schedule B)	$ 69,233.55	
(b) Unitemized	$	
(c) Subtotal of operating expenditures	$ 69,233.55	$ 526,652.65
21. Loans, Loan Repayments, and Contribution Refunds Made		
(a) Itemized (use Schedule B)	$ 100,000.00	
(b) Unitemized	$	
(c) Subtotal of loans and loan repayments made and contribution refunds	$ 100,000.00	$ 102,100.00
22. Transfers Out to Political Committees		
(a) To affiliated authorized committee (Itemize on Schedule B regardless of amount)	$	
(b) To other committees (Itemize on Schedule B regardless of amount)	$	
(c) Contributions in-kind to other committees (Itemize on Schedule B regardless of amount)	$	
(d) Subtotal of transfers out	$ -0-	$ -0-
23. Independent Expenditures (use Schedule E)	$ -0-	$ -0-
24. Coordinated Expenditures Made by Political Committees (2 U.S.C. 441a(d)) (Itemize on Schedule F)	$ -0-	$ -0-
25. Total Expenditures	$ 169,233.55	$ 628,752.65
RECEIPTS AND EXPENDITURES, NET OF TRANSFERS TO AND FROM AFFILIATED COMMITTEES		
26. Total Receipts (from line 19)	$ 144,621.85	
27. Transfers In (from line 15(a))	$ -0-	
28. Net Receipts (Subtract line 27 from line 26)	$ 144,621.85	
29. Total Expenditures (from line 25)	$ 169,233.55	
30. Transfers Out (from line 22(a))	$ -0-	
31. Net Expenditures (Subtract line 30 from line 29)	$ 169,233.55	

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E 3 of 5

SCHEDULE B
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

ITEMIZED EXPENDITURES

(Operating, Transfers Out, Contributions In-Kind, Loans, Loan Repayments and Refunds Made)
Supporting Lines 20a, 21a, and 22a, 22b, and 22c of FEC FORM 3

Page 21 of 1 for
Line Number 21c

(Use Separate Schedules for each numbered line)

Name of Candidate or Committee in Full
Walter Flowers for U.S. Senate S8AL00084

Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Bank of Moundville P.O. Box 158 Moundville, AL 35474	Repayment of loan Expenditure for: ☒ Primary ☐ General ☐ Other	9-11-78	25,000.00
Bank of Moundville P.O. Box 158 Moundville, AL 35474	Repayment of loan Expenditure for: ☐ Primary ☐ General ☐ Other	9-11-78	35,000.00
Bank of Moundville P.O. Box 158 Moundville, AL 35474	Repayment of loan Expenditure for: ☒ Primary ☐ General ☐ Other	9-11-78	40,000.00
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: ☐ Primary ☐ General ☐ Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: ☐ Primary ☐ General ☐ Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: ☐ Primary ☐ General ☐ Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: ☐ Primary ☐ General ☐ Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: ☐ Primary ☐ General ☐ Other	Date (month, day, year)	Amount of each expenditure this period

SUBTOTAL of expenditures this page (optional) . . . . . $

TOTAL this period (last page this line number only) $100,000.00

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SCHEDULE C
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC FORM 3

(Indicate Primary or General Election for each Entry)

Page 1 of 2 for

Line Number 13

(Use Separate Schedules for each numbered line)

Name of Candidate and Committee in Full
Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 X Primary ☐ General ☐ Other	7-19-78	$50,000.00	$ -0-	$50,000.00

NATURE OF OBLIGATION (Details of Debt)
Personal loan made by Bank of Moundville P.O. Box 158 Moundville, AL 35474
30 day loan made June 19, 1978 renewed July 19, 1978 for 90 days at 9% interest

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 X Primary ☐ General ☐ Other	7-28-78	$100,000.00	$100,000.00	$ -0-

NATURE OF OBLIGATION (Details of Debt)
Personal loan made by Bank of Moundville P.O. Box 158 Moundville, AL 35474
90 day loan made July 28, 1978 at 9% interest

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 X Primary ☐ General ☐ Other	9-2-78	$25,000	$ -0-	$25,000.00

NATURE OF OBLIGATION (Details of Debt)
Personal loan made to the Committee by Walter Flowers

SUBTOTALS this period this page (optional)	$ [illegible]	$ [illegible]	$75,000.00
TOTAL this period (last page this line number only)	$	$	$

Carry outstanding balance only to appropriate line of summary.

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SCHEDULE C
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC FORM 3

(Indicate Primary or General Election for each Entry)

Page 2 of 2 for
Line Number 13
(Use Separate Schedules for each numbered line)

Name of Candidate and Committee in Full
Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 ☐ Primary ☐ General ☒ Other	2-11-78	$35,000.00	$ -0-	$35,000.00

NATURE OF OBLIGATION (Details of Debt)
Personal loan made by Dr. Robert S. Flowers 219 Paiko Drive Honolulu, Hawaii 96821
180 day loan made September 11, 1978 at 9% interest

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
☐ Primary ☐ General ☐ Other		$	$	$

NATURE OF OBLIGATION (Details of Debt)

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
☐ Primary ☐ General ☐ Other		$	$	$

NATURE OF OBLIGATION (Details of Debt)

SUBTOTALS this period this page (optional)	$	$	$
TOTAL this period (last page this line number only)	$	$	$ 42,000.00

Carry outstanding balance only to appropriate line of summary

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Revised F
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FEC FORM 3
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

REPORT OF RECEIPTS AND EXPENDITURES FOR A CANDIDATE OR COMMITTEE SUPPORTING CANDIDATE(S) FOR NOMINATION OR ELECTION TO FEDERAL OFFICE

(Except for Candidates or Committees Receiving Federal Matching Funds)

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SECRETARY OF THE SENATE
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Note: *Committees authorized by a candidate to receive contributions and make expenditures in connection with more than one election must maintain separate records with respect to each election.*

1 Walter Flowers for U.S. Senate
Name of Candidate or Committee (in full)

2 I.D. No. 63-0750156
Candidate/Committee

P.O. Box 2230
Address (number and street)

3 United States Senate
Office Sought, State/District (if applicable)

Tuscaloosa, Alabama
City, State and ZIP Code

☐ Check if address is different than previously reported.

Year of Election 1978

4 Type of Report (check appropriate boxes)

☐ April 10 Quarterly Report
☒ July 10 Quarterly Report
☐ October 10 Quarterly Report
☐ January 31 Annual Report
☐ Monthly Report _____ (month)

☐ Tenth day report preceding _____ election (primary, general or convention) on _____ (date) in the State of _____
☐ Thirtieth day report following _____ election (primary, general or convention) on _____ (date) in the State of _____

☐ Termination Report
☐ Amendment for: _____ (which report)

This is a report for ☒ Primary Election ☐ General Election ☐ Primary and General ☐ Other (special, runoff, etc.)

SUMMARY OF RECEIPTS AND EXPENDITURES

(Figures may be rounded to nearest dollar.)

5 Covering Period April 1, 1978 Through June 30, 1978	Column A This Period	Column B Calendar Year-To-Date
6 Cash on hand January 1, 19		$ —0—
7 Cash on hand at beginning of reporting period	$ —0—	
8 Total receipts (from line 19)	$ 185,802.03	$ 185,802.03
(a) Subtotal (Add lines 7 and 8 for Column A and lines 6 and 8 for Column B)	$ 185,802.03	$ 185,802.03
9 Total expenditures (from line 25)	$ 143,636.23	$ 143,636.23
10 Cash on hand at close of reporting period (Subtract line 9 from line 8a)	$ 42,165.80	$ 42,165.80
11 Value of contributed items on hand to be liquidated (Attach itemized list) $ _____		
12 Debts and obligations owed to the Committee/Candidate (itemize all on Schedule C)	$ —0—	
13 Debts and obligations owed by the Committee/Candidate (itemize all on Schedule C)	$ 50,000.00	

I certify that I have examined this Report and to the best of my knowledge and belief it is true, correct and complete.

