



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.  
WASHINGTON, D.C. 20543

THIS IS THE END OF MUR # 1783

Date Filmed 7/15/85 Camera No. --- 1

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FEDERAL ELECTION COMMISSION

4 Blue Cards, 2 Commission Memo, 4 Correspondence Control Slips,  
Pre-Brief Report - Responses, Charleston National Bank Response -  
Loan Application, Parkersburg Bank Loan Note, 12-Day Report - Responses  
Name/Address Sheet, Brief

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):

- |                                     |   |                                     |  |
|-------------------------------------|---|-------------------------------------|--|
| <input type="checkbox"/>            | (1) Classified Information                                | <input checked="" type="checkbox"/> | (6) Personal privacy                             |
| <input checked="" type="checkbox"/> | (2) Internal rules and practices                          | <input type="checkbox"/>            | (7) Investigatory files                          |
| <input type="checkbox"/>            | (3) Exempted by other statute                             | <input checked="" type="checkbox"/> | (8) Banking Information                          |
| <input type="checkbox"/>            | (4) Trade secrets and commercial or financial information | <input type="checkbox"/>            | (9) Well Information (geographic or geophysical) |
| <input checked="" type="checkbox"/> | (5) Internal Documents                                    |                                     |  |

Signed Andrew J. Marten  
date 4/18/85

85040530711



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

December 11, 1984

Tom Graff, Esquire  
Bowles, McDavid, Graff and Love  
16th Floor, Commerce Square  
Charleston, West Virginia 25325

RE: MUR 1783  
Parkersburg National Bank

Dear Mr. Graff:

On September 19, 1984, the Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on December 4, 1984, determined that on the basis of the information in the complaint, and information provided by you, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by the Parkersburg National Bank. Accordingly, the Commission closed its file in this matter as it pertains to your client. This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. The Commission reminds you that 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.

Sincerely,

Charles N. Steele  
General Counsel

A handwritten signature in cursive script, appearing to read "Kenneth A. Gross".

BY: Kenneth A. Gross  
Associate General Counsel

85040530712



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Tom Graff, Esquire  
Bowles, McDavid, Graff and Love  
16th Floor, Commerce Square  
Charleston, West Virginia 25325

RE: MUR 1783  
Parkersburg National Bank

Dear Mr. Graff:

On September 19, 1984, the Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on \_\_\_\_\_, 1984, determined that on the basis of the information in the complaint, and information provided by you, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by the Parkersburg National Bank. Accordingly, the Commission closed its file in this matter as it pertains to your client. This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. The Commission reminds you that 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.

Sincerely,

Charles N. Steele  
General Counsel

BY: Kenneth A. Gross  
Associate General Counsel

85040530713

*Handwritten initials and date: "KAG" and "12/10"*



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

December 11, 1984

Eugene R. Hoyer, Esquire  
Hoyer, Hoyer and Berthold  
22 Capitol Street  
Charleston, West Virginia 25301

RE: MUR 1783  
J.C. Dillon, Jr.

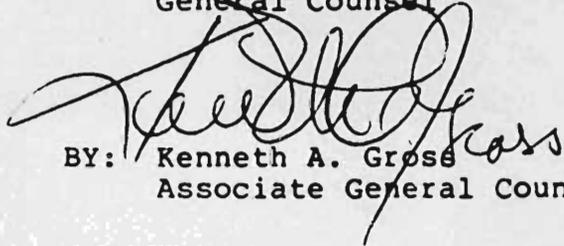
Dear Mr. Hoyer:

On September 19, 1984, the Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on December 4, 1984, determined that on the basis of the information in the complaint, and information provided by the respondent, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by J.C. Dillon, Jr. Accordingly, the Commission closed its file in this matter as it pertains to your client. This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. The Commission reminds you that 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.

Sincerely,

Charles N. Steele  
General Counsel

  
BY: Kenneth A. Gross  
Associate General Counsel

85040530714



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Eugene R. Hoyer, Esquire  
Hoyer, Hoyer and Berthold  
22 Capitol Street  
Charleston, West Virginia 25301

RE: MUR 1783  
J.C. Dillon, Jr.

Dear Mr. Hoyer:

On September 19, 1984, the Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on \_\_\_\_\_, 1984, determined that on the basis of the information in the complaint, and information provided by the respondent, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by J.C. Dillon, Jr. Accordingly, the Commission closed its file in this matter as it pertains to your client. This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. The Commission reminds you that 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.

Sincerely,

Charles N. Steele  
General Counsel

BY: Kenneth A. Gross  
Associate General Counsel

85040530715

*Amended*



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

April 4, 1985

Mario J. Palumbo  
Love, Wise & Woodroe  
P.O. Box 951  
Charleston, West Virginia 25323

RE: MUR 1783  
Charleston National Bank

Dear Mr. Palumbo:

This is to advise you that after an investigation was conducted, the Commission concluded on March 26, 1985, that there is no probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1783, has been closed. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

If you have any questions, contact Andrew Maikovich the attorney assigned to handle this matter at (202) 523-4000.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. N. Steele".

Charles N. Steele  
General Counsel

85040560716



FEDERAL ELECTION COMMISSION  
WASHINGTON D.C. 20463

April 4, 1985

Joseph R. Goodwin  
Goodwin & Goodwin  
1717 Charleston National Plaza  
Charleston, West Virginia 25301

RE: MUR 1783  
Clyde M. See, Jr.

Dear Mr. Goodwin:

This is to advise you that after an investigation was conducted, the Commission concluded on March 26, 1985, that there is no probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1783, has been closed. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

If you have any questions, contact Andrew Maikovich the attorney assigned to handle this matter at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

85040530717



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

April 4, 1985

Larry D. Swann  
215 Cass Avenue  
West Union, West Virginia 26456

Re: MUR 1783

Dear Mr. Swann:

This is in reference to the complaint you filed with the Commission on September 14, 1984, concerning bank loans to Clyde M. See, Jr.

Based on your complaint, the Commission determined there was reason to believe that Clyde M. See, Jr. and the Charleston National Bank violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter. After an investigation was conducted and briefs of the General Counsel and the respondent were considered, the Commission concluded on March 26, 1985, that there was no probable cause to believe that Clyde M. See, Jr. or the Charleston National Bank violated the Act. Accordingly, the file in this matter, number MUR 1783, has been closed. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Federal Election Campaign Act allows a Complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

35040560718



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

April 4, 1985

Eugene R. Hoyer  
Hoyer, Hoyer & Berthold  
22 Capitol Street  
Charleston, West Virginia 25301

RE: MUR 1783  
J.C. Dillon, Jr.  
Wylie Stowers

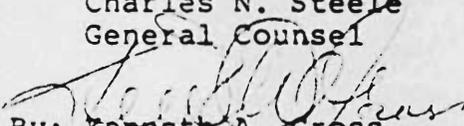
Dear Mr. Hoyer:

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 wish to submit any legal or factual materials to be placed on the public record in connection with this matter, please do so within 10 days.

Should you have any questions, contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

85040540719



FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20463

April 4, 1985

Tom Graff  
Bowles, McDavid, Graff and Love  
16th Floor, Commerce Square  
Charleston, West Virginia 25325

RE: MUR 1783  
Parkersburg National Bank

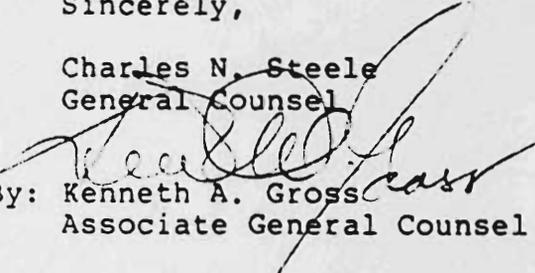
Dear Mr. Graff:

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 wish to submit any legal or factual materials to be placed on the public record in connection with this matter, please do so within 10 days.

Should you have any questions, contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

85040560720



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Eugene R. Hoyer  
Hoyer, Hoyer & Berthold  
22 Capitol Street  
Charleston, West Virginia 25301

RE: MUR 1783  
J.C. Dillon, Jr.  
Wylie Stowers

Dear Mr. Hoyer:

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 wish to submit any legal or factual materials to be placed on the public record in connection with this matter, please do so within 10 days.

Should you have any questions, contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

By: Kenneth A. Gross  
Associate General Counsel

AM 4/2

85040530721



FEDERAL ELECTION COMMISSION  
WASHINGTON D.C. 20463

Tom Graff  
Bowles, McDavid, Graff and Love  
16th Floor, Commerce Square  
Charleston, West Virginia 25325

RE: MUR 1783  
Parkersburg National Bank

Dear Mr. Graff:

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 wish to submit any legal or factual materials to be placed on the public record in connection with this matter, please do so within 10 days.

Should you have any questions, contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

By: Kenneth A. Gross  
Associate General Counsel

8504050722

4/1 AM

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Clyde M. See, Jr. and )  
 )  
the Charleston )  
 )  
National Bank )

MUR 1783

CERTIFICATION

I, Mary W. Dove, recording secretary for the Federal Election Commission executive session of March 26, 1985, do hereby certify that the Commission decided by a vote of 4-0 to take the following actions in MUR 1783:

1. Find no probable cause to believe the Charleston National Bank violated 2 U.S.C. § 441b(a) by making a contribution in the form of a loan to Clyde M. See, Jr.
2. Find no probable cause to believe Clyde M. See, Jr., violated 2 U.S.C. § 441b(a) by accepting a contribution from the Charleston National Bank.
3. Approve the letters attached to the General Counsel's Report of March 26, 1985.
4. Close the file.

Commissioners Aikens, Elliott, Harris, and McGarry voted affirmatively for this decision.

Attest:

3-26-85  
Date

  
Mary W. Dove  
Recording Secretary

85040530723

**SENSITIVE**

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED  
FEC  
SECRETARY

In the Matter of )  
 )  
Clyde M. See, Jr. and )  
the Charleston National )  
Bank )

MUR 1783

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MAR 26 1985

**GENERAL COUNSEL'S REPORT**

**EXECUTIVE SESSION**

**I. Background**

Larry D. Swann filed a complaint on September 14, 1984, in which he asserted that Clyde M. See, Jr., a candidate for Governor of West Virginia, received loans from the Charleston National Bank and Bank of Dunbar which were made outside their ordinary course of business.

On December 4, 1984, the Commission determined there was reason to believe Clyde M. See, Jr. and the Charleston National Bank violated 2 U.S.C. § 441b(a) and instituted an investigation of the matter.

After analyzing the respondents' replies to the reason to believe findings, the Office of General Counsel mailed briefs to the respondents on February 14, 1985, which recommended that the Commission find no probable cause to believe a violation of the Act had been committed. The Charleston National Bank responded to the brief on February 21, 1985 (Attachment 1) and Clyde M. See, Jr. responded on March 5, 1985 (Attachment 2).

**II. Legal Analysis**

Please see the Office of General Counsel's brief of February 14, 1985.

**III. Recommendation**

Therefore, the Office of General Counsel recommends the Commission:

35040530724

1. Find no probable cause to believe the Charleston National Bank violated 2 U.S.C. § 441b(a) by making a contribution in the form of a loan to Clyde M. See, Jr.
2. Find no probable cause to believe Clyde M. See, Jr., violated 2 U.S.C. § 441b(a) by accepting a contribution from the Charleston National Bank.
3. Approve the attached letters.
4. Close the file.

19 March 1985  
Date

  
Charles N. Steele  
General Counsel

**Attachments**

1. Reply of Charleston National Bank
2. Reply of Clyde M. See, Jr.
3. Letter to respondents
4. Letter to complainant

85040530725

Attachment 1

LAW OFFICES  
LOVE, WISE & WOODROE

P. O. BOX 951  
CHARLESTON, WEST VIRGINIA 25323

TELEPHONE (304) 343-4841  
CHARLESTON NATIONAL PLAZA

CHARLES C. WISE, JR. (1911-1982)  
JOHN O. RIZER  
ROBERT E. MAONUSON  
THOMAS C. DAMEWOOD  
GEORGE W. S. GROVE, JR.  
MARIO J. PALUMBO  
CHARLES E. BARNETT  
WILLIAM W. BOOKER  
LARRY J. GONZALES  
STEVEN C. HANLEY  
J. ROBERT GWYNNE  
KURT E. ENTSMINGER  
LAIRD MINOR  
DAVID L. WYANT

STEPHEN M. HORN  
KATHLEEN V. DUFFIELD  
DAVID A. MOHLER  
KEVIN A. NELSON  
HOWARD G. SALISBURY, JR.  
HARRY M. RUBENSTEIN

February 19, 1985

COUNSEL  
CHARLES M. LOVE  
WILLIAM M. WOODROE  
ERNEST H. GILBERT

Federal Election Commission  
Washington, D. C. 20463

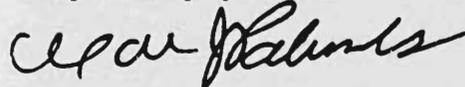
Attention: Secretary of the Commission

Re: MUR 1783  
Charleston National Bank

Gentlemen:

In lieu of submitting a brief, I am writing to advise the Commission that the Charleston National Bank concurs with the General Counsel's recommendation and brief, dated February 14, 1985, "that the Commission find no probable cause to believe that a violation has occurred."

Very truly yours,



Mario J. Palumbo

MJP/mls

85040530726

Attachment 2

85 MAR 5 P 2: 24

LAW OFFICES  
GOODWIN & GOODWIN

800 CHURCH STREET  
RIPLEY, W. VA. 25271  
304/372-2651

717 CHARLESTON NATIONAL PLAZA  
CHARLESTON, W. VA. 25301  
304/348-0321

601 AVERY STREET  
PARKERSBURG, W. VA. 26101  
304/488-2345

REPLY TO: Charleston, WV

*Markovich*

March 1, 1985

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

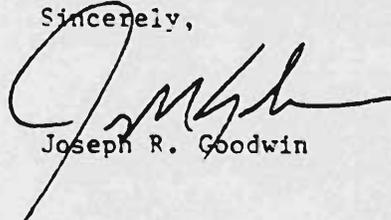
Re: MUR 1783  
Clyde M. See, Jr.

Dear Mr. Steele:

On behalf of Clyde M. See, Jr., we concur with the recommendation of the Office of General Counsel, as contained in their brief. We do not wish to submit any further briefs in this matter.

We still maintain that the Commission lacks jurisdiction, but in light of the recommendation of the Office of General Counsel, we will no longer contest the matter.

Sincerely,

  
Joseph R. Goodwin

JRG/m

85040530727

2



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Mario J. Palumbo  
Love, Wise & Woodroe  
P.O. Box 951  
Charleston, West Virginia 25323

RE: MUR 1783  
Charleston National Bank

Dear Mr. Palumbo:

This is to advise you that after an investigation was conducted, the Commission concluded on \_\_\_\_\_, 1985, that there is no probable cause to believe that your client violated the Act. Accordingly the file in this matter, numbered MUR 1783, has been closed. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

If you have any questions, contact Andrew Maikovich the attorney assigned to handle this matter at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

85040530723



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Joseph R. Goodwin  
Goodwin & Goodwin  
1717 Charleston National Plaza  
Charleston, West Virginia 25301

RE: MUR 1783  
Clyde M. See, Jr.

Dear Mr. Goodwin:

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Sincerely,

Charles N. Steele  
General Counsel

35040530722



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Larry D. Swann  
215 Cass Avenue  
West Union, West Virginia 26456

Re: MUR 1783

Dear Mr. Swann:

This is in reference to the complaint you filed with the Commission on September 14, 1984, concerning bank loans to Clyde M. See, Jr.

Based on your complaint, the Commission determined there was reason to believe that Clyde M. See, Jr. and the Charleston National Bank violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and instituted an investigation of this matter. After an investigation was conducted and briefs of the General Counsel and the respondent were considered, the Commission concluded on , 1985, that there was no probable cause to believe that Clyde M. See, Jr. or the Charleston National Bank violated the Act. Accordingly, the file in this matter, number MUR 1783, has been closed. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Federal Election Campaign Act allows a Complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

If you have any questions, please contact Andrew Maikovich, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

35040530730

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85 MAR 5 P2:24

LAW OFFICES  
GOODWIN & GOODWIN

500 CHURCH STREET  
RIPLEY, W. VA. 25271  
304/372-2651

1717 CHARLESTON NATIONAL PLAZA  
CHARLESTON, W. VA. 25301  
304/346-0321

601 AVERY STREET  
PARKERSBURG, W. VA. 26101  
304/485-2345

REPLY TO: Charleston, WV  
Markovich

March 1, 1985

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

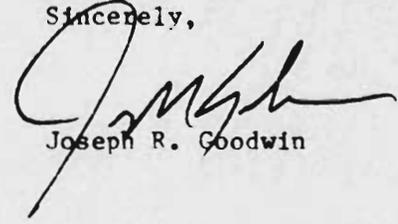
Re: MUR 1783  
Clyde M. See, Jr.

Dear Mr. Steele:

On behalf of Clyde M. See, Jr., we concur with the recommendation of the Office of General Counsel, as contained in their brief. We do not wish to submit any further briefs in this matter.

We still maintain that the Commission lacks jurisdiction, but in light of the recommendation of the Office of General Counsel, we will no longer contest the matter.

Sincerely,



Joseph R. Goodwin

JRG/m

85040530731

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Acct # 6728

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LAW OFFICES  
LOVE, WISE & WOODROE  
P. O. BOX 951

CHARLESTON, WEST VIRGINIA 25323

TELEPHONE (304) 343-4841  
CHARLESTON NATIONAL PLAZA

STEPHEN M. HORN  
KATHLEEN V. DUFFIELD  
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HARRY M. RUBENSTEIN

CHARLES C. WISE, JR. (1911-1982)  
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STEVEN C. HANLEY  
J. ROBERT OWYNNE  
KURT E. ENTSMINGER  
LAIRD MINOR  
DAVID L. WYANT

February 19, 1985

COUNSEL  
CHARLES M. LOVE  
WILLIAM M. WOODROE  
ERNEST H. GILBERT

Federal Election Commission  
Washington, D. C. 20463

Attention: Secretary of the Commission

Re: MUR 1783  
Charleston National Bank

Gentlemen:

In lieu of submitting a brief, I am writing to advise the Commission that the Charleston National Bank concurs with the General Counsel's recommendation and brief, dated February 14, 1985, "that the Commission find no probable cause to believe that a violation has occurred."

Very truly yours,

Mario J. Palumbo

MJP/mls

85040530730

LAW OFFICES  
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P. O. BOX 951  
CHARLESTON, WEST VIRGINIA 25323

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TELEPHONE (304) 343-4841  
CHARLESTON NATIONAL PLAZA

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HOWARD G. SALISBURY, JR.  
HARRY M. RUBENSTEIN

February 19, 1985

COUNSEL  
CHARLES M. LOVE  
WILLIAM M. WOODROE  
ERNEST H. GILBERT

Federal Election Commission  
Washington, D. C. 20463

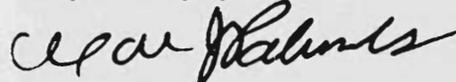
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Very truly yours,



Mario J. Palumbo

MJP/mls

95040560733

LAW OFFICES  
LOVE, WISE & WOODROE  
P. O. BOX 951  
CHARLESTON, WEST VIRGINIA 25323

CHARLES C. WISE, JR. (1911-1982)  
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LAIRD MINOR  
DAVID L. WYANT

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KEVIN A. NELSON  
HOWARD G. SALISBURY, JR.  
HARRY M. RUBENSTEIN

February 19, 1985

COUNSEL  
CHARLES M. LOVE  
WILLIAM M. WOODROE  
ERNEST H. GILBERT

Federal Election Commission  
Washington, D. C. 20463

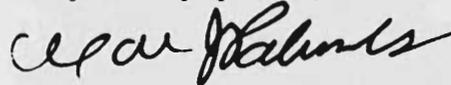
Attention: Secretary of the Commission

Re: MUR 1783  
Charleston National Bank

Gentlemen:

In lieu of submitting a brief, I am writing to advise the Commission that the Charleston National Bank concurs with the General Counsel's recommendation and brief, dated February 14, 1985, "that the Commission find no probable cause to believe that a violation has occurred."

Very truly yours,



Mario J. Palumbo

MJP/mls

8504050731

GCC#6114

LAW OFFICES  
GOODWIN & GOODWIN

800 CHURCH STREET  
RIPLEY, W. VA. 25271  
304/372-2651

1717 CHARLESTON NATIONAL PLAZA  
CHARLESTON, W. VA. 25301  
304/346-0321

RECEIVED  
OFFICE OF THE FEC  
COMMISSIONER STADY  
601 AVERY STREET

01/08/88 10:48:45  
PARKERSBURG, W. VA. 26101

REPLY TO Charleston, WV

Klaikovich

December 26, 1984

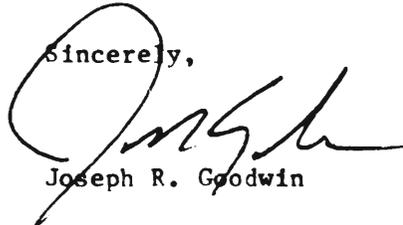
Lee Ann Elliott  
Chairman  
Federal Election Commission  
Washington, D. C. 20463

Re: MUR 1783  
Clyde M. See, Jr.

Dear Chairman Elliott:

The respondent, Clyde M. See, Jr., adopts the Answer provided by The Charleston National Bank, with his authorization as his answers to the enclosed questions, and further reasserts all representations and defenses made in his prior response and continues to insist and will insist in any court action, should that become necessary, that this Commission is without jurisdiction.

Sincerely,



Joseph R. Goodwin

JRG/m  
Enclosure

00000700



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 11, 1984

Mario J. Palumbo, Esquire  
P.O. Box 951  
Charleston, West Virginia 25323

RE: MUR 1783  
Charleston National Bank

Dear Mr. Palumbo:

The Federal Election Commission notified you on September 19, 1984, of a complaint which alleges that your client had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on December 4, 1984, determined that there is reason to believe that the Charleston National Bank violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that the Charleston National Bank made an unsecured loan to Clyde M. See, Jr. in violation of 2 U.S.C. § 431(8)(B)(vii).

Your response to the Commission's initial notification of this complaint did not provide complete information regarding the matter in question. Please submit answers to the enclosed questions within 10 days of receipt of this letter. Statements should be submitted under oath.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

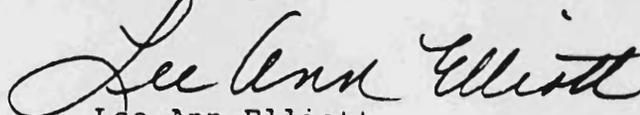
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Mario J. Palumbo, Esquire  
Page 2

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

  
Lee Ann Elliott  
Chairman

Enclosure  
Questions

85040530737

QUESTIONS FOR THE CHARLESTON NATIONAL BANK

1. Was the loan with Clyde M. See, Jr. evidenced by a written instrument? If so, please provide a copy of the loan agreement with Clyde M. See, Jr.
2. When was the loan made and what was its due date?
3. What was the amount of the loan?
4. What interest rate was paid on the loan?
5. Please list any security agreements made with Clyde M. See, Jr. in relation to this loan.
6. Please list any other factors which would affect the security of the loan's repayment.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Mario J. Palumbo, Esquire  
P.O. Box 951  
Charleston, West Virginia 25323

RE: MUR 1783  
Charleston National Bank

Dear Mr. Palumbo:

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The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

35740530737

Mario J. Palumbo, Esquire  
Page 2

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If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Enclosure  
Questions

85040530740

QUESTIONS FOR THE CHARLESTON NATIONAL BANK

1. Was the loan with Clyde M. See, Jr. evidenced by a written instrument? If so, please provide a copy of the loan agreement with Clyde M. See, Jr.
2. When was the loan made and what was its due date?
3. What was the amount of the loan?
4. What interest rate was paid on the loan?
5. Please list any security agreements made with Clyde M. See, Jr. in relation to this loan.
6. Please list any other factors which would affect the security of the loan's repayment.

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*pm*



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

December 11, 1984

Joseph R. Goodwin, Esquire  
1717 Charleston National Plaza  
Charleston, West Virginia 25301

RE: MUR 1783  
Clyde M. See, Jr.

Dear Mr. Goodwin:

The Federal Election Commission notified you on September 19, 1984, of a complaint which alleges that your client had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on December 4, 1984, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that Clyde M. See, Jr. accepted a loan from the Charleston National Bank which was not secured as required under 2 U.S.C. § 431(8)(B)(vii).

Your response to the Commission's initial notification of this complaint did not provide complete information regarding the matter in question. Please submit answers to the enclosed questions within 10 days of receipt of this letter. You may also submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

85040530742

Joseph R. Goodwin, Esquire  
Page 2

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If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

*Lee Ann Elliott*  
Lee Ann Elliott  
Chairman

Enclosure  
Questions

8304050743

QUESTIONS FOR CLYDE M. SBE, JR.

1. Was the loan with the Charleston National Bank evidenced by a written instrument? If so, please enclose a copy of the loan agreement with the Charleston National Bank.
2. When was the loan made and what was its due date?
3. What was the amount of the loan?
4. What interest rate was paid on the loan?
5. Please list any security arrangements made with the Charleston National Bank in relation to this loan.
6. Please list any other factors which would affect the security of the loan's repayment.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Joseph R. Goodwin, Esquire  
1717 Charleston National Plaza  
Charleston, West Virginia 25301

RE: MUR 1783  
Clyde M. See, Jr.

Dear Mr. Goodwin:

The Federal Election Commission notified you on September 19, 1984, of a complaint which alleges that your client had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on September 19, 1984, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that Clyde M. See, Jr. accepted a loan from the Charleston National Bank which was not secured as required under 2 U.S.C. § 431(8)(B)(vii).

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Joseph R. Goodwin, Esquire  
Page 2

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If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Enclosure  
Questions

85040560746

MM

QUESTIONS FOR CLYDE M. SEE, JR.

1. Was the loan with the Charleston National Bank evidenced by a written instrument? If so, please enclose a copy of the loan agreement with the Charleston National Bank.
2. When was the loan made and what was its due date?
3. What was the amount of the loan?
4. What interest rate was paid on the loan?
5. Please list any security arrangements made with the Charleston National Bank in relation to this loan.
6. Please list any other factors which would affect the security of the loan's repayment.

85040560747

*RM*



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

December 11, 1984

Eugene R. Hoyer, Esquire  
Hoyer, Hoyer and Berthold  
22 Capitol Street  
Charleston, West Virginia 25301

RE: MUR 1783  
Wylie Stowers

Dear Mr. Hoyer:

On September 19, 1984, the Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on December 4, 1984, determined that on the basis of the information in the complaint, and information provided by the respondent, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by Wylie Stowers. Accordingly, the Commission closed its file in this matter as it pertains to your client. This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. The Commission reminds you that 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.

Sincerely,

Charles N. Steele  
General Counsel

BY: Kenneth A. Gross  
Associate General Counsel

85040560743



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Eugene R. Hoyer, Esquire  
Hoyer, Hoyer and Berthold  
22 Capitol Street  
Charleston, West Virginia 25301

RE: MUR 1783  
Wylie Stowers

Dear Mr. Hoyer:

On September 19, 1984, the Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on \_\_\_\_\_, 1984, determined that on the basis of the information in the complaint, and information provided by the respondent, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by Wylie Stowers. Accordingly, the Commission closed its file in this matter as it pertains to your client. This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. The Commission reminds you that 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.

Sincerely,

Charles N. Steele  
General Counsel

BY: Kenneth A. Gross  
Associate General Counsel

*AMC 10/10*

85040530742

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1783
Clyde M. See, Jr.	)	
Charleston National Bank	)	
Parkersburg National Bank (Bank of	)	
Dunbar)	)	
J.C. Dillon, Jr.	)	
Wylie Stowers	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on December 4, 1984, the Commission decided by a vote of 6-0 to take the following actions in MUR 1783:

1. Find reason to believe the Charleston National Bank violated 2 U.S.C. § 441b(a) by making a contribution in the form of a loan to Charles M. See, Jr.
2. Find reason to believe Charles M. See, Jr. violated 2 U.S.C. § 441b(a) by accepting a contribution from the Charleston National Bank.
3. Find no reason to believe the Parkersburg National Bank violated 2 U.S.C. § 441b(a) by making a contribution in the form of a loan to Charles M. See, Jr..
4. Find no reason to believe that Wylie Stowers and J.C. Dillon, Jr. violated 2 U.S.C. § 441a(a)(1)(A).

(Continued)

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5. Send the letters and questions attached to the First General Counsel's Report signed November 29, 1984.

Commissioners Aikens, Elliott, Harris, McDonald, McGarry and Reiche voted affirmatively in this matter.

Attest:

12-5-84  
Date

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

85040500751

Received in Office of Commission Secretary:  
Circulated on 48 hour tally basis:

11-30-84, 9:41  
11-30-84, 2:00

**SENSITIVE**

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

RECEIVED  
OFFICE OF THE FEC  
SECRETARY

FIRST GENERAL COUNSEL'S REPORT

SEP 30 9:41

DATE AND TIME OF TRANSMITTAL BY MUR NO. 1783  
OGC TO THE COMMISSION 11/30/84 9:20am DATE COMPLAINT RECEIVED BY  
OGC September 14, 1984  
STAFF MEMBER  
Andrew Maikovich

COMPLAINANT'S NAME: Larry D. Swann

RESPONDENTS' NAMES: Clyde M. See, Jr.  
Charleston National Bank  
Parkersburg National Bank (Bank of  
Dunbar)  
J.C. Dillon, Jr.  
Wylie Stowers

RELEVANT STATUTES: 2 U.S.C. § 441b(a)  
2 U.S.C. § 441b(b)(2)  
2 U.S.C. § 431(8)(B)(vii)  
11 C.F.R. § 100.7(b)(11)

INTERNAL REPORTS  
CHECKED: None

SUMMARY OF ALLEGATIONS

Larry D. Swann filed a complaint (Attachment 1) on September 14, 1984, in which he asserts that Clyde M. See, Jr., Democratic candidate for Governor of West Virginia, received an unsecured loan of \$25,000 from the Charleston National Bank. Complainant alleges this loan was outside the Bank's ordinary course of business and without reasonable assurance of repayment as required by 2 U.S.C. § 441b and 11 C.F.R. § 100.7(b)(11).

Complainant also alleges that See obtained a second campaign loan of \$30,000 from the Bank of Dunbar, whose accounts are insured by the Federal Deposit Insurance Corporation. The loans

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were allegedly co-signed by J.C. Dillon, Jr. and Wylie Stowers in contravention to West Virginia Code § 3-8-12f, which limits state contributions to \$1,000 per candidate. Complainant alleges that 2 U.S.C. § 441b and 11 C.F.R. § 100.7(b)(11) were violated if the loans violated the West Virginia statute.

A response to the allegations was submitted by Clyde M. See, Jr. (Attachment 2), the Charleston National Bank (Attachment 3), the Parkersburg National Bank (formerly the Bank of Dunbar) (Attachment 4), J.C. Dillon, Jr. (Attachment 5), and Wylie Stowers (Attachment 6).

FACTUAL AND LEGAL ANALYSIS

A. Facts

Clyde M. See, Jr., candidate for Governor of West Virginia, received an unspecified loan from the Charleston National Bank for use in his campaign. Various newspapers reported the loan to be unsecured and for an amount up to \$25,000. See admits to receiving a loan, but the date, amount and security are unspecified (Attachment 2, p. 3). It is not known whether See repaid the loan.

See also received a loan from the Parkersburg National Bank<sup>1/</sup> for use in his campaign. This loan was endorsed by J.C. Dillon, Jr. and Wylie Stowers. The loan was reported in newspaper articles as totalling \$30,000. See also reportedly paid off this loan by refinancing it elsewhere (Attachment 1, p. 9).

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<sup>1/</sup> The Bank of Dunbar, as identified in the complaint, merged with the Parkersburg National Bank in October 1983, a few months prior to the loan.

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B. Legal Analysis

Under 2 U.S.C. § 441b(a), it is unlawful for any national bank to make a contribution or expenditure in connection with any state or federal election. A loan is a contribution unless it is made in accordance with the applicable banking laws and regulations and is in the ordinary course of business. 2 U.S.C. § 441b(b)(2). Both loans were made by national banks to a candidate for Governor of West Virginia. The Commission therefore has jurisdiction over this matter.

Under 2 U.S.C. § 431(8)(B)(vii) and 11 C.F.R. § 100.7(b)(11), a loan is made in the ordinary course of business if: 1) it bears the usual and customary interest rate of the bank; 2) is evidenced by a written instrument; 3) is subject to a due date or amortization schedule; 4) is made on a basis which assures repayment.

The Charleston National Bank loaned an undetermined amount of money to Charles M. See, Jr. The Bank has admitted to loaning See money, but did not specify any dates, length of time, interest rates or security involved. Newspaper articles enclosed with the complaint allege the loan was unsecured and upwards of \$25,000. The responses of See and the Bank state the loan was made in the ordinary course of business.

See's campaign committee allegedly reported to the West Virginia Secretary of State's Office \$188,614 in "personal advancements from the candidate." This included \$55,000 as "loans" and \$133,614 as "personal loans." Without additional

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information on See's financial capabilities or loan history, it is impossible to determine whether the repayment of the Charleston loan was adequately assured. There is reason to believe that See and the Charleston National Bank violated 2 U.S.C. § 441b(a) by agreeing to a loan which was not adequately assured.

The second loan questioned by the complainant, for \$30,000 from the Parkersburg National Bank, was evidenced by a written instrument for a term of 90 days at prime plus one percent interest. The loan was endorsed by J.C. Dillon, Jr. and Wylie Stowers, who filed financial statements with the bank prior to the advance of funds. The bank's response states that Dillon and Stowers' financial capabilities provided adequate collateral for the loan. The loan subsequently was paid in full. Thus, there is no evidence this loan violated applicable banking laws or was made outside the ordinary course of business.

Complainant argues that the loan violated West Virginia Code § 3-8-12f, which limits an individual's state contributions to \$1,000 per candidate. Under 2 U.S.C. § 441b(b)(2), a loan is a contribution. The term "loan" includes a guarantee, endorsement or any other form of security. 11 C.F.R. § 100.7(a)(1)(i). If the loan had been made for the purpose of influencing a federal election, the endorsers would have been in violation of federal law. However, the co-signers guaranteed the loan for the purpose of influencing a state election. This is a question of state law. Thus, since the loan was made in the ordinary course of

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business, the actions of J.C. Dillon, Jr. and Wylie Stowers are not within the Commission's jurisdiction.

RECOMMENDATIONS

1. Find reason to believe the Charleston National Bank violated 2 U.S.C. § 441b(a) by making a contribution in the form of a loan to Charles M. See, Jr. .
2. Find reason to believe Charles M. See, Jr. violated 2 U.S.C. § 441b(a) by accepting a contribution from the Charleston National Bank.
3. Find no reason to believe the Parkersburg National Bank violated 2 U.S.C. § 441b(a) by making a contribution in the form of a loan to Charles M. See, Jr..
4. Find no reason to believe that Wylie Stowers and J.C. Dillon, Jr. violated 2 U.S.C. § 441a(a) (1) (A).
5. Send attached letters and questions.

Charles N. Steele  
General Counsel

Nov 29, 1984  
Date

BY:

  
Kenneth A. Gross  
Associate General Counsel

Attachments:

- 1) Complaint
- 2) Clyde M. See's Response
- 3) Charleston National Bank's Response
- 4) Parkersburg National Bank's Response
- 5) J.C. Dillon's Response
- 6) Wylie Stowers' Response
- 7) Letters to Respondents and Questions

35740530756

**SENSITIVE**

Attachment 1

FEDERAL ELECTION COMMISSION

LARRY D. SWANN,  
COMPLAINANT

vs.

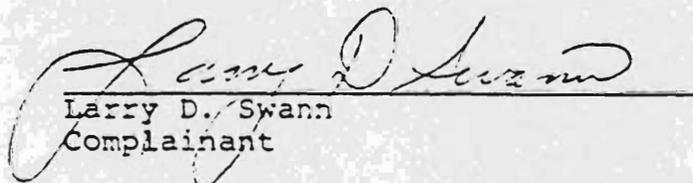
CLYDE M. SEE, JR.,  
CHARLESTON NATIONAL BANK, a National Bank,  
THE BANK OF DUNBAR, member FDIC,  
J. C. DILLON, JR.,  
WYLIE STOWERS,  
RESPONDENTS

COMPLAINT

- 35040530757
1. The Complainant, Larry D. Swann, is a member of the West Virginia House of Delegates and resides at 215 Cass Avenue, West Union, Doddridge County, West Virginia 26456.
  2. Clyde M. See, Jr., is the Democratic candidate for Governor of the State of West Virginia and resides at Box 504, Moorefield, Hardy County, West Virginia 26836.
  3. Charleston National Bank is a national bank association operating its principal place of business at Charleston National Plaza, Capitol and Virginia Streets, Charleston, Kanawha County, West Virginia 25301 and authorized to conduct a banking business in West Virginia under the laws of the United States.
  4. The Bank of Dunbar is a corporation chartered to conduct a banking business under the laws of West Virginia whose deposits and accounts are insured by the Federal Deposit Insurance Corporation with its principal place of business at 12th Street and Grosscup Avenue, Dunbar, Kanawha County, West Virginia 25064.
  5. J. C. Dillon, Jr., resides at Terrace Park East, 2106 Kanawha Boulevard, East, Charleston, Kanawha County, West Virginia 25311.
  6. Wylie Stowers resides at West Hamlin, Lincoln County, West Virginia 25571.
  7. This complaint is based upon alleged violations of 2USC§441b and 11CFR§100.7(b)(11) prohibiting contributions by any national bank or lending institution whose deposits are insured by the FDIC in connection with any election to any political office. The subject elections of this complaint are the primary and general elections for Governor of the State of West Virginia.