July 6, 1978 (Date)

Samuel B. Fields (Typed Name of Treasurer or Candidate)

Samuel B. Fields (Signature of Treasurer or Candidate)

Note: *Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 U.S.C. Section 437g, or Section 441j (see reverse side of form).*

For further information, Contact:

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

or call 800/424-9530

Approved by GAO
B-187620 (R0506)
Expires 3-31-81

All previous versions of FEC FORM 3 are obsolete and should no longer be used.

Any information reported herein may not be copied for sale or use by any person for purposes of soliciting contributions or for any commercial purpose.

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10/3/78

DETAILED SUMMARY OF RECEIPTS AND EXPENDITURES
(Page 2, FEC FORM 3)

NAME OF CANDIDATE OR COMMITTEE: Walter Flowers for U.S. Senate

REPORT COVERING THE PERIOD FROM: April 1, 1978 **TO:** June 30, 1978

RECEIPTS	Column A This Period	Column B Calendar Year-To-Date
14. Contributions from Individuals (including contributions in-kind):		
(a) Itemized (use Schedule A)	$ 69,725.00	
(b) Unitemized	$ 9,811.00	
(c) Sales and collections included above: List by event on memo Schedule D ($ 5,600.00)		
(d) Subtotal of contributions from individuals	$ 79,536.00	$ 79,536.00
15. Transfers from Political Committees:		
(a) Funds from affiliated/authorized committee (Itemize on Schedule A regardless of amount)	$	
(b) Funds from other committees (Itemize on Schedule A regardless of amount)	$ 56,154.50	
(c) Contributions in-kind from political committees (Itemize on Schedule A regardless of amount)	$	
(d) Subtotal of transfers in and contributions in-kind from political committees	$ 56,154.50	$ 56,154.50
16. Other Income:		
(a) Itemized (use Schedule A)	$ 111.53	
(b) Unitemized	$	
(c) Subtotal of other income	$ 111.53	$ 111.53
17. Loans and Loan Repayments Received:		
(a) Itemized (use Schedule A)	$ 50,000.00	
(b) Unitemized	$	
(c) Subtotal of loans and loan repayments received	$ 50,000.00	$ 50,000.00
18. Refunds, Rebates, Returns of Deposits:		
(a) Itemized (use Schedule A)	$	
(b) Unitemized	$	
(c) Subtotal of refunds, rebates, returns of deposits	$ -0-	$ -0-
19. Total Receipts	$ 185,802.03	$ 185,802.03
EXPENDITURES		
20. Operating Expenditures:		
(a) Itemized (use Schedule B)	$ 141,636.23	
(b) Unitemized	$	
(c) Subtotal of operating expenditures	$ 141,636.23	$ 141,636.23
21. Loans, Loan Repayments, and Contribution Refunds Made:		
(a) Itemized (use Schedule B)	$ 2,000.00	
(b) Unitemized	$	
(c) Subtotal of loans and loan repayments made and contribution refunds	$ 2,000.00	$ 2,000.00
22. Transfers Out to Political Committees:		
(a) To affiliated/authorized committee (Itemize on Schedule B regardless of amount)	$	
(b) To other committees (Itemize on Schedule B regardless of amount)	$	
(c) Contributions in-kind to other committees (Itemize on Schedule B regardless of amount)	$	
(d) Subtotal of transfers out	$ -0-	$ -0-
23. Independent Expenditures (use Schedule E)	$ -0-	$ -0-
24. Coordinated Expenditures Made by Political Committees (2 U.S.C. 441a(d)) (Itemize on Schedule F)	$ -0-	$ -0-
25. Total Expenditures	$ 143,636.23	$ 143,636.23
RECEIPTS AND EXPENDITURES, NET OF TRANSFERS TO AND FROM AFFILIATED COMMITTEES		
26. Total Receipts (from line 19)	$ 185,802.03	
27. Transfers In (from line 15(a))	$ 56,154.50	
28. Net Receipts (Subtract line 27 from line 26)	$ 129,647.53	
29. Total Expenditures (from line 25)	$ 143,636.23	
30. Transfers Out (from line 22(a))	$ -0-	
31. Net Expenditures (Subtract line 30 from line 29)	$ 143,636.23	

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SCHEDULE A
REVISED
March 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind, Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a of FEC FORM 3

Page 1 of 12 for Line Number 14a

(Use Separate Schedules for each numbered line)

10/3/78

Name of Candidate or Committee in Full: Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code	Principal Place of Business / Occupation	Date (month, day, year)	Amount of each Receipt this Period
Victor Poole P.O. Box 207 Moundville, Al. 35474 Receipt for: ☒ Primary ☐ General ☐ Other	Bank of Moundville P.O. Box 158 Moundville, Al. 35474 Occupation: Vice-President ☐ Check if Contributor is self-employed Aggregate Year-To-Date ... $1,000.00	6-5-78	1,000.00
Edwin C. Ashton 56 Cherokee Hills Tuscaloosa, Al. 35401 Receipt for: ☒ Primary ☐ General ☐ Other	Southern Heat Exchanger Tuscaloosa, Al. 35401 Occupation: Executive ☐ Check if Contributor is self-employed Aggregate Year-To-Date ... $1,000.00	6-5-78	1,000.00
Tom McLean 15 Monte Vista Tuscaloosa, Al. 35401 Receipt for: ☒ Primary ☐ General ☐ Other	Southern Heat Exchanger Tuscaloosa, Al Occupation: Executive ☐ Check if Contributor is self-employed Aggregate Year-To-Date ... $1,000.00	6-5-78	1,000.00
Leo Sumner Drawer J, East Side St. Tuscaloosa, Al. 35401 Receipt for: ☒ Primary ☐ General ☐ Other	Shelton Trade School Tuscaloosa, Al. Occupation: President ☐ Check if Contributor is self-employed Aggregate Year-To-Date ... $200.00	6-5-78	200.00
M. M. Swaim P.O. Box 2133 Tuscaloosa, Al. 35401 Receipt for: ☒ Primary ☐ General ☐ Other	Thompson-Swaim Plywood Tuscaloosa, Al. 35401 Occupation: Executive ☐ Check if Contributor is self-employed Aggregate Year-To-Date ... $1,000.00	6-5-78	1,000.00
Jeff C. Mims, Jr. 5012 Ridgelawn Drive, W. Mobile, Al. 36608 Receipt for: ☒ Primary ☐ General ☐ Other	Mobile Rug & Shade Mobile, Al Occupation: Executive ☐ Check if Contributor is self-employed Aggregate Year-To-Date ... $200.00	6-5-78	200.00
William D. Bolling 3 Buercer Road Mobile, Al. 36608 Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business: Mobile, Al Occupation: Circuit Judge ☐ Check if Contributor is self-employed Aggregate Year To-Date $200.00	6-5-78	200.00

SUBTOTAL of receipts this page (optional) $4,600.00

TOTAL this period (last page this line number only) $

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SCHEDULE A
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind, Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a of FEC FORM 3

Page 8 of 19 for
Line Number 14a

(Use Separate Schedules for each numbered line)