8. It is complainant's information and belief that Clyde M. See, Jr., has accepted and received a political contribution from Charleston National Bank to his campaign for Governor of the State of West Virginia.
9. It is complainant's information and belief that said contribution is in the form of an unsecured loan to Clyde M. See, Jr., for use in his political campaign which was made outside of the ordinary course of business; in contravention of Charleston National Bank's ordinary procedures for authorization of similar loans and without reasonable assurance of repayment. The amount of the loan is unclear but has been reported by various news sources to be at least \$25,000.00.
10. It is complainant's information and belief that Clyde M. See, Jr., obtained a loan in the amount of \$30,000 from the Bank of Dunbar for use in his political campaign which was co-signed by Mr. Dillon and Mr. Stowers. It is believed that the loan was made outside of the ordinary course of business and in violation of applicable state law such as to make it a contribution. It is believed the co-signers were liable for and hence contributed to Mr. See's campaign an amount in excess of the \$1,000.00 contribution limit to candidates imposed by West Virginia Code §3-8-12f.
11. The sources of complainant's information are articles published in the "Charleston Daily Mail", the "Sunday Gazette Mail", the "Charleston Gazette", and other newspapers of general circulation in West Virginia which reflect statements by Clyde M. See, Jr. Said articles are attached to this complaint.

Wherefore the complainant asks that the Federal Election Commission take action to investigate the allegations contained in the foregoing complaint as to whether or not the respondents have committed violations of the statutes and regulations over which the Commission has jurisdiction.

  
Larry D. Swann  
Complainant

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VERIFICATION

This day personally appeared before the undersigned, Larry D. Swann, who after being duly sworn under oath deposes and says that he signed the foregoing complaint and believes to the best of his knowledge and information that the statements contained in the complaint are accurate.

Larry D. Swann  
Complainant

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, to-wit:

Taken, sworn and subscribed to before me this 12<sup>th</sup> day  
of September, 1984.

Kandall B. Swann  
Notary Public

My commission expires April 1, 1986.

85040560759

# Swann questions See's loan procedure

Fanny Seller  
OF WRITER

cause of "so many unanswered questions" about Democratic gubernatorial nominee See's campaign loans, Minority Leader Larry R. Doddridge, suggested today that the state Election Commission investigate. If it can't, Swann said the matter would be taken to court.

In response to a question, Swann also said at a late morning news conference that legal counsels think there is a "very good possibility" the Charleston National Bank may be in some difficulty for making a \$25,000 unsecured loan to See in the primary.

Swann was unavailable and didn't return calls left at his campaign headquarters, his speaker's office or his hotel suite. However, press spokesman David Baker said See would have any response planned. Swann said after questions were asked about the loans, See refused them to erase any possibility of wrongdoing even though he felt there was any.

Alph Bean, chairman of the Election Commission, said he couldn't say if the Commission will or won't investigate because state law requires secrecy. But Bean said he would disqualify himself from participating if there is an investigation because he contributed to See in the primary. The two grew up together in Moore-



See



Swann

Fred Eiland, press officer for the Federal Elections Commission, said the federal commission would have jurisdiction over the unsecured loan at a federal bank and it would have to act on a complaint if one is made. He said the federal commission has jurisdiction in either state or federal races when a federally chartered bank is involved in an unsecured loan. A complaint hasn't been filed, he said.

Swann told the news conference he thought See had violated the spirit of the election law, but that it would take a judicial interpretation to determine if he had.

After he was challenged by former Gov. Arch Moore Jr. about the loans in a July debate, See said he obtained a \$25,000 unsecured loan from Charleston National Bank, a federally chartered bank. He said Lincoln County Democratic Chairman Wylie Slowers and former state Democratic Chairman J.C. Dillon had cosigned a \$30,000 loan at the Bank of Dunbar, a division of Parkersburg National Bank. Until then, See had declined to answer questions about them other than to say they were his personal loans and he wasn't going to discuss them.

See also said he had 14 names of people who would have cosigned, but they weren't needed.

"Who are all these co-signers and so-called 14 endorsers, and have the co-signers made illegal contributions by cosigning for more than the \$1,000 legal contribution limit?" Swann asked.

Are these loans cosigned and unsecured perfectly legal?" he continued. "Are they in the best interest and best public policy, and, more importantly, did the state Legislature intend for this type of campaign financing to be allowed?"

"Have the bank or banks involved in the unsecured loans violated any election laws by making corporate contributions to a political candidate?" he asked.

As a veteran legislator, Swann said he was present when most of the election laws were passed and he didn't think the Legislature intended that kind of campaign financing.

Swann said he would advise candidates that it would be improper. "If this kind of financing is appropriate, what would prohibit a rich oil baron from taking his favorite candidate to one of his banks and getting him an interest free long-term loan for a million dollars and telling the bank president not to worry about when it gets paid back," Swann added.

When asked if he was referring to Gov. Jay Rockefeller, whose family made a fortune in oil, Swann replied: "You can infer that."

Swann said if See were a federal candidate, he understands See would be removed from the ballot for having too many individuals cosign a \$30,000 loan. That is \$15,000 for

Eiland said loans that are cosigned for federal candidates have to have a different individual for each \$1,000 borrowed. The \$1,000 is the maximum donation that an individual can give in the primary and the general.

Eiland said if the Federal Election Commission got a complaint over the unsecured loan, it would have jurisdiction in a state race because Eiland said under federal law, banks cannot contribute or expend money in any campaign.

Eiland read the federal law to a reporter. It said loans must be made in accordance with applicable law and in the ordinary course of business, and shall be considered a loan by each endorsee or guarantor on the basis of assurances of repayment, evidenced by a written instrument and subject to a due date or amortization schedule. The loans also have to have the usual and customary interest rate of the bank.

Eiland wasn't familiar with the circumstances of the loans. Generally speaking, he said the ordinary course of business means that the person who got the loan was a regular customer of the bank and got the loan on the same basis that he got loans in the past.

If, for example, he said, any candidate had obtained unsecured loans in the past, it would be the ordinary course of business to get an unsecured loan to use in a campaign.

Bean said the state Election Commission also includes Barbara Ruley of Parkersburg, Patricia McDonald of Huntington, Al Hammond, a political science professor from Morgantown and Secretary of State A. James Manchin who said earlier he didn't see a problem with the cosigned loans as long as the cosigners didn't have to pay back any of the loan. Manchin received a \$2,000 loan for his primary campaign from his son Mark Anthony.

Swann said legal counsel advised him to first exhaust his remedies with the state commission

before going to court. "I frankly considered going to court first," he told reporters.

Time is of the essence, he said, adding that other candidates may want to know if they can finance their campaigns like See. Even though See refinanced the loan, Swann said that didn't remove the act of getting an unsecured loan and a loan that was cosigned in excess of the \$1,000 contribution limit for each co-signer.

Whether See still has a loan at Charleston National, or where his consolidated loan was refinanced, isn't known. Baker didn't know and said he would try to find out. He didn't call back to provide any information and when a reporter recalled him, Baker had left campaign headquarters and his wife

Friday, August 21, 1981

★ The Charleston Gazette

## Law violated?

**I**N A ONE-PARTY state, it's hard to find any impartial umpires, because nearly everyone is a player on the same team.

House Minority Leader Larry Swann, R-Doddridge, has called upon the West Virginia Election Commission to investigate Democratic gubernatorial candidate Clyde See's campaign finances. But officials of the election commission are in thick with See.

Ralph Bean, chairman of the commission, has contributed to See's campaign. Bean won't say if there will be an investigation, although he said if there is one, he would disqualify himself. Really? So how will the public ever know whether the matter is being investigated and whether it is being handled impartially?

See obtained an unsecured loan of \$25,000 from the Charleston National Bank, which is federally chartered. That makes the matter a case for the Federal Elections commission. That may be the only way that See's alleged financing irregularities can ever be probed.

It may be too much to expect the election commission of a Democratic administration, staffed by See's cronies, to look into the matter. They may whitewash it, but even that might come after the November election.

See also secured a loan for \$30,000, which was cosigned by

Of course, Clyde See's campaign finances should be investigated.

some other Democratic political cronies of his. This appears to violate the state elections law which limits contributions to \$1,000 per individual.

Secretary of State A. James Manchin said he sees nothing wrong with the loans if the cosigners don't have to pay off the loan. That's hogwash! The cosigners have entered into contractual obligations far exceeding the \$1,000 limit. Manchin's "see no evil" attitude toward a fellow Democrat's chicanery is further evidence that West Virginia needs a two-party political system.

Of course, See's campaign finances should be investigated. On the face of it, he is in worse shape than his party's vice presidential nominee, Geraldine Ferraro, over questionable loans.

It's ironic that See has chosen to belabor his opponent, Arch Moore, over unsubstantiated charges which Moore answered years ago — but is trying to wiggle out of a major breach of campaign ethics himself.

One gets the impression that See should never have brought up the "integrity issue." It seems to stick to him rather than to Moore.

35040530761

# Loan Probe Onus On Manchin, Official Says

By HERB LITTLE  
Associated Press Writer

The head of the state Election Commission says the secretary of state, and not the commission, should handle any investigation into Democratic gubernatorial candidate Clyde See's campaign loans.

The Republican leader of the House of Delegates, Larry Swann of Doddridge County, called Thursday for the commission to look into See's loans be-

cause he "at the minimum violated the spirit of our election laws."

But the commission's chairman, Clarksburg attorney Ralph J. Bean, noted that his panel has "no budget and no staff" and said, "I would think it would be more appropriate for the secretary of state, as the state's chief election officer, to look into this."

Secretary of State A. James Manchin, a member of the Election Commission, and See were at the State Fair on Thursday and unavailable for comment.

Acknowledging that state election laws are vague on the subject of campaign loans, Swann said "the state statutes and regulations need to be looked at much closer by an independent commission to determine the propriety of See's loans."

Swann said he has not filed a formal request or complaint with the Election Commission because it "has clear authority to investigate upon its own initiative."

But Bean said that if Swann wants the commission to investigate the matter, he should make a formal request.

"It's my personal view, without attempting to speak for the commission, that anybody who wants action taken with such possible serious consequences ought to be prepared to file a complaint," Bean said.

Replying to another question, Swann said he was acting on his own in calling for an investigation and did not discuss the matter with See's November election opponent, Republican ex-Gov. Arch Moore.

See borrowed money to help finance his successful primary campaign. His campaign committee's subsequent financial reports to the secretary of state didn't list the loan sources or identify possible co-signers.

Moore questioned See about the loans in their televised debate last month. Without mentioning amounts, See replied that he had obtained an unsecured loan from the Charleston Na-

tional Bank and a loan from the Bank of Dunbar that was co-signed by his campaign chairman, J. C. Dillon Jr., and Lincoln County Democratic Chairman Wylie Stowers.

A few days after the debate, See said he had refinanced his campaign debt, eliminating co-signers who could be held responsible for payment in case of default. See said then, "I wanted to clear the air since there had been some suggestion it was improper."

Republicans had alleged that repayment by co-signers after a possible default would put them in the position of exceeding the \$1,000 legal limit on campaign contributions.

The See for Governor Committee's reports to the secretary of state, in itemizing money received for the primary campaign, listed \$188,614 under the headings "personal advancements from candidate." This amount included items totaling \$55,000 listed as "loans" and \$133,614 listed as "personal loans." The reports gave no other details about the loans.

The Country Editor

# Stonewalling See Avoids Issues

Clyde See is stonewalling. The Democrat nominee for governor hasn't answered scads of legitimate questions concerning the propriety of how his primary campaign was funded. He is avoiding this issue.



ADAM  
KELLY

See is attempting to divert attention from it through the tested political maneuver of attacking his opponent's record instead of defending his own.

He boasts that he already has set dynamite charges" against Archer in the current campaign, and "atomic bombs" are to come. The candidate labeled all questions concerning his political financial schemes as "firecrackers. They're blowing me for borrowing money for my primary campaign." Well, not exactly, Clyde.

See primary election reports to the secretary of state listed \$133,614

as "personal loans" and \$55,000 as "loans."

The candidate admitted that Lincoln County Democratic Chairman Wylie Stowers and former party chairman J.C. Dillon had co-signed a \$30,000 loan at the Bank of Dunbar (now part of Parkersburg National Bank) for his primary campaign. He further admitted obtaining a \$25,000 unsecured loan from Charleston National Bank for the same purpose.

The Republican leader of the House of Delegates, Larry Swann of Doddridge County, views these proceedings with a somewhat jaundiced eye and has called for an investigation by the state Election Commission into the See campaign loans. These, he said, "violate the spirit of our election laws."

The state Election Commission thinks the secretary of state should investigate. The secretary of state agrees that the matter of such bank loans is a gray area, and suggests that those who question their propriety take the matter to court.

This bureaucratic runaround is a genteel variety of stonewalling, too, of course.

It shouldn't be necessary to go to court to get responsive replies to questions of legitimate public interest — how Clyde See financed his primary election campaign. One-third of the money he spent came from loans.

Without that cash, which enabled See to put on a last-minute media blitz, the Democrat party would now have a different nominee for governor.

Last month, See glibly announced he had refinanced his campaign debt. Co-signers who could be held responsible for paying off loans in case of default had been eliminated. "I wanted," said pious Clyde in his most unctuous manner, "to clear the air since there had been some suggestion it was improper."

The air is still foggy.

See revealed he had a list of 14 names of people who would have co-signed his loans.

Swann's query: "Who are all these co-signers and so-called 14 endorsers, and have the co-signers made illegal contributions by co-signing for more than the \$1,000 legal contribution limit?"

(This is no small matter. Is the Grand Kook of the Ku Klux Klan one of them? Is one of the convicted crooks from the Wally Barron gang included? Who are these people?)

No answer. Clyde See is stonewalling.

"Are these loans co-signed and unsecured perfectly legal? Are they in the best interest and the best public policy, and, more importantly, did the state Legislature intend for this type of campaign financing to be allowed?"

No answer. Clyde See is stonewalling.

"Have the banks involved in the unsecured loans violated any election laws by making corporate contributions to a political candidate?"

No answer. Clyde See is stonewalling.

What interest rate did these loans bear? This is important. If Clyde got his money interest free, or at a rate substantially lower than the going one, then, in effect, the banks involved have made a corporate contribution to this political candidate.

As Minority Leader Swann noted, "If this kind of financing is appropriate, what would prohibit a rich oil baron from taking his favorite candidate to one of his banks and getting him an interest-free loan for a million dollars and telling the bank president not to worry when it gets paid back?" Good question.

The queries concerning unsecured and co-signed campaign loans naturally bear great relevance to the current gubernatorial race. But their importance transcends the moment.

The minority leader said he is "fully convinced that what See has done is wrong. I want to know if we all can run our campaigns like this. Can my friends find a rich friend like Clyde did and secure \$50,000 campaign donations in the form of co-signed bank loans? I don't think that was the intent of the law ... but if that's what's permitted we all should be able to do it. As far as I'm concerned it's the most serious political issue of 1984."

The Parkersburg News

Thursday, August 30, 1984

Clyde's campaign spokesman David Baker, responded to all this saying he had no information on the loans because they are "Mr. See's personal business."

And therein lies the crux of the matter. Where Clyde got the money is now a public affair because he wants it to win a political campaign for public office. And that makes it people's business.

Moreover, there is an ethical principle involved.

Clyde See should stop stonewalling and answer the legitimate questions which have been raised about his campaign money — or admit publicly that he just doesn't have what it takes to be governor of West Virginia.

So the image thus far projected of this candidate is far from that of Stonewall Jackson.

Instead, it's Stonewall See.

### Manchin defends campaign loans

CHARLESTON — Secretary of State A. James Manchin says there's nothing illegal about loans made to election campaigns that could exceed the legal limit for contributions if the candidates fail to repay them. Manchin, the state's chief elections officer, issued his opinion after questions were raised about loans made to his campaign for state treasurer and Clyde See's gubernatorial campaign. Campaign financial statements indicate that both campaigns received loans that exceed the \$1,000 legal limit for contributions. The secretary of state said that as best as he can determine, state election law does not address the subject of co-signed campaign loans. But he admitted it could present a problem in the future.

35040580764

# Cosigned loan has been paid, See says

By TOM D. MILLER  
Chief correspondent

CHARLESTON — Democratic gubernatorial candidate Clyde See Jr. said yesterday he has paid off a primary campaign loan cosigned by two other people.

"I wanted to clear the air since there had been some suggestion it was improper," See said. "I don't want to mislead you, though. I simply refinanced it elsewhere to get rid of it."

See acknowledged at last Friday's television debate with GOP foe Arch A. Moore Jr. that he had obtained a loan from the Bank of Dunbar cosigned by former campaign Chairman J.C. Dillon and Lincoln County Democratic Chairman Wylie Stowers.

He said there were 14 other willing cosigners but the bank said they were not necessary.

See said he now has \$134,000 of personal loans in the campaign, but no debts involving any cosigners.

Secretary of State A. James Manchin said yesterday state election laws do not address the subject of cosigned campaign loans. He said it could be a problem in the future.

According to Manchin, if the candidate would default and the cosigners paid off the loan, this would exceed the \$1,000 campaign contribution limit any person can give a candidate.

Manchin, who won the Democratic nomination for treasurer in the primary, has his own cosigned campaign loan. He said his son, Mark Anthony, took out a \$2,000 loan to help finance the primary campaign.

"I didn't know in advance he was borrowing the money," Manchin said. "But there won't be any problem. It will be paid off."

See said there is no requirement to report his personal loans on the campaign financial reports but that questions had been raised so he

A \$500-per-couple fund-raising reception was scheduled here last night hosted by, among others, state party Chairman Joe Bob Goodwin and former Tax Commissioner David Hardesty.

"We have 20 fund-raisers scheduled and perhaps that many more requests for fund-raisers," he added.

He said the money will be used to run the fall campaign, though, and not to pay off the loans.

Noting the contrast with Moore, unopposed in the primary and now fortified with a campaign fund of nearly \$750,000, See said he still thinks there will be "very little difference in what we both spend on the campaign."

He also said he looks forward to more debates with Moore. A West Virginia Chamber of Commerce debate is scheduled Aug. 31 at The Greenbrier and See said yesterday he has a tentative invitation from the League of Women Voters for one on Nov. 3.

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9

## IERS

AFFAIRS  
OF STATE

Fanny Seiler

**P**PRIVATE businesses in West Virginia paid about \$21 million last year to the federal government for administration costs in the unemployment compensation programs — regular and extended benefits. Tax-supported governmental entities and certain private non-profit corporations paid nothing for administration.

Governmental entities and private non-profit corporations that comply with Internal Revenue Service exemptions get a free ride on administrative costs because of federal law.

Employment Security Commissioner Nyle Hughes says there has been a lot of conversation about the inequity. It's a "very very sore spot" with some members of the unemployment insurance committee of the Interstate Conference of Employment Security Agencies, Hughes said. He was a member of the committee until he became commissioner.

Daniel Light, director of unemployment compensation, says there are 491 governmental and non-profit corporations in West Virginia.