10/3/78

Name of Candidate or Committee in Full
Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code	Principal Place of Business / Occupation	Date (month, day, year)	Amount of each Receipt this Period
Paul D. Perry 1303 So. Shiloh St. Linden, Al. 36748 Receipt for: ☒ Primary ☐ General ☐ Other	Demopolis, Al. Occupation: Tractor Dealer ☒ Check if Contributor is self-employed Aggregate Year-To-Date ... $1,000.00	6-14-78	1,000.00
Mrs. Ernestine Ballard 201 S. Main St. Linden, Al. 36748 Receipt for: ☒ Primary ☐ General ☐ Other	Big B Groceries Linden, Al. Occupation: Merchant ☒ Check if Contributor is self-employed Aggregate Year-To-Date ... $200.00	6-14-78	200.00
Robert S. Flowers, M.D. 219 Paiko Drive Honolulu, Hawaii 96821 Receipt for: ☒ Primary ☐ General ☐ Other	Honolulu, Hawaii 96821 Occupation: Physician ☒ Check if Contributor is self-employed Aggregate Year-To-Date ... $1,000.00	6-14-78	1,000.00
Jane S. Flowers 219 Paiko Drive Honolulu, Hawaii 96821 Receipt for: ☒ Primary ☐ General ☐ Other	Occupation: Housewife ☐ Check if Contributor is self-employed Aggregate Year-To-Date ... $1,000.00	6-14-78	1,000.00
S. Swaim Flowers 219 Paiko Drive Honolulu, Hawaii 96821 Receipt for: ☒ Primary ☐ General ☐ Other	Occupation: Student ☐ Check if Contributor is self-employed Aggregate Year-To-Date ... $1,000.00	6-14-78	1,000.00
Robert Scott Flowers 219 Paiko Drive Honolulu, Hawaii 96821 Receipt for: ☒ Primary ☐ General ☐ Other	Occupation: Student ☐ Check if Contributor is self-employed Aggregate Year-To-Date ... $1,000.00	6-14-78	1,000.00
Downey A. Walker 70 Woodridge Tuscaloosa, Al. 35401 Receipt for: ☒ Primary ☐ General ☐ Other	Principal Place of Business: Dowco Inc. 607 28th Ave. Tuscaloosa, Al. 35401 Occupation: President ☐ Check if Contributor is self-employed Aggregate Year-To-Date ... $1,000.00	6-14-78	1,000.00

SUBTOTAL of receipts this page (optional) $6,200.00

TOTAL this period (last page this line number only) ..... $

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8 2 0 4 0 3 0 1 0 5 8

10/3/78 F 5/7

SCHEDULE A
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution In-Kind, Other Income, Loans, Refunds)

Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a of FEC FORM 3

Page 1 of 1 for
Line Number 17a

(Use Separate Schedules for each numbered line)

Name of Candidate or Committee in Full
Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code	Principal Place of Business / Occupation	Date (month, day, year)	Amount of each Receipt this Period
Walter Flowers 31 University Circle Tuscaloosa, Al. 35401 Receipt for: ☑ Primary ☐ General ☐ Other	House of Representatives Washington, D.C. Occupation: Congressman ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $50,000.00	6-19-78	50,000.00 (Loan)
Full Name, Mailing Address and ZIP Code Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business Occupation ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $	Date (month, day, year)	Amount of each Receipt this Period
Full Name, Mailing Address and ZIP Code Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business Occupation ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $	Date (month, day, year)	Amount of each Receipt this Period
Full Name, Mailing Address and ZIP Code Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business Occupation ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $	Date (month, day, year)	Amount of each Receipt this Period
Full Name, Mailing Address and ZIP Code Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business Occupation ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $	Date (month, day, year)	Amount of each Receipt this Period
Full Name, Mailing Address and ZIP Code Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business Occupation ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $	Date (month, day, year)	Amount of each Receipt this Period
Full Name, Mailing Address and ZIP Code Receipt for: ☐ Primary ☐ General ☐ Other	Principal Place of Business Occupation ☐ Check if Contributor is self-employed Aggregate Year-To-Date . . . $	Date (month, day, year)	Amount of each Receipt this Period

SUBTOTAL of receipts this page (optional) . . . $

TOTAL this period (last page this line number only) . . . $50,000.00

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82040310592

10/3/78 F 6-17

SCHEDULE B
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

ITEMIZED EXPENDITURES

(Operating, Transfers Out, Contributions In-Kind, Loans, Loan Repayments and Refunds Made)
Supporting Lines 20a, 21a, and 22a, 22b, and 22c of FEC FORM 3

Page 1 of 1 for
Line Number 21a

(Use Separate Schedules for each numbered line)

Name of Candidate or Committee in Full
Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Robert Scott Flowers 219 Paiko Drive Honolulu, Hawaii 96821	Refund of ineligible contribution Expenditure for: ☐ Primary ☐ General ☐ Other	6-30-78	1,000.00
S. Swaim Flowers 219 Paiko Drive Honolulu, Hawaii 96821	Refund of ineligible contribution Expenditure for: ☐ Primary ☐ General ☐ Other	6-30-78	1,000.00
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: ☐ Primary ☐ General ☐ Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: ☐ Primary ☐ General ☐ Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: ☐ Primary ☐ General ☐ Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: ☐ Primary ☐ General ☐ Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: ☐ Primary ☐ General ☐ Other	Date (month, day, year)	Amount of each expenditure this period
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure Expenditure for: ☐ Primary ☐ General ☐ Other	Date (month, day, year)	Amount of each expenditure this period

SUBTOTAL of expenditures this page (optional) . . . . . $

TOTAL this period (last page this line number only) $2,000.00

7802021434

SCHEDULE C
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC FORM 3

(Indicate Primary or General Election for each Entry)

10/3/78 F 747

Page 1 of 1 for

Line Number 13

(Use Separate Schedules for each numbered line)

Name of Candidate and Committee in Full
Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, Al. 35401 ☒ Primary ☐ General ☐ Other	6-19-78	$50,000.00	$ -0-	$50,000.00

NATURE OF OBLIGATION (Details of Debt):
Personal loan made by:
Bank of Moundville
P.O. Box 158
Moundville, Al., 35474

30-day loan made June 19, 1978 at 9% interest

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
☐ Primary ☐ General ☐ Other		$	$	$

NATURE OF OBLIGATION (Details of Debt):

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
☐ Primary ☐ General ☐ Other		$	$	$

NATURE OF OBLIGATION (Details of Debt):

SUBTOTALS this period this page (optional)	$	$	$
TOTAL this period (last page this line number only)	$50,000.00	$ -0-	$50,000.00

Carry outstanding balance only to appropriate line of summary.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dr. Robert S. Flowers
219 Paiko Drive
Honolulu, Hawaii 96821

Re: MUR 1098(79)

Dear Dr. Flowers:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that you have violated 2 U.S.C. §§ 441a(a)(1)(A) and 441a(a)(3) of the Federal Election Campaign Act of 1971, as amended ("Act"). A summary containing the factual and legal bases for this finding accompanies this letter.

The matter has been numbered MUR 1098. Please refer to it in all future correspondence.

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. Additionally, please submit the answers and documents called for in the enclosed "Request" within 10 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of additional information demonstrating that no further action be taken against you, the Commission may find probable cause to believe that a violation of the Act has occurred, and proceed with conciliation efforts. This does not prevent you from entering into a conciliation agreement with the Commission prior to a finding of probable cause if you indicate by letter to the General Counsel a desire to enter into negotiations directed towards reaching such a conciliation agreement and the Commission agrees to proceed with such negotiations.

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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 desire the investigation to be made public.

If you intend to be represented by counsel, please advise the Commission by sending a letter of representation signed by you authorizing such counsel to receive any and all notifications and other communications from the Commission in your behalf. The name, address and telephone number of such counsel must be included in the letter of representation.

If you have any questions, please contact Daniel J. Blessington, the attorney assigned to this matter, at (202) 523-4039

Sincerely,

Enclosures
Request for Answers to Questions and Production of Documents
Summary of Factual and Legal Bases
Description of Procedures

FEDERAL ELECTION COMMISSION

Dr. Robert S. Flowers MUR 1098
February 1980

Request For Answers To Questions and Production of Documents

1. Please explain the circumstances surrounding the reported loan of $35,000 to Walter Flowers on September 11, 1978, and its repayment.

2. Please submit copies of any checks (front and back) by which you made such loan, referred to in Request Number 1, above.

3. Please submit any other documents, such as bank statements, which in any way relate, refer or pertain to the loan described above and its repayment.

4. Responses to Requests 1-3 should be submitted within 10 days of receipt of this material.

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE February 1980

MUR NO. 1098
STAFF MEMBER(S) & TEL. NO.
Daniel J. Blessington
(202) 523-4039

RESPONDENT Dr. Robert Flowers

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

On the basis of information ascertained in reviewing the reports of the Walter Flowers for U.S. Senate Committee, the Reports Analysis Division ("RAD") found evidence that Dr. Robert Flowers may have violated 2 U.S.C § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended ("Act") by a reported loan of $35,000 to the candidate. RAD thereafter referred the matter to the Office of General Counsel which determined that the evidence also suggested that Dr. Flowers may have violated 2 U.S.C. § 441a(a)(3).