Hughes said West Virginia recommended the federal statute be changed to require the payment of administration costs for governmental and non-

## Private sector pays jobless program costs

profit groups. But Hughes said it's a difficult area because one government can't tax another government.

But while private businesses subsidize governmental and non-profit entities, the private sector has paid nearly \$24.8 million through federal tax credit losses toward a \$98.4 million interest-free loan the Department of Employment Security had to get from the federal government during recession times to make unemployment compensation benefit payments.

When the interest-free loan is paid back, they'll have to pay off \$228 million in loans that have an interest rate of nearly 10 percent. The interest, however, will be paid from the state's general tax revenues.

Government entities have the option of refunding the unemployment compensation trust fund dollar-for-dollar for unemployment compensation benefits paid to their laid-off employees. Private business, on the other hand, pays 6.2 percent of the first \$8,000 it pays in wages to each employee and the administrative share is 0.7 percent.

Private employers probably are saying "give us a break."

**S**HORTS — Gov. Jay Rockefeller started a new series of TV spots last Tuesday. Initially, two spots will be alternated and then a half dozen others will be phased in, according to political consultant Phil Friedman. They deal with Rockefeller's background and experience and how

he's qualified to be senator. Secretary of State A. James Manchin is seen briefly in one of the ads. The new ads say Rockefeller is running for Senate while the old ones didn't say what he was running for. Former Republican Gov. Arch A. Moore Jr., who is running for a third term as governor, is to start his TV spots this week. Former Delegate John McCuskey, R-Harrison, has started his radio ads in sections of the state where he's less well-known and his TV will start the first week of September.

Democratic gubernatorial nominee Clyde See has hired Tony Schwartz, New York media producer with a name in the business, for doing mean and nasty political ads. Schwartz was contacted by See's media consultant, Dresner Sykes, to do the production. Both Schwartz and Dresner Sykes are New York firms. Schwartz is remembered for the TV spot he did in the 1964 presidential race of a little girl pulling petals from a flower that resulted in a nuclear bomb explosion. Because of the Fifth Amendment ad See did on Attorney General Chauncey Browning in the gubernatorial primary, some of Browning's contributors have gone to Moore, saying they don't think the state needs that kind of below-the-belt campaigning.

As of last Thursday, there were 632 reservations to the governor's fund-raiser at his Pocahontas County farm today and other individuals indicated they would buy a \$50-per-person ticket at the farm, according to Mike Willard, communications director. Charles McElwee, Charleston lawyer

who has a farm in Pocahontas County two miles from Rockefeller's, has invited a number of people to his place before the Rockefeller fund-raiser to meet See, state Supreme Court candidate William Brotherton Jr., and some other Democratic candidates. (McElwee helped buy the land that became Rockefeller's farm.) Former state Sen. William Sharpe, D-Lewis, who is the Democratic nominee for his old seat, is going to the McElwee private event, which isn't a fund-raiser. Sharpe, incidentally, got a permit to carry a pistol on his construction projects.

Sharpe gave his own salute to Mary Lou Retton in a radio spot he made to the tune of the song "Mary Lou." Sharpe sings and plays the organ in the radio tape. One individual called Sharpe to tell him he sounded like Rudy Valentino. Sharpe commented to the caller that he tried to keep up with the young jet set, but found out his caller was an 82-year-old lady. See got an unsecured loan from the Charleston National Bank, but he left behind some hard feelings among certain members of the board of directors. Mall developer Fred Haddad is a member of the bank board and the word circulating among Haddad's friends is that Haddad was upset because if he wanted a loan, the board members had to be polled, but the board wasn't polled when See got his loan. Haddad has donated to both Rockefeller and Moore.

## Seiler: Affairs of State

Continued From Page 2D

A request for the loan was denied initially by a board member, but See got it after he called C. Joe Mullen, a former Rockefeller banking commissioner and good friend of Tom Goodwin, who was gubernatorial executive assistant when Mullen was director of the Governor's Office of Economic and Community Development. Goodwin is a brother to Joe Bob Goodwin, the Democratic state chairman, who said he didn't call Mullen, but See did call him. Mullen was on vacation last week, but a very high ranking bank official said the loan was out of Mullen's area although Mullen was good at checking credit. Mullen is a senior vice president at Charleston National. The high-ranking official came on the phone when this reporter identified herself and asked the public relations person for a list of the bank directors.

At first he wanted the reporter to promise not to call the directors before giving the names of nearly half the directors. He then relented. The official said he had full confidence in the loan department but the bank isn't discussing any details of loans and it isn't clear whether Charleston National has a loan or the unsecured loan was consolidated with other loans and moved to another bank. Students of politics are puzzled about something Moore said in the debate with See in July when the former governor talked about "Marie" standing in the doorway, watching highway surveying crews. Joe Bob Goodwin says Moore was just using Marie as an example. Others say it was a strange takeoff on Jane Doe examples. Who is Marie and what was Moore talking about? Maybe See can ask Moore to elaborate at their next debate Aug. 31. Former Democratic State Chairman J.C. Dillon wasn't at the See fundraiser. Dillon is on vacation.

Statewide Democratic candidates, with the exception of Manchin, who is running for treasurer, had a luncheon Friday a week ago with Rockefeller at the mansion to discuss the election. One source

who attended said See was told he should be doing certain things, but See made it very clear he was going to run his campaign his way. See indicated to the governor that his own poll, which included Rockefeller's race with Republican John Raese, showed a much closer race than the governor's poll conducted by Peter Hart, the source said. The results of the Hart poll in the gubernatorial race were very bad for See, but the figures aren't available. Another poll — not the Hart poll — is said to have been something like 33 for See and 58 or 59 for Moore. Raese says he will have a poll taken the middle of September.

A Teter poll which Republican Congressional candidate Jim Allmeyer had taken in the 1st Congressional District is said to have shown Raese only 2 points behind Rockefeller in the district, but Rockefeller sources say it was Rockefeller 29 points ahead of Raese in the district. Bill Ellis of Jamon Real Estate and a private health facilities partner with Don Richardson and Dave Callaghan, both of whom were once in the Rockefeller administration, and Bob Person, owner of Standard Exterminating and Standard Construction in Kanawha City, had a \$100-a-couple fund-raiser for See at the Heart-o-Town Hollis-

day Inn Friday night. Jack Pauley, one-time county clerk and former gubernatorial aide to Rockefeller, asked Cameron Lewis, director of roadside services in the Department of Highways, to help sell tickets. Lewis said he had sold between 50 and 60 tickets by farming some of them out to friends.

Jack Ferrell, one of the Democratic factional kingpins in Logan County, is having a fund-raiser for See in Logan next Saturday and reports from Clarksburg say beer distributor Sam D'Annunzio had a private fund-raiser for See in Clarksburg, but his office doesn't know anything about it and D'Annunzio has been unavailable, having attended the Olympics in California with Carmine Cann, prominent Harrison County Democrat. A source says Moore has surpassed his fund-raising goal. Beer distributor Jack Catalano, who operates to both Democrats and Republicans but is a Democrat, is said to have been the bartender at Moore's riverboat fund-raiser.

Raese is paying big bucks to Washington consultant Vince Breglio because he needed him to raise political action money, but recent figures on PAC money that was contributed to various candidates showed Raese with only \$16,000, the second lowest amount.

See SEILER Page 5D

## Seiler: Affairs

Continued From Page 4D

per candidate. Sen. Charles Percy, R-Ill., who is apparently trailing in the polls, got \$605,503, while his son-in-law, Gov. Rockefeller, has received more than \$250,000. A witness at the airport confrontation between Rockefeller and Tag Galvean car sales manager Randy Ruppert over the parade route for Mary Lou Retton says he never saw the governor so emotional. Rockefeller was speaking in a raised voice and shaking his finger, a source said.

The source said Rockefeller told Ruppert there was a threat on Mary Lou's life, but it turned out that the threat was on Rockefeller who decided against riding

in a car behind Mary Lou to be the safe side for everybody. Or Roark, who was there, retorted he wasn't getting in middle but her parents ought decide about the parade route. When asked about it, Roark had no comment. A word of comment from Ruppert: You may not have been the first one Rockefeller had his disagreements with, you're in good company. He was actor Robert Redford, Mayor Roark, who invited Rockefeller to the dedication of the walkway between Capitol Square and Town Center, didn't get invited to the celebration at the Capitol for Mary Lou, but a spokesman said it was only for people from the Statehouse.

85040560767

Attachment 2

BEFORE THE FEDERAL ELECTION COMMISSION

LARRY D. SWANN,

Complainant,

v.

MIR 1783

CLYDE M. SEE, JR., CHARLESTON  
NATIONAL BANK, a National Bank,  
THE BANK OF DUNBAR, Member FDIC,  
J. C. DILLON, JR., and NYLIE STOWERS,

Respondent.

MEMORANDUM WHY COMMISSION SHOULD TAKE NO ACTION  
AGAINST CLYDE M. SEE, JR.

I

The Complaint filed herein should be dismissed for the reason that the Federal Election Commission is not empowered to investigate nor regulate state elections. 2 U.S.C. §431, et. sec. The very name of the Commission defines its jurisdiction, and its regulations make clear that it has no jurisdiction over those seeking state elective office.

II

The Complaint should be dismissed for the further reason that your respondent believes and avers that no violation was committed by any person, including the national bank and the insured bank referred to in the Complaint, but in any event asserts that he is improperly named as a respondent and should be henceforth dismissed. That is to say, that the Complaint does not, as required by 111.4, identify a violation alleged to have been committed by your respondent relative to a federal candidate or election.

85040540763

The loans which were made to your respondent by The Charleston National Bank and the Bank of Dunbar were not contributions by the lending institution or any other person; were made in accordance with applicable banking laws and regulations; and were made in the ordinary course of business. Therefore, even if this Commission had jurisdiction over the respondent, such loans were not "contributions or expenditures within the meaning of 2 U.S.C. §441(b)(a) and do not violate the Federal Election Campaign Act of 1971.

For further response to the Complaint, your respondent avers in the alternative to his request for dismissal above, that:

1. He admits the allegations contained in Paragraphs 1, 2, 3, 4, 5 and 6 of the Complaint.
2. The respondent admits that he obtained a loan from the Charleston National Bank and a loan from the Bank of Dunbar, which loan from the Bank of Dunbar was not co-signed by any person, but was endorsed by Mr. J. C. Dillon and Mr. Wylie Stowers. As previously averred, said loans were made in the ordinary course of business and were not in violation of any applicable state or federal law or regulation of this Commission.
3. The respondent denies each and every other allegation contained herein.

FURTHER STATEMENT

Your respondent is the Democratic nominee for the office of Governor of the State of West Virginia, a state elective office, and believes that this Complaint was filed for a political purpose and without just

35040560769

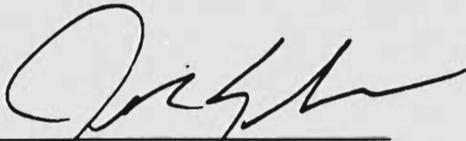
cause and that the complainant is attempting to use this Commission for partisan political purposes and, therefore, invites the Commission to take appropriate action to prevent further abuse of its forum.

P R A Y E R

WHEREFORE, your respondent prays that the Complaint filed herein against him be dismissed immediately.

CLYDE M. SEF, JR.

By Counsel

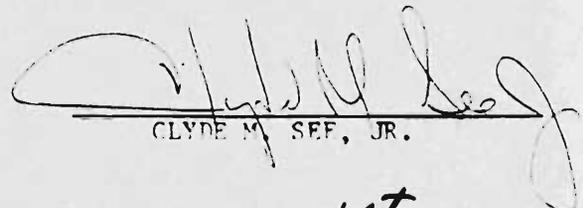


JOSEPH R. GOODWIN  
GOODWIN & GOODWIN  
1717 Charleston National Plaza  
Charleston, WV 25301

85040530770

STATE OF WEST VIRGINIA,  
COUNTY OF KANAWHA, TO-WIT:

CLYDE M. SEE, JR., being first duly sworn, says that he has read the allegations contained in the foregoing Memorandum, and that said allegations are true and correct, except such as are therein stated to be upon information and belief, and such as are therein stated to be upon information and belief, he believes the same to be true.

  
CLYDE M. SEE, JR.

Taken, subscribed and sworn to before me this 1st day of October, 1984.

My commission expires: March 19, 1993  
Mary Olden  
Notary Public

8504050771

Attachment 3

FEC  
G.C.C.# 5059  
OCT 9 P 5:05

LAW OFFICES  
LOVE, WISE & WOODROE  
P O BOX 951

CHARLESTON, WEST VIRGINIA 25323

TELEPHONE (304) 343-4841  
CHARLESTON NATIONAL PLAZA

CHARLES C WISE JR 1911-1982  
JOHN C PIZER  
ROBERT E MAGNUSON  
THOMAS C DANEWOOD  
GEORGE W S GROVE JR  
MARIO J PALUMBO  
CHARLES E BARNETT  
HARRY P HENSHAW, III  
WILLIAM W BOCKER  
LARRY J GONZALES

STEVEN C HANLEY  
J ROBERT GWYNNE  
KURT E ENTSINGER  
LAIRD MINOR  
DAVID L WYANT  
RICHARD W GALLAGHER  
DAVID A MOHLER  
KEVIN A NELSON

October 3, 1984

COUNSEL  
CHARLES M LOVE  
WILLIAM M WOODROE  
ERNEST H GILBERT

OCT 11 11:10 AM '84

Federal Election Commission  
Washington, D. C. 20463

Attention: Office of General Counsel  
Kenneth A. Gross  
Associate General Counsel

Re: MUR 1783

Gentlemen:

As counsel for the Charleston National Bank I enclose herewith the following:

1. Statement of Designation of Counsel.
2. Duly verified Response of the Respondent Charleston National Bank.

Very truly yours

*Mario J. Palumbo*  
Mario J. Palumbo

MJP/mls  
Enclosures  
cc: Mr. Josh C. Cox, Jr.

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

8504050772

BEFORE THE FEDERAL ELECTION COMMISSION

LARRY D. SWANN,

Complainant,

v.

MUR 1783

CLYDE M. SEE, JR., CHARLESTON  
NATIONAL BANK, a National  
Bank, THE BANK OF DUNBAR, Member  
FDIC, J. C. DILLON, JR., and  
WYLIE STOWERS,

Respondents.

RESPONSE OF THE RESPONDENT CHARLESTON NATIONAL BANK

For its response to the complaint of Larry D. Swann,  
the respondent Charleston National Bank hereby states as follows:

FIRST DEFENSE

1. The respondent Charleston National Bank admits to the allegations contained in paragraph 1 of the complaint.
2. The respondent Charleston National Bank admits to the allegations contained in paragraph 2 of the complaint.
3. The respondent Charleston National Bank admits to the allegations contained in paragraph 3 of the complaint.
4. The respondent Charleston National Bank admits to the allegations contained in paragraph 4 of the complaint.

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5. The respondent Charleston National Bank is without sufficient information to form a belief as to the truth or falsity of the allegations contained in paragraph 5 of the complaint and, accordingly, demands strict proof thereof.

6. The respondent Charleston National Bank is without sufficient information to form a belief as to the truth or falsity of the allegations contained in paragraph 6 of the complaint and, accordingly, demands strict proof thereof.

7. The respondent Charleston National Bank denies each and every allegation contained in paragraph 7 of the complaint.

8. The respondent Charleston National Bank denies each and every allegation contained in paragraph 8 of the complaint.

9. In response to the allegations contained in paragraph 9 of the complaint, the respondent Charleston National Bank admits that a loan was made by the respondent Charleston National Bank to respondent Clyde M. See, Jr. The respondent Charleston National Bank denies all other allegations contained in paragraph 9 of the complaint.

10. The respondent Charleston National Bank is without sufficient information to form a belief as to the truth or falsity of the allegations contained in paragraph 10 of the complaint and, accordingly, demands strict proof thereof.

11. The respondent Charleston National Bank is without sufficient information to form a belief as to the truth or

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falsity of the allegations of paragraph 11 of the complaint and, accordingly, demands strict proof thereof.

12. The respondent Charleston National Bank denies all allegations contained in the complaint not herein specifically admitted.

#### SECOND DEFENSE

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The Federal Election Commission is not empowered by the Federal Election Campaign Act of 1971 (2 U.S.C. §431, et seq.) to investigate the complaint in this matter. This assertion is supported by the title of the Act itself, the Federal Election Campaign Act, and by the Federal Election Commission's own regulations which define the term "election" as used in the Federal Election Campaign Act as "the process by which individuals, whether opposed or unopposed, seek nomination for election, or election, to federal office." 11 C.F.R. §100.2(a) (1984) (emphasis supplied). Those regulations also define the term "federal office" as "the office of President or Vice President of the United States, Senator or Representative in, or Delegate or Resident Commissioner, to the Congress of the United States." 11 C.F.R. §100.4. It is clear from the Federal Election Commission's own regulations that the term election applies only to federal elections, and therefore, the loan made by the respondent Charleston National Bank to respondent Clyde M. See, Jr., a candidate for governor of the State of West Virginia, does not fall under the aegis of the Federal Election Commission as defined by the Commission's own regulations.

THIRD DEFENSE

The loan made by the respondent Charleston National Bank to respondent Clyde M. See, Jr. was made in accordance with the applicable banking laws and regulations and in the ordinary course of its business. Such a loan is permitted by the Federal Election Campaign Act. See 2 U.S.C. §441b(b)(2). Accordingly, the loan was not a "contribution or expenditure" within the meaning of 2 U.S.C. §441b(a) and therefore does not violate the Federal Election Campaign Act of 1971.

FOURTH DEFENSE

The loan made by the respondent Charleston National Bank to respondent Clyde M. See, Jr. does not otherwise fall within the definition of a "contribution or expenditure" within the meaning of 2 U.S.C. §441b(a) and therefore does not violate the Federal Election Campaign Act of 1971.

WHEREFORE, the Charleston National Bank requests that the Federal Election Commission dismiss the complaint filed against it by Larry D. Swann.

Respectfully submitted,

CHARLESTON NATIONAL BANK  
by Counsel

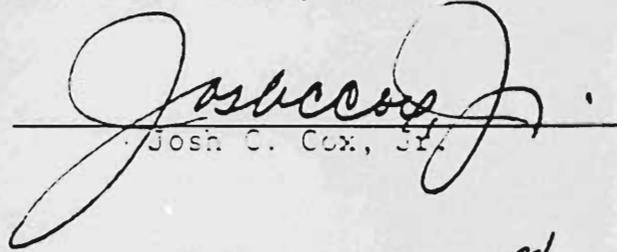
  
\_\_\_\_\_  
Mario J. Palumbo  
LOVE, WISE & WOODROE  
P. O. Box 951  
Charleston, West Virginia 25323

85040530776

VERIFICATION

STATE OF WEST VIRGINIA,  
COUNTY OF KANAWHA, to-wit:

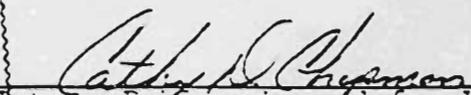
Josh C. Cox, Jr., being first duly sworn, says that he is the President and Chief Executive Officer of the respondent Charleston National Bank, and makes this verification on its behalf, being authorized so to do; that he has read the foregoing response, and that the same is true as he verily believes.