FACTUAL BASIS AND LEGAL ANALYSIS

The loan was reported on the Ten Day Pre-Runoff Report of the Walter Flowers for U.S. Senate Committee. The loan was reportedly made on September 11, 1978, and repaid on September 19, 1978.

Section 431(8)(A)(i) of the Act (formerly § 431(e)(1)) includes a loan within the definition of contribution. Section 441a(a)(1)(A) makes it unlawful for a person to contribute in excess of $1,000 to a candidate for an election and § 441a(a)(3) makes it unlawful for a person to contribute an aggregate amount in excess of $25,000 in any calendar year. The loan by Dr. Flowers to his brother, the candidate, during the runoff campaign, appears to have exceeded both the $1,000 and $25,000 limitations of the Act. Therefore, Dr. Flowers may be in violation of § 441a(a)(1)(A) and § 441a(a)(3).

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COMMISSION DETERMINATION

On , 1980, the Federal Election Commission took the following actions:

1. Found reason to believe that Dr. Robert Flowers violated 2 U.S.C. §§ 441a(a)(1)(A) and 441a(a)(3).

2. Approved the sending of the notification letter and request for answers to questions and production of documents.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Samuel B. Fields, Treasurer
Walter Flowers for U.S. Senate
Committee
Post Office Box 2230
Tuscaloosa, Alabama 35401

Re: MUR 1098 (79)

Dear Mr. Fields:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that the Walter Flowers for U S. Senate Committee ("Committee") violated 2 U.S.C. §§ 441a(f) and 441b(a) of the Federal Election Campaign Act of 1971, as amended ("Act"). A summary containing the factual and legal basis for these findings accompanies this letter.

This matter has been numbered MUR 1098. Please refer to it in all future correspondence.

Under the Act, you have an opportunity to demonstrate that no further action should be taken against you or your Committee. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter Additionally, please submit the answers and documents called for in the enclosed "Request" within 10 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of additional information demonstrating that no further action should be taken against you or your Committee, the Commission may find probable cause to believe that one or more violations of the Act have occurred, and proceed with conciliation efforts. This does not prevent you from entering into a conciliation agreement with the Commission prior to any probable cause findings if you

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indicate by letter to the General Counsel a desire to enter into negotiations directed towards reaching such an agreement, and the Commission agrees to proceed with such negotiations.

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 desire the investigation to be made public.

If you intend to be represented by counsel, please advise the Commission by sending a letter of representation signed by you authorizing such counsel to receive any and all communications from the Commission in your behalf. The name, address and telephone number of such counsel must be included in the letter of representation.

If you have any questions, please contact Daniel J. Blessington, the attorney assigned to this matter, at (202) 523-4039.

Sincerely,

Enclosures

Request for Answers to Questions and Production of Documents
Summary of Factual and Legal Basis
Description of Procedures

9204030110 68

FEDERAL ELECTION COMMISSION

Samuel B. Fields MUR 1098

REQUEST FOR ANSWERS TO QUESTIONS
AND PRODUCTION OF DOCUMENTS

1. Please describe in detail the Committee's acceptance of the reported loan of $35,000 in connection with the loan by Dr. Robert Flowers to candidate Flowers.

2. Please explain the procedures used by the Committee in determining whether a given contribution did or did not violate the Federal Election Campaign Act of 1971, as amended.

3. Please describe in detail the steps taken by the Committee in repaying Dr. Flowers for his $35,000 loan, referred to in Request Number 1.

4. Please submit copies of all documents and materials which in any way relate, refer or pertain to the Committee's acceptance of monies in connection with the loan referred to in Request Number 1.

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5. Please submit copies of any checks (front and back) by which the Committee repaid Dr. Flowers in connection with the loan referred to in Request Number 1.

6. Please submit copies of all documents and materials which in any way relate, refer or pertain to the repayment referred to in Request Number 5.

7. Please describe in detail all loans made by the candidate to the Committee which in any way involved loans made by the Bank of Moundville. Include whether or not the bank loans were secured, and all details concerning interest.

8. Please describe in detail all repayments by the Committee of loans referred to in Request Number 7, including the payment of interest if any.

9. Please submit copies of all documents and materials which in any way relate, refer or pertain to the Committee's acceptance of monies in connection with any loans referred to in Request Number 7.

10. Please submit copies of any checks (front and back) by which the Committee repaid the Bank of Moundville in connection with any loans referred to in Request Number 7.

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11. Please submit copies of all documents and materials which in any way relate, refer or pertain to the repayment referred to in Request Number 8.

12. Responses to Requests 1-11 should be submitted within 10 days of receipt of this material.

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FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE _____

MUR NO. 1098
STAFF MEMBER(S) & TEL. NO.
Daniel J. Blessington
(202) 523-4039

RESPONDENT Walter Flowers for U.S. Senate

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

On the basis of information ascertained in reviewing the reports of the Walter Flowers for U.S. Senate Committee ("Committee") 1/ the Reports Analysis Division ("RAD") found evidence that the Committee may have accepted a loan which violated 2 U.S.C. § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended ("Act"). RAD thereafter referred the matter to the Office of General Counsel which determined that available evidence indicated possible violations of 2 U.S.C. § 441a(f) and of 2 U.S.C. § 441b(a).

FACTUAL BASIS AND LEGAL ANALYSIS

A. Acceptance of Excessive Contribution

The Ten Day Pre-Runoff Report of the Walter Flowers for U.S. Senate Committee, covering the period from August 22, to September 11, 1978, disclosed receipt of a loan in the amount of $35,000 from Dr. Robert S. Flowers, the candidate's brother. The report also shows that the loan was originally made to the candidate himself who, in turn, loaned the funds to the Committee. An amendment to this report indicates that the Committee refunded the loan on September 19, 1978.

Section 431(8)(A)(i) of the Act (formerly § 431(e)(1)) includes a loan within the definition of contribution. Section 441a(a)(1)(A) makes it unlawful for a person to contribute in excess of $1,000 to a candidate for an election.

Since the Committee accepted the loan from Dr. Flowers, it appears to have violated 2 U.S.C. § 441a(f) which makes it unlawful for a committee to accept a contribution in violation of section 441a.

1/ The following reports were relevant to this matter: July 10 Quarterly Report (7/6/78); Ten Day Pre-Primary Report (8/24/78); Ten Day Pre-Runoff Report (9/14/78); and an Amendment to Ten Day Pre-Runoff Report (9/19/78).

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B. Acceptance of Impermissible Contribution By a State Bank

In examining Committee reports in connection with the Dr. Flowers' loan, it was noted that the Committee received substantial sums in loans from the Bank of Moundville, a state bank ("Bank"). Between June 16, 1978, and September 19, 1978, the Bank extended a total of $185,000 to the candidate in loans. Maturity dates varied, and some of the loans were renewed. Interest on all was stated to be at 9%. Some repayments were made during this period, but the reports did not indicate that interest was paid. On September 11, 1978, one of the Bank's earlier loans of $100,000 was repaid at a time prior to maturity. The repayment was reported to have occurred in three portions, although all on this one day: $40,000; $25,000; and $35,000. On September 19, 1978, the Committee received a $35,000 loan from the Bank.

Section 431(8)(B)(iii) of the Act (formerly § 431(e)(5)(G)) states that a loan is a contribution unless made by a national or State bank "... in accordance with the applicable banking laws and regulations and in the ordinary course of business ..." Here there is a question as to whether the Bank followed these requirements of the Act. If it did not, then its loans would be considered contributions and, since the bank is incorporated, in violation of the § 441b prohibition.

First - There is no indication that any interest was included in the Committee's repayment of $100,000 to the Bank on September 11, 1978, which amount had been loaned on July 28, 1978.