  
Josh C. Cox, Jr.

Taken, subscribed and sworn to before me this 3rd day of October, 1984, by Josh C. Cox, Jr., President and Chief Executive Officer of the respondent Charleston National Bank.

My commission expires December 11, 1985.



  
Cathy D. Chapman  
Notary Public in and for Kanawha  
County, West Virginia

85040560777

Attachment 4

LAW OFFICES

BOWLES, MCDAVID, GRAFF & LOVE

16<sup>TH</sup> FLOOR COMMERCE SQUARE

P O BOX 1386

CHARLESTON, WEST VIRGINIA 25325-1386

AREA CODE (304) 347-1100

WRITER'S DIRECT DIAL NUMBER IS 347-1103

TELECOPIER (304) 343-2867

October 4, 1984

RECEIVED AT THE FEC  
GCC#5002  
84 OCT 5 AM: 32

PAUL N BOWLES  
WILLIAM R MCDAVID  
F T GRAFF JR  
CHARLES M LOVE, III  
P MICHAEL PLESKA  
ROGER W TOMPKINS, II  
GARY G MARKHAM  
DAVID C HARDESTY, JR  
CARL D ANDREWS  
RICKLIN BROWN  
J THOMAS LANE  
GERARD R STOWERS  
P NATHAN BOWLES, JR  
THOMAS B BENNETT

SARAH E SMITH  
RICHARD M FRANCIS  
WILLIAM H SCHARF  
GEORGE A PATTERSON  
ROGER D HUNTER  
THOMAS E SCARR  
PAUL E FRAMPTON  
PHYLLIS M POTTERFIELD  
NICHOLAS L DIVITA  
DEBORAH A SINK  
ALICIA J CLEGG  
GORDON C LANE  
JOHN W WOODS  
THOMAS A HEYWOOD  
SCOT A KATONA  
CAMDEN P SIEGRIST

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

Attention: Charles N. Steele, Esq.  
General Counsel

Gentlemen:

Re: MUR 1783

We represent the Parkersburg National Bank (formerly The Bank of Dunbar) and enclose the Statement of Designation of Counsel executed by the Bank designating me as its counsel.

It is the position of the Bank that the loan to Clyde M. See, Jr., with J. C. Dillon, Jr. and Wylie Stowers as co-makers was made in the ordinary course of business. The loan carried the usual and customary interest rate for that category of loan, was evidenced by a promissory note (copy attached) and was subject to repayment by agreement of the parties within ninety days. The co-maker signatures of Stowers and Dillon assured the repayment of the loan and were required for that reason.

The loan was approved in accordance with normal procedures of loan approvals in the Bank. The loan file contained the financial statements of Messrs. Dillon and Stowers prior to any advance of funds on the loan. These statements were adequate to provide collateral for this loan. The financial statement of Mr. See was received subsequent to disbursement of the loan, but is now a part of the loan file.

This loan has been paid in full and the Bank did not make another loan to any of the parties involved in connection with the repayment.

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BOWLES, McDAVID, GRAFF & LOVE

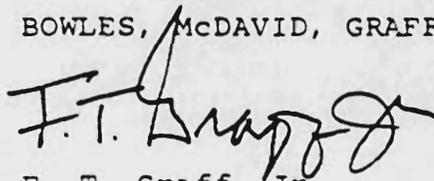
Federal Election Commission  
Page 2  
October 4, 1984

It is the Bank's position that the loan was not a contribution within the provisions of 11 USCA section 100.7, that the Bank did not make a contribution, and that the loan was made in the ordinary course of business from a banking standpoint as that term is defined in 11 USCA sec. 100.7 (b)(11).

We, therefore, request that the complaint as to the Parkersburg National Bank be dismissed with costs against the complainant.

Yours very truly,

BOWLES, McDAVID, GRAFF & LOVE

  
F. T. Graff, Jr.

FTG/pmd  
Enclosures  
cc: Mr. Gary L. Ellis

85040530777

● Attachment 5 ●  
HOYER, HOYER AND BERTHOLD  
ATTORNEYS AT LAW  
22 CAPITOL STREET  
CHARLESTON, WEST VIRGINIA 25301  
304/344-9821

RECEIVED AT THE FEC

84 OCT 4 11:00

EUGENE R. HOYER  
RALPH W. HOYER  
ROBERT V. BERTHOLD, JR.  
CHRISTOPHER S. SMITH

October 2, 1984

OF COUNSEL  
ELLEN F. WARDER

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

Re: MUR 1783

Dear Mr. Steele:

I represent Mr. J. C. Dillon, Jr. in the above-styled FEC matter. Mr. Dillon did in fact endorse a note for Clyde M. See, Jr., who is his personal friend. The note was at The Bank of Dunbar and was used by Mr. See as his own money because it was in fact his money.

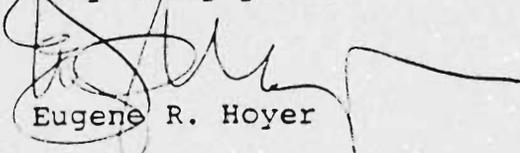
Mr. Dillon at all times stood ready to pay the note pursuant to the endorsement. However, he was quite aware of Mr. See's financial capability and at no time thought that the repayment of the note was in any jeopardy.

Mr. Dillon did not direct Mr. See to make any payments with the loan proceeds, nor, did he make any suggestions about how the loan proceeds were to be used.

Mr. Dillon has instructed me to demand of you an immediate resolution of this matter inasmuch as he feels that the Complaint filed is no more than an attempt to embarrass Mr. See who is the Democratic nominee for Governor in our State.

We would greatly appreciate your sending down the necessary parties to have an open public hearing on this matter prior to October 15, 1984.

Very truly yours,

  
Eugene R. Hoyer

ERH/ka

cc: Kenneth A. Gross  
Wiley Stowers  
Clyde M. See, Jr.  
Joe Bob Goodwin

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Attachment 6

HOYER, HOYER AND BERTHOLD

ATTORNEYS AT LAW

22 CAPITOL STREET

CHARLESTON, WEST VIRGINIA 25301

304/344-9821

01 OCT 1 11:44

EUGENE R HOYER  
RALPH W HOYER  
ROBERT V BERTHOLD, JR  
CHRISTOPHER S SMITH

OF COUNSEL  
ELLEN F WARDER

September 25, 1984

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

Re: MUR 1783

Dear Mr. Steele:

I represent Wiley Stowers in the above-styled FEC matter. Mr. Stowers did in fact endorse a note for Clyde M. See, Jr., who is his personal friend. The note was at The Bank of Dunbar and was used by Mr. See as his own money because it was in fact his money.

Mr. Stowers at all times stood ready to pay the note pursuant to the endorsement. However, he was quite aware of Mr. See's financial capability and at no time thought that the repayment of the note was in any jeopardy.

Mr. Stowers did not direct Mr. See to make any payments with the loan proceeds, nor, did he make any suggestions about how the loan proceeds were to be used. Mr. Stowers has co-signed and endorsed or guaranteed notes for his friends on prior occasions and feels that it is within his right to help his friends as he sees fit.

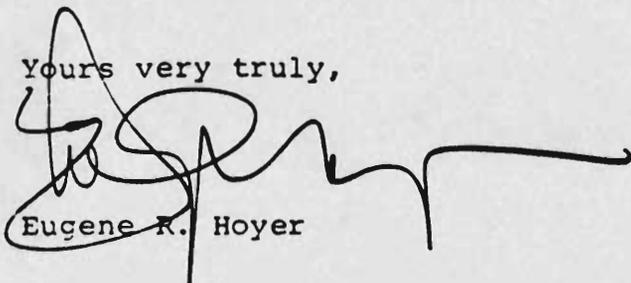
Mr. Stowers has instructed me to demand of you an immediate resolution of this matter inasmuch as he feels that the Complaint filed is no more than an attempt to embarrass Mr. See who is the Democratic nominee for Governor in our State.

We would greatly appreciate your sending down the necessary parties to have an open public hearing on this matter prior to October 15, 1984.

95040530731

Charles N. Steele  
September 25, 1984  
Page 2

Yours very truly,



Eugene R. Hoyer

ERH:sks

cc: ✓ Kenneth A. Gross  
Wiley Stowers  
Clyde M. See, Jr.  
J. C. Dillon, Jr.  
Joe Bob Goodwin

85040530732

Attachment 7



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Joseph R. Goodwin, Esquire  
1717 Charleston National Plaza  
Charleston, West Virginia 25301

RE: MUR 1783  
Clyde M. See, Jr.

Dear Mr. Goodwin:

The Federal Election Commission notified you on September 19, 1984, of a complaint which alleges that your client had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on September 19, 1984, determined that there is reason to believe that your client has violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that Clyde M. See, Jr. accepted a loan from the Charleston National Bank which was not secured as required under 2 U.S.C. § 431(8)(B)(vii).

Your response to the Commission's initial notification of this complaint did not provide complete information regarding the matter in question. Please submit answers to the enclosed questions within 10 days of receipt of this letter. You may also submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

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Joseph R. Goodwin, Esquire  
Page 2

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Enclosure  
Questions

35040530731

QUESTIONS FOR CLYDE M. SEE, JR.

1. Was the loan with the Charleston National Bank evidenced by a written instrument? If so, please enclose a copy of the loan agreement with the Charleston National Bank.
2. When was the loan made and what was its due date?
3. What was the amount of the loan?
4. What interest rate was paid on the loan?
5. Please list any security arrangements made with the Charleston National Bank in relation to this loan.
6. Please list any other factors which would affect the security of the loan's repayment.

35040530733



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Mario J. Palumbo, Esquire  
P.O. Box 951  
Charleston, West Virginia 25323

RE: MUR 1783  
Charleston National Bank

Dear Mr. Palumbo:

The Federal Election Commission notified you on September 19, 1984, of a complaint which alleges that your client had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on , 1984, determined that there is reason to believe that the Charleston National Bank violated 2 U.S.C. § 441b(a), a provision of the Act. Specifically, it appears that the Charleston National Bank made an unsecured loan to Clyde M. See, Jr. in violation of 2 U.S.C. § 431(8)(B)(vii).

Your response to the Commission's initial notification of this complaint did not provide complete information regarding the matter in question. Please submit answers to the enclosed questions within 10 days of receipt of this letter. Statements should be submitted under oath.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2 of the enclosed procedures.

85040530736

Mario J. Palumbo, Esquire  
Page 2

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Andrew Maikovich, the staff member assigned to this matter, at (202) 523-4000.

Sincerely,

Enclosure  
Questions

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32

QUESTIONS FOR THE CHARLESTON NATIONAL BANK

1. Was the loan with Clyde M. See, Jr. evidenced by a written instrument? If so, please provide a copy of the loan agreement with Clyde M. See, Jr.
2. When was the loan made and what was its due date?
3. What was the amount of the loan?
4. What interest rate was paid on the loan?
5. Please list any security agreements made with Clyde M. See, Jr. in relation to this loan.
6. Please list any other factors which would affect the security of the loan's repayment.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Tom Graff, Esquire  
Bowles, McDavid, Graff and Love  
16th Floor, Commerce Square  
Charleston, West Virginia 25325

RE: MUR 1783  
Parkersburg National Bank

Dear Mr. Graff:

On September 19, 1984, the Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on \_\_\_\_\_, 1984, determined that on the basis of the information in the complaint, and information provided by you, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by the Parkersburg National Bank. Accordingly, the Commission closed its file in this matter as it pertains to your client. This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. The Commission reminds you that 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.

Sincerely,

Charles N. Steele  
General Counsel

BY: Kenneth A. Gross  
Associate General Counsel

35040560733



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Eugene R. Hoyer, Esquire  
Hoyer, Hoyer and Berthold  
22 Capitol Street  
Charleston, West Virginia 25301

RE: MUR 1783  
J.C. Dillon, Jr.

Dear Mr. Hoyer:

On September 19, 1984, the Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on \_\_\_\_\_, 1984, determined that on the basis of the information in the complaint, and information provided by the respondent, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by J.C. Dillon, Jr. Accordingly, the Commission closed its file in this matter as it pertains to your client. This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. The Commission reminds you that 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.

Sincerely,

Charles N. Steele  
General Counsel

BY: Kenneth A. Gross  
Associate General Counsel

35040530790



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Eugene R. Hoyer, Esquire  
Hoyer, Hoyer and Berthold  
22 Capitol Street  
Charleston, West Virginia 25301

RE: MUR 1783  
Wylie Stowers

Dear Mr. Hoyer:

On September 19, 1984, the Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

The Commission, on \_\_\_\_\_, 1984, determined that on the basis of the information in the complaint, and information provided by the respondent, there is no reason to believe that a violation of any statute within its jurisdiction has been committed by Wylie Stowers. Accordingly, the Commission closed its file in this matter as it pertains to your client. This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. The Commission reminds you that 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.

Sincerely,

Charles N. Steele  
General Counsel

BY: Kenneth A. Gross  
Associate General Counsel

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RECEIVED AT THE FEC  
BCC # 5059  
84 OCT 9 P 5: 05

LAW OFFICES  
LOVE, WISE & WOODROE

P. O. BOX 951

CHARLESTON, WEST VIRGINIA 25323

TELEPHONE (304) 343-4841  
CHARLESTON NATIONAL PLAZA

STEVEN C. HANLEY  
J. ROBERT GWYNNE  
KURT E. ENTSMINGER  
LAIRD MINOR  
DAVID L. WYANT  
RICHARD W. GALLAGHER  
DAVID A. MOHLER  
KEVIN A. NELSON

CHARLES C. WISE, JR. (1911-1982)  
JOHN O. KIZER  
ROBERT E. MAGNUSON  
THOMAS C. DAMEWOOD  
GEORGE W. S. GROVE, JR.  
MARIO J. PALUMBO  
CHARLES E. BARNETT  
HARRY P. HENSHAW, III  
WILLIAM W. BOOKER  
LARRY J. GONZALES

October 3, 1984

COUNSEL  
CHARLES M. LOVE  
WILLIAM M. WOODROE  
ERNEST H. GILBERT

OCT 10  
A 10: 45

Federal Election Commission  
Washington, D. C. 20463

Attention: Office of General Counsel  
Kenneth A. Gross  
Associate General Counsel

Re: MUR 1783

Gentlemen:

As counsel for the Charleston National Bank I enclose herewith the following:

1. Statement of Designation of Counsel.
2. Duly verified Response of the Respondent Charleston National Bank.

Very truly yours,

  
Mario J. Palumbo

MJP/mls  
Enclosures  
cc: Mr. Josh C. Cox, Jr.

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

83040530702

BEFORE THE FEDERAL ELECTION COMMISSION

LARRY D. SWANN,  
Complainant,

v.

MUR 1783

CLYDE M. SEE, JR., CHARLESTON  
NATIONAL BANK, a National  
Bank, THE BANK OF DUNBAR, Member  
FDIC, J. C. DILLON, JR., and  
WYLIE STOWERS,

Respondents.

RESPONSE OF THE RESPONDENT CHARLESTON NATIONAL BANK

For its response to the complaint of Larry D. Swann,  
the respondent Charleston National Bank hereby states as follows:

FIRST DEFENSE

1. The respondent Charleston National Bank admits to the allegations contained in paragraph 1 of the complaint.
2. The respondent Charleston National Bank admits to the allegations contained in paragraph 2 of the complaint.
3. The respondent Charleston National Bank admits to the allegations contained in paragraph 3 of the complaint.
4. The respondent Charleston National Bank admits to the allegations contained in paragraph 4 of the complaint.

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5. The respondent Charleston National Bank is without sufficient information to form a belief as to the truth or falsity of the allegations contained in paragraph 5 of the complaint and, accordingly, demands strict proof thereof.

6. The respondent Charleston National Bank is without sufficient information to form a belief as to the truth or falsity of the allegations contained in paragraph 6 of the complaint and, accordingly, demands strict proof thereof.

7. The respondent Charleston National Bank denies each and every allegation contained in paragraph 7 of the complaint.

8. The respondent Charleston National Bank denies each and every allegation contained in paragraph 8 of the complaint.

9. In response to the allegations contained in paragraph 9 of the complaint, the respondent Charleston National Bank admits that a loan was made by the respondent Charleston National Bank to respondent Clyde M. See, Jr. The respondent Charleston National Bank denies all other allegations contained in paragraph 9 of the complaint.

10. The respondent Charleston National Bank is without sufficient information to form a belief as to the truth or falsity of the allegations contained in paragraph 10 of the complaint and, accordingly, demands strict proof thereof.

11. The respondent Charleston National Bank is without sufficient information to form a belief as to the truth or

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falsity of the allegations of paragraph 11 of the complaint and, accordingly, demands strict proof thereof.

12. The respondent Charleston National Bank denies all allegations contained in the complaint not herein specifically admitted.

#### SECOND DEFENSE

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The Federal Election Commission is not empowered by the Federal Election Campaign Act of 1971 (2 U.S.C. §431, et seq.) to investigate the complaint in this matter. This assertion is supported by the title of the Act itself, the Federal Election Campaign Act, and by the Federal Election Commission's own regulations which define the term "election" as used in the Federal Election Campaign Act as "the process by which individuals, whether opposed or unopposed, seek nomination for election, or election, to federal office." 11 C.F.R. §100.2(a) (1984) (emphasis supplied). Those regulations also define the term "federal office" as "the office of President or Vice President of the United States, Senator or Representative in, or Delegate or Resident Commissioner, to the Congress of the United States." 11 C.F.R. §100.4. It is clear from the Federal Election Commission's own regulations that the term election applies only to federal elections, and therefore, the loan made by the respondent Charleston National Bank to respondent Clyde M. See, Jr., a candidate for governor of the State of West Virginia, does not fall under the aegis of the Federal Election Commission as defined by the Commission's own regulations.

THIRD DEFENSE

The loan made by the respondent Charleston National Bank to respondent Clyde M. See, Jr. was made in accordance with the applicable banking laws and regulations and in the ordinary course of its business. Such a loan is permitted by the Federal Election Campaign Act. See 2 U.S.C. §441b(b)(2). Accordingly, the loan was not a "contribution or expenditure" within the meaning of 2 U.S.C. §441b(a) and therefore does not violate the Federal Election Campaign Act of 1971.

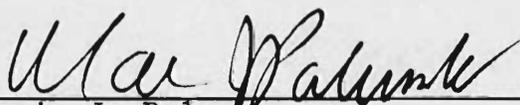
FOURTH DEFENSE

The loan made by the respondent Charleston National Bank to respondent Clyde M. See, Jr. does not otherwise fall within the definition of a "contribution or expenditure" within the meaning of 2 U.S.C. §441b(a) and therefore does not violate the Federal Election Campaign Act of 1971.

WHEREFORE, the Charleston National Bank requests that the Federal Election Commission dismiss the complaint filed against it by Larry D. Swann.

Respectfully submitted,

CHARLESTON NATIONAL BANK  
by Counsel

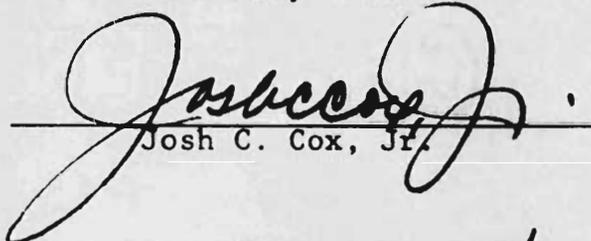
  
\_\_\_\_\_  
Mario J. Palumbo  
LOVE, WISE & WOODROE  
P. O. Box 951  
Charleston, West Virginia 25323

25040530796

VERIFICATION

STATE OF WEST VIRGINIA,  
COUNTY OF KANAWHA, to-wit:

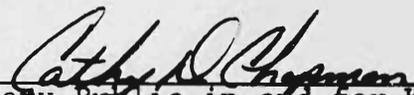
Josh C. Cox, Jr., being first duly sworn, says that he is the President and Chief Executive Officer of the respondent Charleston National Bank, and makes this verification on its behalf, being authorized so to do; that he has read the foregoing response, and that the same is true as he verily believes.

  
Josh C. Cox, Jr.

85040530797  
Taken, subscribed and sworn to before me this 3rd day of October, 1984, by Josh C. Cox, Jr., President and Chief Executive Officer of the respondent Charleston National Bank.

My commission expires December 11, 1985.



  
Cathy D. Chapman  
Notary Public in and for Kanawha  
County, West Virginia

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1783

NAME OF COUNSEL: Mario J. Palumbo

ADDRESS: P. O. Box 951

Charleston, W. Va. 25323

TELEPHONE: 304/343-4841

The above-named individual is hereby designated as my  
counsel and is authorized to receive any notifications and other  
communications from the Commission and to act on my behalf before  
the Commission.

3504050793

10/3/84  
Date

Charleston National Bank  
By *Josh C. Cox, Jr.*  
Signature  
President & Chief Executive Officer

RESPONDENT'S NAME: Charleston National Bank  
Josh C. Cox, Jr.  
President & Chief Executive Officer  
ADDRESS: Charleston National Bank  
P. O. Box 1113  
Charleston, West Virginia 25324

HOME PHONE: \_\_\_\_\_

BUSINESS PHONE: 304/348-5623

RECEIVED AT THE FEC  
GCC#5002  
84 OCT 5 AM: 32

LAW OFFICES  
BOWLES, McDAVID, GRAFF & LOVE  
16<sup>TH</sup> FLOOR COMMERCE SQUARE  
P O BOX 1386  
CHARLESTON, WEST VIRGINIA 25325-1386  
AREA CODE (304) 347-1100  
WRITER'S DIRECT DIAL NUMBER IS 347-1103  
TELECOPIER (304) 343-2867

PAUL N BOWLES  
WILLIAM R MCDAVID  
F T GRAFF, JR  
CHARLES M LOVE, III  
P MICHAEL PLESKA  
ROGER W TOMPKINS, II  
GARY G MARKHAM  
DAVID C HARDESTY, JR  
CARL D ANDREWS  
RICKLIN BROWN  
J THOMAS LANE  
GERARD R STOWERS  
P NATHAN BOWLES, JR  
THOMAS B BENNETT

SARAH E. SMITH, II  
RICHARD M. FRANCIS  
WILLIAM H. SCHARF  
GEORGE A. PATTERSON, III  
ROGER D HUNTER  
THOMAS E SCARR  
PAUL E. FRAMPTON  
PHYLLIS M. POTTERFIELD  
NICHOLAS L. DIVITA  
DEBORAH A. SINK  
ALICIA J. CLEGG  
GORDON C. LANE  
JOHN W. WOODS  
THOMAS A. HEYWOOD  
SCOT A. KATONA  
CAMDEN P. SIEGRIST

October 4, 1984

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

Attention: Charles N. Steele, Esq.  
General Counsel

Gentlemen:

Re: MUR 1783

We represent the Parkersburg National Bank (formerly The Bank of Dunbar) and enclose the Statement of Designation of Counsel executed by the Bank designating me as its counsel.

It is the position of the Bank that the loan to Clyde M. See, Jr., with J. C. Dillon, Jr. and Wylie Stowers as co-makers was made in the ordinary course of business. The loan carried the usual and customary interest rate for that category of loan, was evidenced by a promissory note (copy attached) and was subject to repayment by agreement of the parties within ninety days. The co-maker signatures of Stowers and Dillon assured the repayment of the loan and were required for that reason.

The loan was approved in accordance with normal procedures of loan approvals in the Bank. The loan file contained the financial statements of Messrs. Dillon and Stowers prior to any advance of funds on the loan. These statements were adequate to provide collateral for this loan. The financial statement of Mr. See was received subsequent to disbursement of the loan, but is now a part of the loan file.

This loan has been paid in full and the Bank did not make another loan to any of the parties involved in connection with the repayment.

85040530777

BOWLES, McDAVID, GRAFF & LOVE

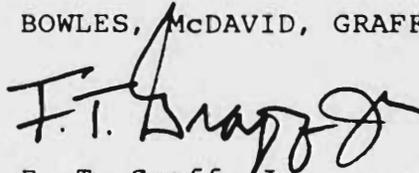
Federal Election Commission  
Page 2  
October 4, 1984

It is the Bank's position that the loan was not a contribution within the provisions of 11 USCA section 100.7, that the Bank did not make a contribution, and that the loan was made in the ordinary course of business from a banking standpoint as that term is defined in 11 USCA sec. 100.7 (b)(11).

We, therefore, request that the complaint as to the Parkersburg National Bank be dismissed with costs against the complainant.

Yours very truly,

BOWLES, McDAVID, GRAFF & LOVE



F. T. Graff, Jr.

FTG/pmd  
Enclosures  
cc: Mr. Gary L. Ellis

05040530800

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1783

NAME OF COUNSEL: Tom Graff

ADDRESS: Bowles, McDavid, Graff & Love  
16th Floor, Commerce Square  
Charleston WV 25325

TELEPHONE: (304) 347-1100

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

Oct 1, 1984  
Date

Gary L. Ellis  
Signature

RESPONDENT'S NAME: Gary L. Ellis

ADDRESS: Parkersburg National Bank  
PO Box 5  
Dunbar, WV 25064

HOME PHONE: (304) 965-1745

BUSINESS PHONE: (304) 766-7111

05040510801

RECEIVED AT THE FEC  
GCC#4980  
84 OCT 4 AM 10:00

**HOYER, HOYER AND BERTHOLD**  
ATTORNEYS AT LAW  
22 CAPITOL STREET  
CHARLESTON, WEST VIRGINIA 25301  
304/344-9821

400  
OF COUNSEL  
ELLEN F. WARDER

EUGENE R. HOYER  
RALPH W. HOYER  
ROBERT V. BERTHOLD, JR.  
CHRISTOPHER S. SMITH

October 2, 1984

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

Re: MUR 1783

Dear Mr. Steele:

I represent Mr. J. C. Dillon, Jr. in the above-styled FEC matter. Mr. Dillon did in fact endorse a note for Clyde M. See, Jr., who is his personal friend. The note was at The Bank of Dunbar and was used by Mr. See as his own money because it was in fact his money.

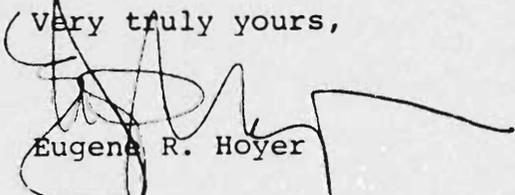
Mr. Dillon at all times stood ready to pay the note pursuant to the endorsement. However, he was quite aware of Mr. See's financial capability and at no time thought that the repayment of the note was in any jeopardy.

Mr. Dillon did not direct Mr. See to make any payments with the loan proceeds, nor, did he make any suggestions about how the loan proceeds were to be used.

Mr. Dillon has instructed me to demand of you an immediate resolution of this matter inasmuch as he feels that the Complaint filed is no more than an attempt to embarrass Mr. See who is the Democratic nominee for Governor in our State.

We would greatly appreciate your sending down the necessary parties to have an open public hearing on this matter prior to October 15, 1984.

Very truly yours,



Eugene R. Hoyer

ERH/ka

cc: Kenneth A. Gross  
Wiley Stowers  
Clyde M. See, Jr.  
Joe Bob Goodwin

0504053030

11:00

STATEMENT OF DESIGNATION OF COUNSEL

MUR MUR 1783

NAME OF COUNSEL: LEUGENE R. HOMER

ADDRESS: 22 CAPITOL STREET  
CHARLESTON, W.V.  
25301

TELEPHONE: 304-344-9821

The above-named individual is hereby designated as my  
counsel and is authorized to receive any notifications and other  
communications from the Commission and to act on my behalf before  
the Commission.

10-1-84  
Date.

J.C. Dillon, Jr.  
Signature

RESPONDENT'S NAME: J.C. DILLON, JR

ADDRESS: TERRACE PARK EAST  
2106 KANAWHA BLVD. E  
CHARLESTON, W.V. 25304

HOME PHONE: \_\_\_\_\_

BUSINESS PHONE: \_\_\_\_\_

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5

RECEIVED AT THE FEC  
GCC#4997  
84 OCT 5 P1:48

LAW OFFICES  
GOODWIN & GOODWIN

1717 CHARLESTON NATIONAL PLAZA 500 CHURCH STREET  
CHARLESTON, W. VA. 25301 RIPLEY, W. VA. 25271

ROBERT B. GOODWIN 1909-1955

THOMAS R. GOODWIN  
JOSEPH R. GOODWIN  
STEPHEN P. GOODWIN  
MICHAEL I. SPIKER  
STEVEN F. WHITE  
RICHARD E. ROWE  
ROBERT O. SAYRE, JR.  
CARRIE L. NEWTON  
LEONARD S. COLEMAN  
SUSAN C. WITTEMEIER

304/346-0321  
CHARLESTON, WEST VIRGINIA

304/372-2651  
RIPLEY, WEST VIRGINIA

C. E. GOODWIN  
COUNSEL

October 1, 1984

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

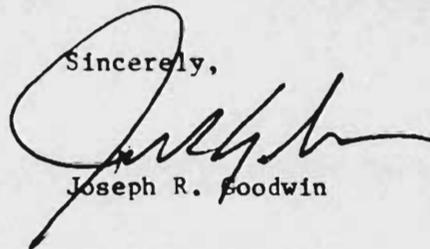
Re: MUR 1783

Dear Mr. Steele:

Please find enclosed the response of Clyde M. See, Jr. in the above-styled FEC matter.

Mr. See is the Democratic nominee for Governor in the State of West Virginia. He is convinced that the Complaint was filed without foundation and for political purposes. Any delay in dismissing this action could result in great harm to my client, and I, therefore, humbly ask you to expedite the matter.

Sincerely,



Joseph R. Goodwin

JRG/m

Enclosure

8504050304

BEFORE THE FEDERAL ELECTION COMMISSION

LARRY D. SWANN,

Complainant,

v.

MUR 1783

CLYDE M. SEE, JR., CHARLESTON  
NATIONAL BANK, a National Bank,  
THE BANK OF DUNBAR, Member FDIC,  
J. C. DILLON, JR., and WYLIE STOWERS,

Respondent.

MEMORANDUM WHY COMMISSION SHOULD TAKE NO ACTION  
AGAINST CLYDE M. SEE, JR.

I

The Complaint filed herein should be dismissed for the reason that the Federal Election Commission is not empowered to investigate nor regulate state elections. 2 U.S.C. §431, et. seq. The very name of the Commission defines its jurisdiction, and its regulations make clear that it has no jurisdiction over those seeking state elective office.

II

The Complaint should be dismissed for the further reason that your respondent believes and avers that no violation was committed by any person, including the national bank and the insured bank referred to in the Complaint, but in any event asserts that he is improperly named as a respondent and should be henceforth dismissed. That is to say, that the Complaint does not, as required by §111.4, identify a violation alleged to have been committed by your respondent relating to a federal candidate or election.

35040530805

III

The loans which were made to your respondent by The Charleston National Bank and the Bank of Dunbar were not contributions by the lending institution or any other person; were made in accordance with applicable banking laws and regulations; and were made in the ordinary course of business. Therefore, even if this Commission had jurisdiction over the respondent, such loans were not "contributions or expenditures within the meaning of 2 U.S.C. §441(b)(a) and do not violate the Federal Election Campaign Act of 1971.

For further response to the Complaint, your respondent avers in the alternative to his request for dismissal above, that:

1. He admits the allegations contained in Paragraphs 1, 2, 3, 4, 5 and 6 of the Complaint.
2. The respondent admits that he obtained a loan from the Charleston National Bank and a loan from the Bank of Dunbar, which loan from the Bank of Dunbar was not co-signed by any person, but was endorsed by Mr. J. C. Dillon and Mr. Wylie Stowers. As previously averred, said loans were made in the ordinary course of business and were not in violation of any applicable state or federal law or regulation of this Commission.
3. The respondent denies each and every other allegation contained herein.

FURTHER STATEMENT

Your respondent is the Democratic nominee for the office of Governor of the State of West Virginia, a state elective office, and believes that this Complaint was filed for a political purpose and without just

35040560805

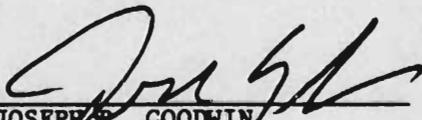
cause and that the complainant is attempting to use this Commission for partisan political purposes and, therefore, invites the Commission to take appropriate action to prevent further abuse of its forum.

P R A Y E R

WHEREFORE, your respondent prays that the Complaint filed herein against him be dismissed immediately.

CLYDE M. SEE, JR.

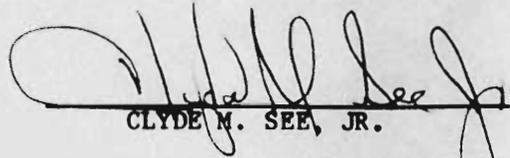
By Counsel

  
JOSEPH R. GOODWIN  
GOODWIN & GOODWIN  
1717 Charleston National Plaza  
Charleston, WV 25301

85040530807

STATE OF WEST VIRGINIA,  
COUNTY OF KANAWHA, TO-WIT:

CLYDE M. SEE, JR., being first duly sworn, says that he has read the allegations contained in the foregoing Memorandum, and that said allegations are true and correct, except such as are therein stated to be upon information and belief, and such as are therein stated to be upon information and belief, he believes the same to be true.

  
CLYDE M. SEE, JR.

Taken, subscribed and sworn to before me this 1<sup>st</sup> day of October, 1984.

My commission expires: March 19, 1993  
  
Notary Public

85040560803

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1783

NAME OF COUNSEL: Joseph R. Goodwin

ADDRESS: 1717 Charleston National Plaza  
Charleston, WV 25301

TELEPHONE: (304) 346-0321

The above-named individual is hereby designated as my  
counsel and is authorized to receive any notifications and other  
communications from the Commission and to act on my behalf before  
the Commission.

October 1, 1984

Date

  
Signature

RESPONDENT'S NAME: Clyde M. See, Jr.

ADDRESS: Box 504  
Moorefield, WV 26836

HOME PHONE: (304) 538-6508

BUSINESS PHONE: (304) 538-6618

35040530807

**HOYER, HOYER AND BERTHOLD**

ATTORNEYS AT LAW

22 CAPITOL STREET

CHARLESTON, WEST VIRGINIA 25301

304/344-9821

EUGENE R. HOYER  
RALPH W. HOYER  
ROBERT V. BERTHOLD, JR.  
CHRISTOPHER S. SMITH

RECEIVED AT THE REC  
GCC #4910  
84 OCT 1 11:44

September 25, 1984

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

Re: MUR 1783

Dear Mr. Steele:

I represent Wiley Stowers in the above-styled FEC matter. Mr. Stowers did in fact endorse a note for Clyde M. See, Jr., who is his personal friend. The note was at The Bank of Dunbar and was used by Mr. See as his own money because it was in fact his money.

Mr. Stowers at all times stood ready to pay the note pursuant to the endorsement. However, he was quite aware of Mr. See's financial capability and at no time thought that the repayment of the note was in any jeopardy.

Mr. Stowers did not direct Mr. See to make any payments with the loan proceeds, nor, did he make any suggestions about how the loan proceeds were to be used. Mr. Stowers has co-signed and endorsed or guaranteed notes for his friends on prior occasions and feels that it is within his right to help his friends as he sees fit.

Mr. Stowers has instructed me to demand of you an immediate resolution of this matter inasmuch as he feels that the Complaint filed is no more than an attempt to embarrass Mr. See who is the Democratic nominee for Governor in our State.

We would greatly appreciate your sending down the necessary parties to have an open public hearing on this matter prior to October 15, 1984.

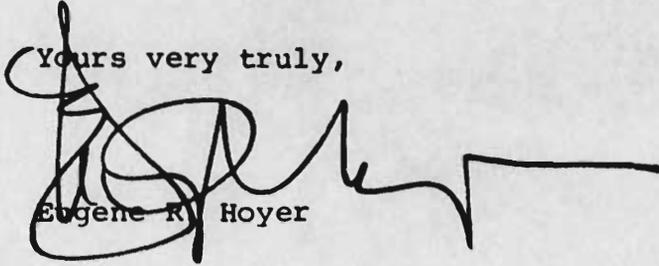
OF COUNSEL  
ELLEN F. WARDER

OCT 1 11:31

018050000

Charles N. Steele  
September 25, 1984  
Page 2

Yours very truly,

A handwritten signature in black ink, appearing to read "Eugene R. Hoyer". The signature is stylized with a large initial "E" and a long horizontal stroke at the end.

Eugene R. Hoyer

ERH:sks

cc: Kenneth A. Gross  
Wiley Stowers  
Clyde M. See, Jr.  
J. C. Dillon, Jr.  
Joe Bob Goodwin

85040530811

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1783  
NAME OF COUNSEL: EUGENE R. HOYER  
ADDRESS: 22 CAPITAL STREET  
CHARLESTON, W.V  
25301  
TELEPHONE: 304-344-9821

The above-named individual is hereby designated as my  
counsel and is authorized to receive any notifications and other  
communications from the Commission and to act on my behalf before  
the Commission.

9-24-84 Date Wylie Stowers Signature

RESPONDENT'S NAME: WYLIE STOWERS  
ADDRESS: WEST NAMLIN, WV  
25571  
HOME PHONE: \_\_\_\_\_  
BUSINESS PHONE: 304-727-4721

85040530812



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 19, 1984

Larry D. Swann  
215 Cass Avenue  
West Union, West Virginia 26836

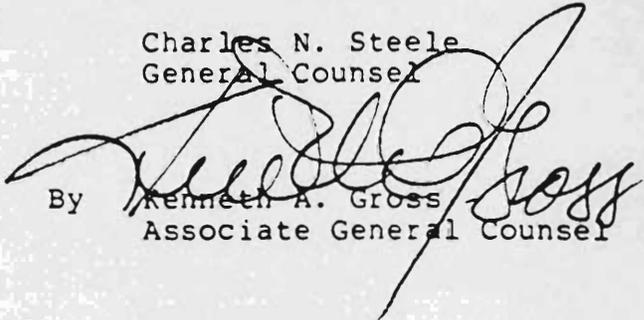
Dear Mr. Swann:

This letter is to acknowledge receipt of your complaint which we received on September 13, 1984, against Bank of Dunbar; Charleston National Bank; Clyde M. See, Jr.; J.C. Dillon, Jr.; and Wylie Stowers, which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondent will be notified of this complaint within five days.