Second - The reports do not indicate whether the loans made by the bank to the candidate were secured. The Code of Alabama 1975, §5-5-16 makes it unlawful for any bank to make an unsecured loan to any individual in excess of 10% of the total of its capital, unimpaired surplus and undivided profits. According to Committee reports, the Bank had loans outstanding in the amount of $150,000 to Walter Flowers between July 28 and September 11, 1978. McFadden's American Bank Directory (Fall, 1978 ed.) indicates that the Bank of Moundville had a total of $934,000 in these three areas.

If these figures truly represent the Bank's condition at the time the loans to candidate Flowers were outstanding, there is the possibility that the loans were made in violation of applicable state law.

Were the loans made by the incorporated Bank in violation of applicable state law and/or out of the ordinary course of business, they would be considered corporate contributions. Acceptance of corporate contributions violates 2 U.S.C. § 441b(a). Therefore, the Committee may have violated this section of the Act.

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COMMISSION DETERMINATION

On , 1980, the Federal Election Commission took the following actions:

1. Found reason to believe that the Walter Flowers for U.S. Senate Committee violated: 2 U.S.C. § 441a(f) by accepting a contribution in violation of 2 U.S.C. § 441a; and 2 U.S.C. § 441b(a) by accepting a contribution from a State Bank.

2. Approved the sending of the notification letter and requests for answers to questions and production of documents.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Walter Flowers
31 University Circle
Tuscaloosa, Alabama 35401

Re: MUR 1098 (79)

Dear Mr. Flowers:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that you have violated 2 U.S.C. §§ 441a(f) and 441b(a) of the Federal Election Campaign Act of 1971, as amended ("Act"). A summary containing the factual and legal basis for these findings accompanies this letter.

This matter has been numbered MUR 1098. Please refer to it in all future correspondence.

Under the Act, you have an opportunity to demonstrate that no further action should be taken against you or your Committee. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit the answers and documents called for in the enclosed "Request" within 10 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of additional information demonstrating that no further action should be taken against you, the Commission may find probable cause to believe that one or more violations of the Act have occurred, and proceed with conciliation efforts. This does not prevent you from entering into a conciliation agreement with the Commission prior to any probable cause findings if you indicate by letter to the General Counsel a desire to enter into negotiations directed towards reaching such an agreement, and the Commission agrees to proceed with such negotiations.

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If you intend to be represented by counsel, please advise the Commission by sending a letter of representation signed by you authorizing such counsel to receive any and all communications from the Commission in your behalf. The name, address and telephone number of such counsel must be included in the letter of representation.

If you have any questions, please contact Daniel J. Blessington, the attorney assigned to this matter, at (202) 523-4039.

Sincerely,

Enclosures

Request for Answers to Questions and Production of Documents
Summary of Factual and Legal Basis
Description of Procedures

9204035 1076

FEDERAL ELECTION COMMISSION

Walter Flowers MUR 1098

REQUEST FOR ANSWERS TO QUESTIONS
AND PRODUCTION OF DOCUMENTS

1. Please describe in detail your reported loan of $35,000 to the Committee on September 11, 1978. Include descriptions of your receipt of such amount from Dr. Robert Flowers, and how such amount was transferred to the Committee.

2. Please describe in detail the procedures used by you and the Committee in determining whether a given contribution did or did not violate the Federal Election Campaign Act of 1971, as amended.

3. Please describe in detail the steps taken by you and the Committee in repaying Dr. Flowers for his $35,000 loan, referred to in Request Number 1.

4. Please submit copies of all documents and materials which in any way relate, refer or pertain to your acceptance of monies in connection with the loan referred to in Request Number 1, and the transfer of such monies to the Committee.

9204031077

5. Please submit copies of any checks (front and back) by which you loaned the Committee the monies referred to in Request Number 1.

6. Please submit copies of all documents and materials which in any way relate, refer or pertain to the repayment referred to in Request Number 3.

7. Please describe in detail all loans made to you by the Bank of Moundville in connection with your election campaign. Include whether or not the bank loans were secured, all details concerning interest, and a description of how such monies were transferred to the Committee.

8. Please describe in detail all repayments by the Committee of loans referred to in Request Number 7, including the payment of interest if any.

9. Please submit copies of all documents and materials which in any way relate, refer or pertain to the transfer to the Committee of monies in connection with any loans referred to in Request Number 7.

6204036 1078

10. Please submit copies of any checks (front and back) by which you loaned the Committee any monies in connection with loans made to you by the Bank of Moundville.

11. Please submit copies of all documents and materials which in any way relate, refer or pertain to the repayment referred to in Request Number 8.

12. Responses to Request 1-11 should be submitted within 10 days of receipt of this material.

62040361079

FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE _____

MUR NO. 1098

STAFF MEMBER(S) & TEL. NO.
Daniel Blessington

RESPONDENT Walter Flowers

(202) 523-4039

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

BACKGROUND

On the basis of information ascertained in reviewing the reports of the Walter Flowers for U.S. Senate Committee ("Committee") 1/ the Reports Analysis Division ("RAD") found evidence that the Committee may have accepted a loan which violated 2 U.S.C. § 441a(a)(1)(A) of the Federal Election Campaign Act of 1971, as amended ("Act"). RAD thereafter referred the matter to the Office of General Counsel which determined that available evidence indicated possible violations by the candidate of 2 U.S.C. § 441a(f) and of 2 U.S.C. § 441b(a).

FACTUAL BASIS AND LEGAL ANALYSIS

A. Acceptance of Excessive Contribution

The Ten Day Pre-Runoff Report of the Walter Flowers for U.S. Senate Committee, covering the period from August 22, to September 11, 1978, disclosed receipt of a loan in the amount of $35,000 from Dr. Robert S. Flowers, the candidate's brother. The report also shows that the loan was originally made to the candidate himself who, in turn, loaned the funds to the Committee. An amendment to this report indicates that the Committee refunded the loan on September 19, 1978.

Section 431(8)(A)(i) of the Act (formerly § 431(e)(1)) includes a loan within the definition of contribution. Section 441a(a)(1)(A) makes it unlawful for a person to contribute in excess of $1,000 to a candidate for an election.

Since the candidate accepted the loan from Dr. Flowers and then loaned $35,000 to the Committee, it appears that candidate Flowers may have violated 2 U.S.C § 441a(f) which makes it unlawful for a candidate to accept a contribution in violation of section 441a.

1/ The following reports were relevant to this matter: July 10 Quarterly Report (7/6/78); Ten Day Pre-Primary Report (8/24/78); Ten Day Pre-Runoff Report (9/14/78); and an Amendment to Ten Day Pre-Runoff Report (9/19/78).

92040361080

B. Acceptance of Impermissible Contribution By a State Bank

In examining Committee reports in connection with the Dr. Flowers' loan, it was noted that the Committee received substantial sums in loans from the Bank of Moundville, a state bank ("Bank"). Between June 16, 1978, and September 19, 1978, the Bank extended a total of $185,000 to the candidate in loans. Maturity dates varied, and some of the loans were renewed. Interest on all was stated to be at 9%. Some repayments were made during this period, but the reports did not indicate that interest was paid. On September 11, 1978, one of the Bank's earlier loans of $100,000 was repaid at a time prior to maturity. The repayment was reported to have occurred in three portions, although all on this one day: $40,000; $25,000; and $35,000. On September 19, 1978, the candidate received a $35,000 loan from the Bank.

Section 431(8)(B)(iii) of the Act (formerly § 431(e)(5)(G)) states that a loan is a contribution unless made by a national or state bank "... in accordance with the applicable banking laws and regulations and in the ordinary course of business...." Here there is a question as to whether the Bank followed these requirements of the Act. If it did not, then its loans would be considered contributions and, since the bank is incorporated, in violation of the § 441b prohibition.

First - There is no indication that any interest was included in the Committee's repayment of $100,000 to the Bank on September 11, 1978, which amount had been loaned on July 28, 1978.

Second - The reports do not indicate whether the loans made by the bank to the candidate were secured. The Code of Alabama 1975, §5-5-16 makes it unlawful for any bank to make an unsecured loan to any individual in excess of 10% of the total of its capital, unimpaired surplus and undivided profits According to Committee reports, the Bank had loans outstanding in the amount of $150,000 to Walter Flowers between July 28 and September 11, 1978. McFadden's American Bank Directory (Fall, 1978 ed.) indicates that the Bank of Moundville had a total of $934,000 in these three areas.

If these figures truly represent the Bank's condition at the time the loans to candidate Flowers were outstanding, there is the possibility that the loans were made in violation of applicable state law.

Were the loans made by the incorporated Bank in violation of applicable state law and/or out of the ordinary course of business, they would be considered corporate contributions. Acceptance of corporate contributions violates 2 U.S.C. § 441b(a). Therefore, the candidate may have violated this section of the Act.

9 2 0 4 0 3 6 1 0 8 1

COMMISSION DETERMINATION

On , 1980, the Federal Election Commission took the following actions:

1. Found reason to believe that Walter Flowers violated: 2 U.S.C. § 441a(f) by accepting a contribution in violation of 2 U.S.C. § 441a; and 2 U.S.C. § 441b(a) by accepting a contribution from an incorporated State Bank.

2. Approved the sending of the notification letter and requests for answers to questions and production of documents.

8 2 0 4 0 3 5 1 0 8 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Madie E. Howell, President
Bank of Moundville
P.O. Box 158
Moundville, Alabama 35474

Re: MUR 1098 (79)

Dear Mrs. Howell:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that the Bank of Moundville ("Bank") violated 2 U.S.C. § 441b(a) of the Federal Election Campaign Act of 1971, as amended ("Act"). A summary containing the factual and legal basis for these findings accompanies this letter.

This matter has been numbered MUR 1098. Please refer to it in all future correspondence.

Under the Act, you have an opportunity to demonstrate that no further action should be taken against the Bank. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit the answers and documents called for in the enclosed "Request" within 10 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of additional information demonstrating that no further action should be taken against the Bank, the Commission may find probable cause to believe that a violation of the Act has occurred, and proceed with conciliation efforts. This does not prevent you from entering into a conciliation agreement with the Commission prior to any probable cause findings if you indicate by letter to

5 2 0 4 0 3 0 1 0 8 3

the General Counsel a desire to enter into negotiations directed towards reaching such an agreement, and the Commission agrees to proceed with such negotiations.

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 desire the investigation to be made public.

If you intend to be represented by counsel, please advise the Commission by sending a letter of representation signed by you authorizing such counsel to receive any and all communications from the Commission in your behalf. The name, address and telephone number of such counsel must be included in the letter of representation.

If you have any questions, please contact Daniel J. Blessington, the attorney assigned to this matter, at (202) 523-4039.

Sincerely,

Enclosures

Request for Answers to Questions and Production of Documents
Summary of Factual and Legal Basis
Description of Procedures

8 2 0 4 0 3 0 1 0 8 4

FEDERAL ELECTION COMMISSION

Madie E. Howell MUR 1098

REQUEST FOR ANSWERS TO QUESTIONS
AND PRODUCTION OF DOCUMENTS

1. Please describe in detail all loans made to Walter Flowers during 1978. Include whether or not such loans were secured, the maturity dates, the security (if any), and all details relating to interest for such loans.

2. Please describe in detail all repayments of loans described in Request Number 1. Include whether or not interest was paid, and what party or parties made repayment.

3. Please submit copies of all documents and materials which in any way relate, refer or pertain to the making and repayment of the loans described in Requests Numbers 1 and 2.

4. Please describe the role, if any, in the making and repayment of the loans described above of Mr. Victor Poole.

5. Please submit copies of all documents and materials which in any way relate, refer or pertain to the description in Request Number 4.

6. Please describe in detail the total of the Bank's capital, unimpaired surplus and undivided profits during the time in which loans were outstanding to Walter Flowers, and for all of 1978.

0204031085

7. Please submit copies of all documents and materials which in any way relate, refer or pertain to the descriptions of the Bank's condition called for in Request Number 6.

8. Responses to Requests 1-7 should be submitted within 10 days of receipt of this material.

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FEDERAL ELECTION COMMISSION

NOTIFICATION OF REASON TO BELIEVE FINDING

DATE _____

MUR NO. 1098
STAFF MEMBER(S) & TEL. NO.
Daniel Blessington
(202) 523-4039

RESPONDENT Bank of Moundville

SOURCE OF MUR: INTERNALLY GENERATED

BACKGROUND

On the basis of information ascertained in reviewing the reports of the Walter Flowers for U.S. Senate Committee ("Committee")1/ the Reports Analysis Division ("RAD") found evidence of violations of the Federal Election Campaign Act of 1971, as amended ("Act"). RAD thereafter referred the matter to the Office of General Counsel which determined that available evidence indicated that the Bank of Moundville may have violated 2 U.S.C. §441b(a).

Acceptance of Impermissible Contribution By a State Bank

In examining Committee reports, it was noted that the Committee received substantial sums in loans from the Bank of Moundville, a state bank ("Bank"). Between June 16, 1978 and September 19, 1978, the Bank extended a total of $185,000 to the candidate in loans. Maturity dates varied, and some of the loans were renewed. Interest on all was stated to be at 9%. Some repayments were made during this period, but the reports did not indicate that interest was paid. On September 11, 1978, one of the Bank's earlier loans of $100,000 was repaid at a time prior to maturity. The repayment was reported to have occurred in three portions, although all on this one day: $40,000; $25,000; and $35,000. On September 19, 1978, the Committee received a $35,000 loan from the Bank.

Section 431(8)(B)(iii) of the Act (formerly §431(e)(5)(G)) states that a loan is a contribution unless made by a national or State bank "... in accordance with the applicable banking laws and regulations and in the ordinary course of business ..." Here there is a question as to whether the Bank followed these requirements of the Act. If it did not, then its loans would be considered contributions and, since the bank is incorporated, in violation of the §441b prohibition.

1/ The following reports were relevant to this matter: July 10 Quarterly Report (7/6/78); Ten Day Pre-Primary Report (8/24/78); Ten Day Pre-Runoff Report (9/14/78); and an Amendment to Ten Day Pre-Runoff Report (9/19/78).

6204036108 7

First - There is no indication that any interest was included in the Committee's repayment of $100,000 to the Bank on September 11, 1978, which amount had been loaned on July 28, 1978.

Second - The reports do not indicate whether the loans made by the Bank to the candidate were secured. The Code of Alabama 1975, §5-5-16 makes it unlawful for any bank to make an unsecured loan to any individual in excess of 10% of the total of its capital, unimpaired surplus and undivided profits. According to Committee reports, the Bank had loans outstanding in the amount of $150,000 to Walter Flowers between July 28 and September 11, 1978. McFadden's American Bank Directory (Fall, 1978 ed.) indicates that the Bank of Moundville had a total of $934,000 in these three areas.

If these figures truly represent the Bank's condition at the time the loans to candidate Flowers were outstanding, there is the possibility that the loans were made in violation of applicable state law.

Were the loans made by the incorporated Bank in violation of applicable state law and/or out of the ordinary course of business, they would be considered corporate contributions. Corporate contributions are in violation of 2 U.S.C. § 441b(a). Therefore, the Bank may have violated this section of the Act.

COMMISSION DETERMINATION

On , 1980, the Federal Election Commission took the following actions:

1. Found reason to believe that the Bank of Moundville violated 2 U.S.C. § 441b(a) by making loans to Walter Flowers which may not have met the § 431(8)(B)(iii) ordinary banking practices exception to the definition of "contribution."