You will be notified as soon as the Commission takes final action on your complaint. Should you have or receive any additional information in this matter, please forward it to this office. We suggest that this information be sworn to in the same manner as your original complaint. For your information, we have attached a brief description of the Commission's procedure for handling complaints. If you have any questions, please contact Barbara A. Johnson at (202) 523-4143.

Sincerely,

Charles N. Steele  
General Counsel

By  Kenneth A. Gross  
Associate General Counsel

Enclosure

0504050813



FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20463

September 19, 1984

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Josh Cox  
President  
Charleston National Bank  
P.O. Box 1113  
Charleston, West Virginia 25324

Re: MUR 1783

Dear September 13:

This letter is to notify you that on Charleston National Bank, 1984 the Federal Election Commission received a complaint which alleges that 1783 may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR Charleston National Bank. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against

in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

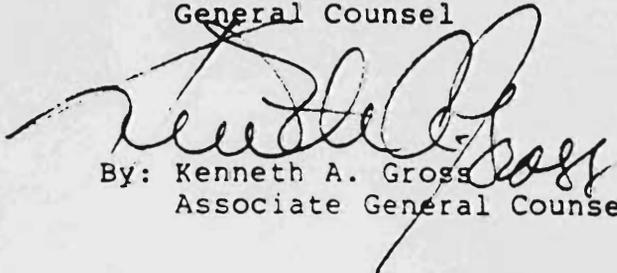
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

3504050811

If you have any questions, please contact Andrew Maikovich, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele  
General Counsel



By: Kenneth A. Gross  
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

35040530815



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 19, 1984

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Wylie Stowers  
West Hamlin, West Virginia 25571

Re: MUR 1783

Dear Mr. Stowers:

This letter is to notify you that on September 13, 1984 the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1783. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

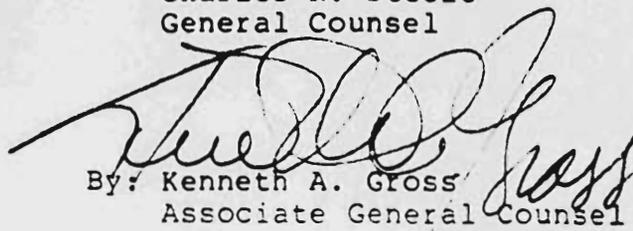
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

95040530816

If you have any questions, please contact Andrew Maikovich, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

3504050817



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 19, 1984

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

J.C. Dillon, Jr.  
Terrace Park East  
2106 Kanawha Boulevard East  
Charleston, West Virginia 25311

Re: MUR 1783

Dear Mr. Dillon:

This letter is to notify you that on September 13, 1984 the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1783. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

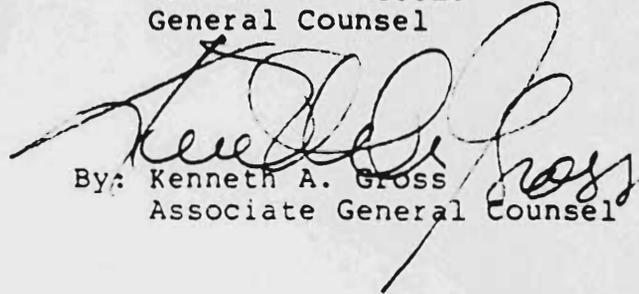
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

35040560810

If you have any questions, please contact Andrew Maikovich, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele  
General Counsel



By: Kenneth A. Gross  
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

35040530817



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 19, 1984

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Clyde M. See, Jr.  
Box 504  
Moorefield, West Virginia 26836

Re: MUR 1783

Dear Mr. See:

This letter is to notify you that on Septmeber 13, 1984 the Federal Election Commission received a complaint which alleges that you may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1783. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against you in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

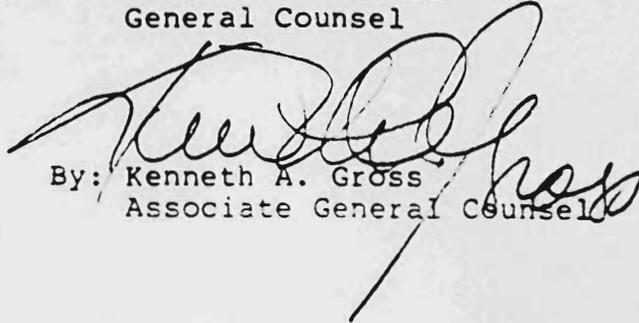
If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

3504050820

If you have any questions, please contact Andrew Maikovich, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele  
General Counsel



By: Kenneth A. Gross  
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

35040530821



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 19, 1984

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Gary Ellis  
President  
Bank of Dunbar  
P.O. Box 5  
Dunbar, West Virginia 25064

Re: MUR 1783

Dear Mr. Ellis:

This letter is to notify you that on September 13, 1984 the Federal Election Commission received a complaint which alleges that Bank of Dunbar may have violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1783. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate, in writing, that no action should be taken against Bank of Dunbar in connection with this matter. Your response must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath.

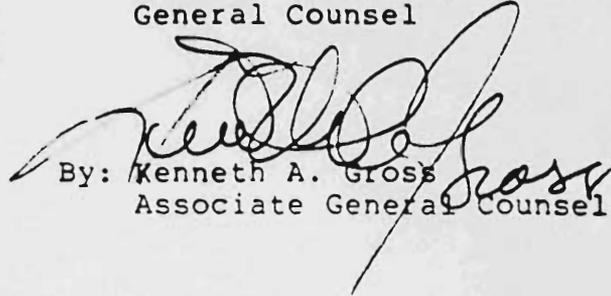
This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Andrew Maikovich, the staff person assigned to this matter at (202) 523-4000. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele  
General Counsel



By: Kenneth A. Gross  
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

85040530823

FEDERAL ELECTION COMMISSION

LARRY D. SWANN,  
COMPLAINANT

MUR  
1783

vs.

CLYDE M. SEE, JR.,  
CHARLESTON NATIONAL BANK, a National Bank,  
THE BANK OF DUNBAR, member FDIC,  
J. C. DILLON, JR.,  
WYLIE STOWERS,  
RESPONDENTS

SEP 13 11:48  
GENERAL INVESTIGATIVE  
DIVISION

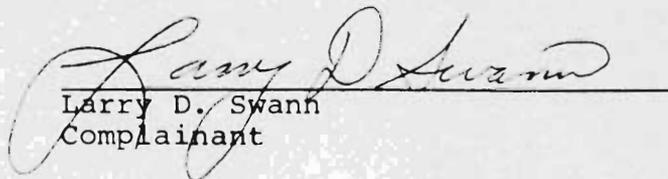
COMPLAINT

1. The Complainant, Larry D. Swann, is a member of the West Virginia House of Delegates and resides at 215 Cass Avenue, West Union, Doddridge County, West Virginia 26456.
2. Clyde M. See, Jr., is the Democratic candidate for Governor of the State of West Virginia and resides at Box 504, Moorefield, Hardy County, West Virginia 26836.
3. Charleston National Bank is a national bank association operating its principal place of business at Charleston National Plaza, Capitol and Virginia Streets, Charleston, Kanawha County, West Virginia 25301 and authorized to conduct a banking business in West Virginia under the laws of the United States.
4. The Bank of Dunbar is a corporation chartered to conduct a banking business under the laws of West Virginia whose deposits and accounts are insured by the Federal Deposit Insurance Corporation with its principal place of business at 12th Street and Grosscup Avenue, Dunbar, Kanawha County, West Virginia 25064.
5. J. C. Dillon, Jr., resides at Terrace Park East, 2106 Kanawha Boulevard, East, Charleston, Kanawha County, West Virginia 25311.
6. Wylie Stowers resides at West Hamlin, Lincoln County, West Virginia 25571.
7. This complaint is based upon alleged violations of 2USC§441b and 11CFR§100.7(b)(11) prohibiting contributions by any national bank or lending institution whose deposits are insured by the FDIC in connection with any election to any political office. The subject elections of this complaint are the primary and general elections for Governor of the State of West Virginia.

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8. It is complainant's information and belief that Clyde M. See, Jr., has accepted and received a political contribution from Charleston National Bank to his campaign for Governor of the State of West Virginia.
9. It is complainant's information and belief that said contribution is in the form of an unsecured loan to Clyde M. See, Jr., for use in his political campaign which was made outside of the ordinary course of business; in contravention of Charleston National Bank's ordinary procedures for authorization of similar loans and without reasonable assurance of repayment. The amount of the loan is unclear but has been reported by various news sources to be at least \$25,000.00.
10. It is complainant's information and belief that Clyde M. See, Jr., obtained a loan in the amount of \$30,000 from the Bank of Dunbar for use in his political campaign which was co-signed by Mr. Dillon and Mr. Stowers. It is believed that the loan was made outside of the ordinary course of business and in violation of applicable state law such as to make it a contribution. It is believed the co-signers were liable for and hence contributed to Mr. See's campaign an amount in excess of the \$1,000.00 contribution limit to candidates imposed by West Virginia Code §3-8-12f.
11. The sources of complainant's information are articles published in the "Charleston Daily Mail", the "Sunday Gazette Mail", the "Charleston Gazette", and other newspapers of general circulation in West Virginia which reflect statements by Clyde M. See, Jr. Said articles are attached to this complaint.

Wherefore the complainant asks that the Federal Election Commission take action to investigate the allegations contained in the foregoing complaint as to whether or not the respondents have committed violations of the statutes and regulations over which the Commission has jurisdiction.

  
Larry D. Swann  
Complainant

35040530825

VERIFICATION

This day personally appeared before the undersigned, Larry D. Swann, who after being duly sworn under oath deposes and says that he signed the foregoing complaint and believes to the best of his knowledge and information that the statements contained in the complaint are accurate.

Larry D. Swann  
Complainant

STATE OF WEST VIRGINIA

COUNTY OF KANAWHA, to-wit:

Taken, sworn and subscribed to before me this 12<sup>th</sup> day  
of September, 1984.

Randall B. Ferson  
Notary Public

My commission expires April 1, 1986.

35040560826

# Swann questions See's loan procedure

By Fanny Seller  
STAFF WRITER

Because of "so many unanswered questions" about Democratic gubernatorial nominee Clyde See's campaign loans, House Minority Leader Larry Swann, R-Doddridge, suggested Thursday that the state Election Commission investigate. If it doesn't, Swann said the matter will be taken to court.

In response to a question, Swann also said at a late morning news conference that legal counsel thinks there is a "very good probability" the Charleston National Bank may be in some difficulty for making a \$25,000 unsecured loan to See in the primary.

See was unavailable and didn't return calls left at his campaign headquarters, his speaker's office or his hotel suite. However, press spokesman David Baker said See didn't have any response planned. Baker said after questions were raised about the loans, See refinanced them to erase any possibility of wrongdoing even though he didn't feel there was any.

Ralph Bean, chairman of the commission, said he couldn't say if the Election Commission will or won't investigate because state law requires secrecy. But Bean said he would disqualify himself from participating if there is an investigation because he contributed to See in the primary. The two grew up together in Moorefield.



See



Swann

Fred Eiland, press officer for the Federal Elections Commission, said the federal commission would have jurisdiction over the unsecured loan at a federal bank and it would have to act on a complaint if one is made. He said the federal commission has jurisdiction in either state or federal races when a federally chartered bank is involved in an unsecured loan. A complaint hasn't been filed, he said.

Swann told the news conference he thought See had violated the spirit of the election law, but that it would take a judicial interpretation to determine if he had.

After he was challenged by former Gov. Arch Moore Jr. about the loans in a July debate, See said he obtained a \$25,000 unsecured loan from Charleston National Bank, a federally chartered bank. He said Lincoln County Democratic Chairman Wylie Stowers and former state Democratic Chairman J.C. Dillon had cosigned a \$30,000 loan at the Bank of Dunbar, a division of Parkersburg National Bank. Until then, See had declined to answer questions about them other than to say they were his personal loans and he wasn't going to discuss them.

See also said he had 14 names of people who would have cosigned, but they weren't needed.

"Who are all these co-signers and so-called 14 endorsers, and have the co-signers made illegal contributions by cosigning for more than the \$1,000 legal contribution limit?" Swann asked.

Are these loans cosigned and unsecured perfectly legal?" he continued. "Are they in the best interest and best public policy, and, more importantly, did the state Legislature intend for this type of campaign financing to be allowed?"

"Have the bank or banks involved in the unsecured loans violated any election laws by making corporate contributions to a political candidate?" he asked.

As a veteran legislator, Swann said was present when most of the election laws were passed and he didn't think the Legislature intended that kind of campaign financing.

Swann said he would advise candidates that it would be improper. "If this kind of financing is appropriate, what would prohibit a rich oil baron from taking his favorite candidate to one of his banks and getting him an interest free long-term loan for a million dollars and telling the bank president not to worry about when it gets paid back," Swann added.

When asked if he was referring to Gov. Jay Rockefeller, whose family made a fortune in oil, Swann replied: "You can infer that."

Swann said if See were a federal candidate, he understands See would be removed from the ballot for having two individuals cosign a \$30,000 loan. That is \$15,000 for each individual, he noted.

Eiland said loans that are cosigned for federal candidates have to have a different individual for each \$1,000 borrowed. The \$1,000 is the maximum donation that an individual can give in the primary and the general.

Eiland said if the Federal Election Commission got a complaint over the unsecured loan, it would have jurisdiction in a state race because Eiland said under federal law, banks cannot contribute or expend money in any campaign.

Eiland read the federal law to a reporter. It said loans must be made in accordance with applicable law and in the ordinary course of business, and shall be considered a loan by each endorsee or guarantor on the basis of assurances of repayment, evidenced by a written instrument and subject to a due date or amortization schedule. The loans also have to have the usual and customary interest rate of the bank.

Eiland wasn't familiar with the circumstances of the loans. Generally speaking, he said the ordinary course of business means that the person who got the loan was a regular customer of the bank and got the loan on the same basis that he got loans in the past.

If, for example, he said, any candidate had obtained unsecured loans in past the past, it would be the ordinary course of business to get an unsecured loan to use in a campaign.

Bean said the state Election Commission also includes Barbara Ruley of Parkersburg, Patrick McDonald of Huntington, Alan Hammond, a political science professor from Morgantown and Secretary of State A. James Manchin, who said earlier he didn't see a problem with the cosigned loans as long as the cosigners didn't have to pay back any of the loan. Manchin received a \$2,000 loan for his primary campaign from his son Mark Anthony.

Swann said legal counsel advised him to first exhaust his remedies with the state commission

before going to court. "I frankly considered going to court first," he told reporters.

Time is of the essence, he said, adding that other candidates may want to know if they can finance their campaigns like See. Even though See refinanced the loans, Swann said that didn't remove the act of getting an unsecured loan and a loan that was cosigned excess of the \$1,000 contribution limit for each co-signer.

Whether See still has a loan at Charleston National, or where his consolidated loan was refinanced isn't known. Baker didn't know and said he would try to find out. He didn't call back to provide any information and when a reporter recalled him, Baker had left campaign headquarters and his whereabouts weren't known.

Friday, August 21, 1981

\* The Charleston Gazette

## Law violated?

**I**N A ONE-PARTY state, it's hard to find any impartial umpires, because nearly everyone is a player on the same team.

House Minority Leader Larry Swann, R-Doddridge, has called upon the West Virginia Election Commission to investigate Democratic gubernatorial candidate Clyde See's campaign finances. But officials of the election commission are in thick with See.

Ralph Bean, chairman of the commission, has contributed to See's campaign. Bean won't say if there will be an investigation, although he said if there is one, he would disqualify himself. Really? So how will the public ever know whether the matter is being investigated and whether it is being handled impartially?

See obtained an unsecured loan of \$25,000 from the Charleston National Bank, which is federally chartered. That makes the matter a case for the Federal Elections commission. That may be the only way that See's alleged financing irregularities can ever be probed.

It may be too much to expect the election commission of a Democratic administration, staffed by See's cronies, to look into the matter. They may whitewash it, but even that might come after the November election.

See also secured a loan for \$30,000, which was cosigned by

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Of course, Clyde See's campaign finances should be investigated.

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some other Democratic political cronies of his. This appears to violate the state elections law which limits contributions to \$1,000 per individual.

Secretary of State A. James Manchin said he sees nothing wrong with the loans if the cosigners don't have to pay off the loan. That's hogwash! The cosigners have entered into contractual obligations far exceeding the \$1,000 limit. Manchin's "see no evil" attitude toward a fellow Democrat's chicanery is further evidence that West Virginia needs a two-party political system.

Of course, See's campaign finances should be investigated. On the face of it, he is in worse shape than his party's vice presidential nominee, Geraldine Ferraro, over questionable loans.

It's ironic that See has chosen to belabor his opponent, Arch Moore, over unsubstantiated charges which Moore answered years ago — but is trying to wiggle out of a major breach of campaign ethics himself.

One gets the impression that See should never have brought up the "integrity issue." It seems to stick to him rather than to Moore.

# Loan Probe Onus On Manchin, Official Says

By HERB LITTLE  
Associated Press Writer

The head of the state Election Commission says the secretary of state, and not the commission, should handle any investigation into Democratic gubernatorial candidate Clyde See's campaign loans.

The Republican leader of the House of Delegates, Larry Swann of Doddridge County, called Thursday for the commission to look into See's loans be-

cause he "at the minimum violated the spirit of our election laws."

But the commission's chairman, Clarksburg attorney Ralph J. Bean, noted that his panel has "no budget and no staff" and said, "I would think it would be more appropriate for the secretary of state, as the state's chief election officer, to look into this."

Secretary of State A. James Manchin, a member of the Election Commission, and See were at the State Fair on Thursday and unavailable for comment.

Acknowledging that state election laws are vague on the subject of campaign loans, Swann said "the state statutes and regulations need to be looked at much closer by an independent commission to determine the propriety of See's loans."

Swann said he has not filed a formal request or complaint with the Election Commission because it "has clear authority to investigate upon its own initiative."

But Bean said that if Swann wants the commission to investigate the matter, he should make a formal request.

"It's my personal view, without attempting to speak for the commission, that anybody who wants action taken with such possible serious consequences ought to be prepared to file a complaint," Bean said.

Replying to another question, Swann said he was acting on his own in calling for an investigation and did not discuss the matter with See's November election opponent, Republican ex-Gov. Arch Moore.

See borrowed money to help finance his successful primary campaign. His campaign committee's subsequent financial reports to the secretary of state didn't list the loan sources or identify possible co-signers.