2. Approved the sending of notification letter and requests for answers to questions and production of documents.

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RAD 82-211

REFER TO INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING

B

REPORTS ANALYSIS REFERRAL SHEET

DATE December 7, 1979 ANALYST Mary Jo Mesner MJM

TO: Office of General Counsel TEAM CHIEF Suzanne Wilson SW

THROUGH: STAFF DIRECTOR CAP COMPLIANCE REVIEW Carroll Bowen CB/CB

FROM: ASSISTANT STAFF DIRECTOR FOR REPORTS ANALYSIS DH

CANDIDATE/COMMITTEE: WALTER FLOWERS FOR U. S. SENATE
TREASURER: Samuel B. Fields
ADDRESS: P. O. Box 2230, Tuscaloosa, AL 35401

MUR 1098

AFFILIATE(S): None

ALLEGATION(S):	CITE:	ATTACHMENT(S)
Excessive individual loan	2 U.S.C. 441a(a)(1)(A)	II

DATE INITIATED: 6/20/79

MANNER IN WHICH REVIEW WAS INITIATED:

- ☒ Normal Review
- ☐ Other:
- ☐ Special Project:

ATTACHMENT

6204073

REPORTS: All reports within the dates listed below have received initial desk review. For all reports reviewed, see Attachment 1.

PERIOD COVERED FROM 8/22/78 **TO** 9/11/78

TOTAL RECEIPTS $ 144,621 **TOTAL EXPENDITURES** $ 169,283

CASH ON HAND $ 9,917 **DEBTS** $ 110,000 (owed by committee)

HISTORY:

RESULTS OF REVIEW: *ATTACHMENT*

Excessive loan disclosed on 10 Day Pre-Runoff report — II
Unrequested amendment to same report received showing loan repaid ✓ — III
SV notice sent 7/18/79, before amendment showing refund was noted. — IV
Response received 8/6/79 — V

COMMUNICATIONS WITH CANDIDATE/COMMITTEE: *ATTACHMENT*

Not pertinent to allegations

REASON(S) FOR REFERRAL: *ATTACHMENT*

Loan repaid within 10 days of receipt but amount exceeds Division threshold for referral

OTHER PENDING ACTIONS INITIATED BY RAD: *ATTACHMENT*

None

OTHER RELEVANT INFORMATION: *ATTACHMENT*

PREVIOUS OGC/AUDIT REFERRALS FROM RAD:

None

D 506
RAD 92-3011

REFER TO INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING

REPORTS ANALYSIS REFERRAL SHEET

DATE December 7, 1979 ANALYST Mary Jo Mesner MJM

TO: Office of General Counsel TEAM CHIEF Suzanne Wilson SW

THROUGH: STAFF DIRECTOR GAP COMPLIANCE REVIEW Carroll Bowen CB

FROM: ASSISTANT STAFF DIRECTOR FOR REPORTS ANALYSIS BH

CANDIDATE/COMMITTEE: WALTER FLOWERS FOR U. S. SENATE
TREASURER: Samuel B. Fields
ADDRESS: P. O. Box 2230, Tuscaloosa, AL 35401

MUR 1098

AFFILIATE(S): None

ALLEGATION(S):	CITE:	ATTACHMENT(S)
Excessive individual loan	2 U.S.C. 441a(a)(1)(A)	II

DATE INITIATED: 6/20/79

MANNER IN WHICH REVIEW WAS INITIATED:

- ☒ Normal Review
- ☐ Other:
- ☐ Special Project:

ATTACHMENT

2040309

REPORTS: All reports within the dates listed below have received initial basic review. For all reports reviewed, see Attachment 1.

PERIOD COVERED FROM 8/22/78 **TO** 9/11/78

TOTAL RECEIPTS $ 144,621 **TOTAL EXPENDITURES** $ 169,283

CASH ON HAND $ 9,917 **DEBTS** $ 110,000 (owed by committee)

HISTORY:

RESULTS OF REVIEW: *ATTACHMENT*

Excessive loan disclosed on 10 Day Pre-Runoff report — II
Unrequested amendment to same report received showing loan repaid — III
SV notice sent 7/18/79, before amendment showing refund was noted. — IV
Response received 8/6/79 — V

COMMUNICATIONS WITH CANDIDATE/COMMITTEE: *ATTACHMENT*

Not pertinent to allegations

REASON(S) FOR REFERRAL: *ATTACHMENT*

Loan repaid within 10 days of receipt but amount exceeds Division threshold for referral

OTHER PENDING ACTIONS INITIATED BY RAD: *ATTACHMENT*

None

OTHER RELEVANT INFORMATION: *ATTACHMENT*

PREVIOUS OGC/AUDIT REFERRALS FROM RAD:

None

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COMMITTEE DOCUMENT	RECEIPTS PRIMARY	RECEIPTS GENERAL	EXPENDITURES PRIMARY	EXPENDITURES GENERAL	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
WALTER FLOWERS FOR THE U.S. SENATE							ID# C00097493
1978 STATEMENT OF ORGANIZATION					8JUN78	4	78SEN/006/2972
REQUEST FOR ADDITIONAL INFORMATION					17JUL78	3	78FEC/000/3704
STATEMENT OF ORGANIZATION- AMENDMENT					23JUL78	7	78SEN/007/4006
48 HOUR CONTRIBUTION NOTICE					23AUG78	3	78SEN/010/2978
48 HOUR CONTRIBUTION NOTICE					24AUG78	3	78SEN/010/2981
48 HOUR CONTRIBUTION NOTICE					25AUG78	2	78SEN/010/2981
48 HOUR CONTRIBUTION NOTICE					25AUG78	2	78SEN/010/2785
48 HOUR CONTRIBUTION NOTICE					25AUG78	3	78SEN/010/3590
48 HOUR CONTRIBUTION NOTICE					26AUG78	2	78SEN/010/2897
48 HOUR CONTRIBUTION NOTICE					29AUG78	3	78SEN/010/3075
48 HOUR CONTRIBUTION NOTICE					30AUG78	2	78SEN/010/3415
48 HOUR CONTRIBUTION NOTICE					30AUG78	3	78SEN/011/0012
48 HOUR CONTRIBUTION NOTICE					31AUG78	2	78SEN/010/3724
48 HOUR CONTRIBUTION NOTICE					31AUG78	3	78SEN/011/0015
48 HOUR CONTRIBUTION NOTICE					1SEP78	2	78SEN/010/3893
48 HOUR CONTRIBUTION NOTICE					1SEP78	3	78SEN/011/0018
48 HOUR CONTRIBUTION NOTICE					2SEP78	1	78SEN/011/1110
48 HOUR CONTRIBUTION NOTICE					5SEP78	2	78SEN/011/0087
48 HOUR CONTRIBUTION NOTICE					8SEP78	3	78SEN/011/2349
48 HOUR CONTRIBUTION NOTICE					18SEP78	3	78SEN/012/0703
48 HOUR CONTRIBUTION NOTICE					19SEP78	2	78SEN/012/0467
48 HOUR CONTRIBUTION NOTICE					20SEP78	4	78SEN/012/0704
48 HOUR CONTRIBUTION NOTICE					21SEP78	3	78SEN/012/0524
48 HOUR CONTRIBUTION NOTICE					22SEP78	3	78SEN/012/0943
48 HOUR CONTRIBUTION NOTICE					23SEP78	2	78SEN/012/0432
48 HOUR CONTRIBUTION NOTICE					23SEP78	2	78SEN/012/0439
10 DAY PRE-PRIMARY	308,246		315,832		1JUL78 -21AUG78	91	78SEN/010/2984
REQUEST FOR ADDITIONAL INFORMATION					1JUL78 -21AUG78	3	79FEC/129/5408
10 DAY PRE-RUNOFF	144,621		169,283		22AUG78 -11SEP78	59	78SEN/012/0340
10 DAY PRE-RUNOFF - AMENDMENT	179,621		204,283		22AUG78 -11SEP78	60	78SEN/012/1029
REQUEST FOR ADDITIONAL INFORMATION					22AUG78 -11SEP78	2	79FEC/129/5481
REQUEST FOR ADDITIONAL INFO 2ND					22AUG78 -11SEP78	2	79FEC/133/1271
10 DAY PRE-RUNOFF - AMENDMENT					22AUG78 -11SEP78	3	79SEN/005/1571
30 DAY POST-PRIMARY	48,234		34,794		12SEP78 -25SEP78	33	78SEN/012/1364
REQUEST FOR ADDITIONAL INFORMATION					12SEP78 -25SEP78	2	79FEC/129/5453
30 DAY POST-RUNOFF	5,399		11,383		10CT78 -16OCT78	15	78SEN/014/0000
REQUEST FOR ADDITIONAL INFORMATION					10CT78 -16OCT78	2	79FEC/129/5457
JULY 10 QUARTERLY	185,802		143,636		1APR78 -30JUN78	41	78SEN/009/1751
REQUEST FOR ADDITIONAL INFORMATION					1APR78 -30JUN78	6	78FEC/006/1083
JULY 10 QUARTERLY - AMENDMENT	185,802		143,636		1APR78 -30JUN78	43	78SEN/012/1397
OCTOBER 10 QUARTERLY	3,260		11,316		26SEP78 -30SEP78	12	78SEN/014/0000
REQUEST FOR ADDITIONAL INFORMATION					26SEP78 -30SEP78	2	79FEC/129/5400
YEAR END REPORT	28,941		34,015		1OCT78 -31DEC78	32	79SEN/001/0406
REQUEST FOR ADDITIONAL INFORMATION					1OCT78 -31DEC78	3	79FEC/129/5489
TOTAL	759,503	0	755,259	0		483	TOTAL PAGES

All reports reviewed

FEDERAL ELECTION COMMISSION
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - CY 1979-1980

DATE 20NOV79
PAGE

SENATE

COMMITTEE	DOCUMENT		RECEIPTS PRIMARY	RECEIPTS GENERAL	EXPENDITURES PRIMARY	EXPENDITURES GENERAL	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
WALTER FLOWERS FOR THE U.S. SENATE									ID# C00097493
1979 MISCELLANEOUS TRANSACTION TO F.E.C.							9OCT79	3	79SEN/003/3903
APRIL 10 QUARTERLY				1,009		7,214	1JAN79 -31MAR79	7	79SEN/003/2478
JULY 10 QUARTERLY		3A - POSTCARD					1APR79 -30JUN79	1	79SEN/004/1044
OCTOBER 10 QUARTERLY		3A - POSTCARD					1JUL79 -30SEP79	3	79SEN/007/1112
		TOTAL	0	1,009	0	7,214		14	TOTAL PAGES

All reports reviewed

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10 Day Pre-Runoff

SCHEDULE C
REVISED
January, 1979
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC FORM 3

(Indicate Primary or General Election for each Entry)

Page 2 of 2 for
Line Number 13
(Use Separate Schedules for each numbered line)

Name of Candidate and Committee in Full
Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 Primary General X Other	9-11-78	$25,000.00	$ -0-	$25,000.00

NATURE OF OBLIGATION (Details of Debt)
Personal loan made by Dr. Robert S. Flowers 219 Paiko Drive Honolulu, Hawaii 96821
180 day loan made September 11, 1978 at 9% interest.

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Primary General Other		$	$	$

NATURE OF OBLIGATION (Details of Debt)

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Primary General Other		$	$	$

NATURE OF OBLIGATION (Details of Debt)

SUBTOTALS this period this page (optional)	$	$	$
TOTAL this period (last page this line number only)	$ [illegible]	$ [illegible]	$ [illegible]

Carry outstanding balance only to appropriate line of summary

7 8 0 2 0 4 0 3 0 1 0 9 6 2 0 1 2 0 4 1 5

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10 Day Pre-Runoff Amendment

SCHEDULE C
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13 of FEC FORM 3

(Indicate Primary or General Election for each Entry)

Page 2 of 2 for
Line Number 13
(Use Separate Schedules for each numbered line)

Name of Candidate and Committee in Full
Walter Flowers for U.S. Senate

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 ☐ Primary ☐ General ☒ Other	9-11-78	$35,000.00	$35,000.00	$ -0-

NATURE OF OBLIGATION (Details of Debt):
Personal loan made by Dr. Robert S. Flowers 219 Paiko Drive Honolulu, Hawaii 96821
180 day loan made September 11, 1978 at 9% interest

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
Walter Flowers 31 University Circle Tuscaloosa, AL 35401 ☐ Primary ☐ General ☒ Other	9-19-78	$35,000.00	$ -0-	$35,000.00

NATURE OF OBLIGATION (Details of Debt):
Personal loan made by Bank of Moundville P.O. Box 158 Moundville, AL 35474
180 day loan made September 19, 1978 at 9% interest

Full Name, Mailing Address and ZIP Code of Debtor or Creditor	Date (month, day, year)	Amount of Original Debt, Contract, Agreement or Promise	Cumulative Payment To Date	Outstanding Balance at Close of This Period
☐ Primary ☐ General ☐ Other		$	$	$

NATURE OF OBLIGATION (Details of Debt):

SUBTOTALS this period this page (optional)	$	$	$
TOTAL this period (last page this line number only)	$245,000.00	$135,000.00	$110,000.00

Carry outstanding balance only to appropriate line of summary.

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In reply please refer to: [illegible]

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 18, 1979

Samuel B. Fields, Treasurer
Walter Flowers for U.S. Senate
P. O. Box 2230
Tuscaloosa, Alabama 35401

Dear Mr. Fields:

This letter is prompted by the Commission's interest in assisting candidates and committees who wish to comply with the Federal Election Campaign Act, as amended. During review of the 10 Day Pre-Runoff Report of Receipts and Expenditures, we noticed an entry indicating that you may have received a contribution which exceeds the limits set forth in the Act. A copy of that portion of your report is attached so that a review of your records can be made.

The Act precludes individuals from making political contributions to a candidate for Federal election in excess of $1,000 per election.

The Commission recommends that if you find the contribution you received was in excess of the limits set forth in the Act you return the amount in excess of $1,000 to the donor. This return should be reported immediately by letter and should be reflected as a contribution refund on your next report of receipts and expenditures. If you find that the entry in question is incomplete or incorrect, please submit a statement which would clarify this particular matter for the public record. You may do so by amending your original report by letter.

Please notify the Commission within fifteen (15) days from the date of this letter of the determination made on this matter. If you have any questions concerning this matter, please do not hesitate to contact Mary Jo Mesner (800)424-9530, our Reports Analyst assigned to you. Our local telephone number is (202)523-4172.

Sincerely,

Orlando B. Potter

Orlando B. Potter
Staff Director

Enclosure
Certified Mail:
Return Receipt Requested

7903133127-1
820403011100

JLS SSU1791 10

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
- ☐ Show to whom and date delivered
- ☐ Show to whom, date, and address of delivery
- ☐ RESTRICTED DELIVERY
  Show to whom and date delivered
- ☐ RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery.
  (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
W Flowers for me Perkins

4. DATE OF DELIVERY

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

F. G. PERKINS

27 JUL 1979

WALTER FLOWERS FOR US. SEN HL

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RECEIVED
FEDERAL ELECTION
COMMISSION

'79 AUG 6 AM 10:32

AUG 2 1979

REGULAR MAIL

WALTER FLOWERS FOR U. S. SENATE
P. O. Box 2230
Tuscaloosa, Alabama 35401

1979 AUG -7 PM 12:11
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES

Mr. Orlando B. Potter
Staff Director
Federal Election Commission
Washington, D. C. 20463

Attention: Ms. Mary Jo Mesner

Dear Mr. Potter:

In reference to your letter 5SV1/79-16 dated July 18, 1979, and my telephone conversation with Mr. Mac Malone of your office on July 30, 1979, you are advised the error to which your letter relates was discovered and refunded on September 19, 1978. This was reported to the commission by my amended report dated September 19, 1978.

I hope the information included in the amended report answers your questions.

Yours very truly,

Samuel B. Fields, Treasurer
Walter Flowers for U. S. Senate

RECEIVED
SECRETARY OF THE SENATE
1979 AUG 14 AM 9:31
HAND DELIVERED

79030051503

FEDERAL ELECTION COMMISSION

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

THIS IS THE BEGINNING OF MUR # 1098

Date Filmed 12/20/82 Camera No. --- 2

Cameraman DPC