Moore questioned See about the loans in their televised debate last month. Without mentioning amounts, See replied that he had obtained an unsecured loan from the Charleston Na-

tional Bank and a loan from the Bank of Dunbar that was co-signed by his campaign chairman, J. C. Dillon Jr., and Lincoln County Democratic Chairman Wylie Stowers.

A few days after the debate, See said he had refinanced his campaign debt, eliminating co-signers who could be held responsible for payment in case of default. See said then, "I wanted to clear the air since there had been some suggestion it was improper."

Republicans had alleged that repayment by co-signers after a possible default would put them in the position of exceeding the \$1,000 legal limit on campaign contributions.

The See for Governor Committee's reports to the secretary of state, in itemizing money received for the primary campaign, listed \$188,614 under the headings "personal advancements from candidate." This amount included items totaling \$55,000 listed as "loans" and \$133,614 listed as "personal loans." The reports gave no other details about the loans.

The Country Editor

# Stonewalling See Avoids Issues

Clyde See is stonewalling.

The Democrat nominee for governor hasn't answered scads of legitimate questions concerning the propriety of how his primary campaign was funded. He is avoiding this issue.



ADAM KELLY

Now See is attempting to divert public attention from it through the time-tested political maneuver of attacking his opponent's record instead of defending his own.

See boasts that he already has set off "dynamite charges" against Arch Moore in the current campaign, and that "atomic bombs" are to come. The candidate labeled all questions concerning his political financial shenanigans as "firecrackers. They're criticizing me for borrowing money to run my primary campaign."

Well, not exactly, Clyde.

The See primary election reports to the secretary of state listed \$133,614

as "personal loans" and \$55,000 as "loans."

The candidate admitted that Lincoln County Democratic Chairman Wylie Stowers and former party chairman J.C. Dillon had co-signed a \$30,000 loan at the Bank of Dunbar (now part of Parkersburg National Bank) for his primary campaign. He further admitted obtaining a \$25,000 unsecured loan from Charleston National Bank for the same purpose.

The Republican leader of the House of Delegates, Larry Swann of Doddridge County, views these proceedings with a somewhat jaundiced eye and has called for an investigation by the state Election Commission into the See campaign loans. These, he said, "violate the spirit of our election laws."

The state Election Commission thinks the secretary of state should investigate. The secretary of state agrees that the matter of such bank loans is a gray area, and suggests that those who question their propriety take the matter to court.

This bureaucratic runaround is a genteel variety of stonewalling, too, of course.

It shouldn't be necessary to go to court to get responsive replies to questions of legitimate public interest — how Clyde See financed his primary election campaign. One-third of the money he spent came from loans.

Without that cash, which enabled See to put on a last-minute media blitz, the Democrat party would now have a different nominee for governor.

Last month, See glibly announced he had refinanced his campaign debt. Co-signers who could be held responsible for paying off loans in case of default had been eliminated. "I wanted," said pious Clyde in his most unctuous manner, "to clear the air since there had been some suggestion it was improper."

The air is still foggy.

See revealed he had a list of 14 names of people who would have co-signed his loans.

Swann's query: "Who are all these co-signers and so-called 14 endorsers, and have the co-signers made illegal contributions by co-signing for more than the \$1,000 legal contribution limit?"

(This is no small matter. Is the Grand Kook of the Ku Klux Klan one of them? Is one of the convicted crooks from the Wally Barron gang included? Who are these people?)

No answer. Clyde See is stonewalling.

"Are these loans co-signed and unsecured perfectly legal? Are they in the best interest and the best public policy, and, more importantly, did the state Legislature intend for this type of campaign financing to be allowed?"

No answer. Clyde See is stonewalling.

"Have the banks involved in the unsecured loans violated any election laws by making corporate contributions to a political candidate?"

No answer. Clyde See is stonewalling.

What interest rate did these loans bear? This is important. If Clyde got his money interest free, or at a rate substantially lower than the going one, then, in effect, the banks involved have made a corporate contribution to this political candidate.

As Minority Leader Swann noted, "If this kind of financing is appropriate, what would prohibit a rich oil baron from taking his favorite candidate to one of his banks and getting him an interest-free loan for a million dollars and telling the bank president not to worry when it gets paid back?" Good question.

The queries concerning unsecured and co-signed campaign loans naturally bear great relevance to the current gubernatorial race. But their importance transcends the moment.

The minority leader said he is "fully convinced that what See has done is wrong. I want to know if we all can run our campaigns like this. Can my friends find a rich friend like Clyde did and secure \$50,000 campaign donations in the form of co-signed bank loans? I don't think that was the intent of the law ... but if that's what's permitted we all should be able to do it. As far as I'm concerned it's the most serious political issue of 1984."

Clyde's campaign spokesman, David Baker, responded to all this by saying he had no information on the loans because they are "Mr. See's personal business."

And therein lies the crux of the matter. Where Clyde got the money is now a public affair because he used it to win a political campaign for public office. And that makes it people's business.

Moreover, there is an ethical principle involved.

Clyde See should stop stonewalling and answer the legitimate questions which have been raised about his campaign money — or admit publicly that he just doesn't have what it takes to be governor of West Virginia.

So the image thus far projected by this candidate is far from that of Stonewall Jackson.

Instead, it's Stonewall See.

The Parkersburg News

Thursday, August 30, 1984

### Manchin defends campaign loans

CHARLESTON — Secretary of State A. James Manchin says there's nothing illegal about loans made to election campaigns that could exceed the legal limit for contributions if the candidates fail to repay them. Manchin, the state's chief elections officer, issued his opinion after questions were raised about loans made to his campaign for state treasurer and Clyde See's gubernatorial campaign. Campaign financial statements indicate that both campaigns received loans that exceed the \$1,000 legal limit for contributions. The secretary of state said that as best as he can determine, state election law does not address the subject of co-signed campaign loans. But he admitted it could present a problem in the future.

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## Cosigned loan has been paid, See says

By TOM D. MILLER  
Chief correspondent

CHARLESTON — Democratic gubernatorial candidate Clyde See Jr. said yesterday he has paid off a primary campaign loan cosigned by two other people.

"I wanted to clear the air since there had been some suggestion it was improper," See said. "I don't want to mislead you, though. I simply refinanced it elsewhere to get rid of it."

See acknowledged at last Friday's television debate with GOP foe Arch A. Moore Jr. that he had obtained a loan from the Bank of Dunbar cosigned by former campaign Chairman J. C. Dillon and Lincoln County Democratic Chairman Wylie Stowers.

He said there were 14 other willing cosigners but the bank said they were not necessary.

See said he now has \$134,000 of personal loans in the campaign, but no debts involving any cosigners.

Secretary of State A. James Manchin said yesterday state election laws do not address the subject of cosigned campaign loans. He said it could be a problem in the future.

According to Manchin, if the candidate would default and the cosigners paid off the loan, this would exceed the \$1,000 campaign contribution limit any person can give a candidate.

Manchin, who won the Democratic nomination for treasurer in the primary, has his own cosigned campaign loan. He said his son, Mark Anthony, took out a \$2,000 loan to help finance the primary campaign.

"I didn't know in advance he was borrowing the money," Manchin said. "But there won't be any problem. It will be paid off."

See said there is no requirement to report his personal loans on the campaign financial reports but that questions had been raised so he decided to clear the air.

A \$500-per-couple fund-raising reception was scheduled here last night hosted by, among others, state party Chairman Joe Bob Goodwin and former Tax Commissioner David Hardesty.

"We have 20 fund-raisers scheduled and perhaps that many more requests for fund-raisers," he added.

He said the money will be used to run the fall campaign, though, and not to pay off the loans.

Noting the contrast with Moore, unopposed in the primary and now fortified with a campaign fund of nearly \$750,000, See said he still thinks there will be "very little difference in what we both spend on the campaign."

He also said he looks forward to more debates with Moore. A West Virginia Chamber of Commerce debate is scheduled Aug. 31 at The Greenbrier and See said yesterday he has a tentative invitation from the League of Women Voters for one on Nov. 3.

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## AFFAIRS OF STATE

Fanny Seiler

# Private sector pays jobless program costs

**P**RIVATE businesses in West Virginia paid about \$21 million last year to the federal government for administration costs in the unemployment compensation programs — regular and extended benefits. Tax-supported governmental entities and certain private non-profit corporations paid nothing for administration.

Governmental entities and private non-profit corporations that comply with Internal Revenue Service exemptions get a free ride on administrative costs because of federal law.

Employment Security Commissioner Nyle Hughes says there has been a lot of conversation about the inequity. It's a "very very sore spot" with some members of the unemployment insurance committee of the Interstate Conference of Employment Security Agencies, Hughes said. He was a member of the committee until he became commissioner.

Daniel Light, director of unemployment compensation, says there are 491 governmental and non-profit corporations in West Virginia.

Hughes said West Virginia recommended the federal statute be changed to require the payment of administration costs for governmental and non-

profit groups. But Hughes said it's a difficult area because one government can't tax another government.

But while private businesses subsidize governmental and non-profit entities, the private sector has paid nearly \$24.8 million through federal tax credit losses toward a \$98.4 million interest-free loan the Department of Employment Security had to get from the federal government during recession times to make unemployment compensation benefit payments.

When the interest-free loan is paid back, they'll have to pay off \$228 million in loans that have an interest rate of nearly 10 percent. The interest, however, will be paid from the state's general tax revenues.

Government entities have the option of refunding the unemployment compensation trust fund dollar-for-dollar for unemployment compensation benefits paid to their laid-off employees. Private business, on the other hand, pays 6.2 percent of the first \$8,000 it pays in wages to each employee and the administrative share is 0.7 percent.

Private employers probably are saying "give us a break."

**S**HORTS — Gov. Jay Rockefeller started a new series of TV spots last Tuesday. Initially, two spots will be alternated and then a half dozen others will be phased in, according to political consultant Phil Friedman. They deal with Rockefeller's background and experience and how

he's qualified to be senator. Secretary of State A. James Manchin is seen briefly in one of the ads. The new ads say Rockefeller is running for Senate while the old ones didn't say what he was running for. . . . Former Republican Gov. Arch A. Moore Jr., who is running for a third term as governor, is to start his TV spots this week. . . . Former Delegate John McCuskey, R-Harrison, has started his radio ads in sections of the state where he's less well-known and his TV will start the first week of September. . . .

Democratic gubernatorial nominee Clyde See has hired Tony Schwartz, New York media producer with a name in the business, for doing mean and nasty political ads. Schwartz was contacted by See's media consultant, Dresner-Sykes, to do the production. Both Schwartz and Dresner-Sykes are New York firms. Schwartz is remembered for the TV spot he did in the 1964 presidential race of a little girl pulling petals from a flower that resulted in a nuclear bomb explosion. Because of the Fifth Amendment ad See did on Attorney General Chauncey Browning in the gubernatorial primary, some of Browning's contributors have gone to Moore, saying they don't think the state needs that kind of below-the-belt campaigning. . . .

As of last Thursday, there were 632 reservations to the governor's fund-raiser at his Pocahontas County farm today and other individuals indicated they would buy a \$50-per-person ticket at the farm, according to Mike Willard, communications director. . . . Charles McElwee, Charleston lawyer

who has a farm in Pocahontas County two miles from Rockefeller's, has invited a number of people to his place before the Rockefeller fund-raiser to meet See, state Supreme Court candidate William Brotherton Jr., and some other Democratic candidates. (McElwee helped buy the land that became Rockefeller's farm.) Former state Sen. William Sharpe, D-Lewis, who is the Democratic nominee for his old seat, is going to the McElwee private event, which isn't a fund-raiser. . . . Sharpe, incidentally, got a permit to carry a pistol on his construction projects. . . .

Sharpe gave his own salute to Mary Lou Retton in a radio spot he made to the tune of the song "Mary Lou." Sharpe sings and plays the organ in the radio tape. One individual called Sharpe to tell him he sounded like Rudy Valentino. Sharpe commented to the caller that he tried to keep up with the young jet set, but found out his caller was an 82-year-old lady. . . . See got an unsecured loan from the Charleston National Bank, but he left behind some hard feelings among certain members of the board of directors. Mall developer Fred Haddad is a member of the bank board and the word circulating among Haddad's friends is that Haddad was upset because if he wanted a loan, the board members had to be polled, but the board wasn't polled when See got his loan. Haddad has donated to both Rockefeller and Moore.

See SEILER Page 4D

# Seiler: Affairs of State

Continued From Page 2D

A request for the loan was denied initially by a board member, but See got it after he called C Joe Mullen, a former Rockefeller banking commissioner and good friend of Tom Goodwin, who was gubernatorial executive assistant when Mullen was director of the Governor's Office of Economic and Community Development. Goodwin is a brother to Joe Bob Goodwin, the Democratic state chairman, who said he didn't call Mullen, but See did call him. Mullen was on vacation last week, but a very high ranking bank official said the loan was out of Mullen's area although Mullen was good at checking credit. Mullen is a senior vice president at Charleston National. The high-ranking official came on the phone when this reporter identified herself and asked the public relations person for a list of the bank directors.

At first he wanted the reporter to promise not to call the directors before giving the names of nearly half the directors. He then relented. The official said he had full confidence in the loan department but the bank isn't discussing any details of loans and it isn't clear whether Charleston National has a loan or the unsecured loan was consolidated with other loans and moved to another bank. Students of politics are puzzled about something Moore said in the debate with See in July when the former governor talked about "Marie" standing in the doorway, watching highway surveying crews. Joe Bob Goodwin says Moore was just using Marie as an example. Others say it was a strange takeoff on Jane Doe examples. Who is Marie and what was Moore talking about? Maybe See can ask Moore to elaborate at their next debate Aug 31. Former Democratic State Chairman J.C. Dillon wasn't at the See fundraiser. Dillon is on vacation.

Statewide Democratic candidates, with the exception of Manchin, who is running for treasurer, had a luncheon Friday a week ago with Rockefeller at the mansion to discuss the election. One source

who attended said See was told he should be doing certain things, but See made it very clear he was going to run his campaign his way. See indicated to the governor that his own poll, which included Rockefeller's race with Republican John Raese, showed a much closer race than the governor's poll conducted by Peter Hart, the source said. The results of the Hart poll in the gubernatorial race were very bad for See, but the figures aren't available. Another poll — not the Hart poll — is said to have been something like 33 for See and 58 or 59 for Moore. Raese says he will have a poll taken the middle of September.

A Teter poll which Republican Congressional candidate Jim Altmeyer had taken in the 1st Congressional District is said to have shown Raese only 2 points behind Rockefeller in the district, but Rockefeller sources say it was Rockefeller 20 points ahead of Raese in the district. Bill Ellis of Jamon Real Estate and a private health facilities partner with Don Richardson and Dave Callaghan, both of whom were once in the Rockefeller administration, and Bob Person, owner of Standard Exterminating and Standard Construction in Kanawha City, had a \$100-a-couple fund-raiser for See at the Heart-o-Town Holl-

day Inn Friday night. Jack Pauley, one-time county clerk and former gubernatorial aide to Rockefeller, asked Cameron Lewis, director of roadside services in the Department of Highways, to help sell tickets. Lewis said he had sold between 50 and 60 tickets by farming some of them out to friends.

Jack Ferrell, one of the Democratic factional kingpins in Logan County, is having a fund-raiser for See in Logan next Saturday and reports from Clarksburg say beer distributor Sam D'Annunzio had a private fund-raiser for See in Clarksburg, but his office doesn't know anything about it and D'Annunzio has been unavailable, having attended the Olympics in California with Carmine Cann, prominent Harrison County Democrat.

A source says Moore has surpassed his fund-raising goal. Beer distributor Jack Catalano, who donates to both Democrats and Republicans but is a Democrat, is said to have been the bartender at Moore's riverboat fund-raiser.

Raese is paying big bucks to Washington consultant Vince Breglio because he needed him to raise political action money, but recent figures on PAC money that was contributed to various candidates showed Raese with only \$16,000, the second lowest amount.

See SEILER Page 5D

# Seiler: Affairs

Continued From Page 4D

per candidate Sen. Charles Percy, R-Ill., who is apparently trailing in the polls, got \$605,503, while his son-in-law, Gov. Rockefeller, has received more than \$200,000. A witness at the airport confrontation between Rockefeller and Tag Galyean car sales manager Randy Ruppert over the parade route for Mary Lou Retton says he never saw the governor so emotional. Rockefeller was speaking in a raised voice and shaking his finger, a source said.

The source said Rockefeller told Ruppert there was a threat on Mary Lou's life, but it turned out that the threat was on Rockefeller who decided against riding

in a car behind Mary Lou to be on the safe side for everybody. Mayor Roark, who was there, reportedly said he wasn't getting in the middle but her parents ought to decide about the parade route. When asked about it, Roark had no comment. A word of comfort to Ruppert: You may not have been the first one Rockefeller has had his disagreements with, but you're in good company. There was actor Robert Redford. Mayor Roark, who invited Rockefeller to the dedication of the walkway between Capitol Street and Town Center, didn't get invited to the celebration at the Capitol for Mary Lou, but a spokesman said it was only for people from the Statehouse.

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## Seiler: Affairs of State

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A request for the loan was denied initially by a board member, but See got it after he called C. Joe Mullen, a former Rockefeller banking commissioner and good friend of Tom Goodwin, who was gubernatorial executive assistant when Mullen was director of the Governor's Office of Economic and Community Development. Goodwin is a brother to Joe Bob Goodwin, the Democratic state chairman, who said he didn't call Mullen, but See did call him. Mullen was on vacation last week, but a very high ranking bank official said the loan was out of Mullen's area although Mullen was good at checking credit. Mullen is a senior vice president at Charleston National. The high-ranking official came on the phone when this reporter identified herself and asked

who attended said See was told he should be doing certain things, but See made it very clear he was going to run his campaign his way. See indicated to the governor that his own poll, which included Rockefeller's race with Republican John Raese, showed a much closer race than the governor's poll conducted by Peter Hart, the source said. The results of the Hart poll in the gubernatorial race were very bad for See, but the figures aren't available. Another poll — not the Hart poll — is said to have been something like 33 for See and 58 or 59 for Moore. ... Raese says he will have a poll taken the middle of September....

A Teter poll which Republican Congressional candidate Jim Alt-meyer had taken in the 1st Congressional District is said to have

day Inn Friday night. Jack Pauley, one-time county clerk and former gubernatorial aide to Rockefeller, asked Cameron Lewis, director of roadside services in the Department of Highways, to help sell tickets. Lewis said he had sold between 50 and 60 tickets by farming some of them out to friends....

Jack Ferrell, one of the Democratic factional kingpins in Logan County, is having a fund-raiser for See in Logan next Saturday and reports from Clarksburg say beer distributor Sam D'Annunzio had a private fund-raiser for See in Clarksburg, but his office doesn't know anything about it and D'Annunzio has been unavailable, having attended the Olympics in California with Carmine Cann, prominent Harrison County Democrat. ... A source says Moore has surpassed his fund-raising goal. Beer



## AFFAIRS OF STATE

Fanny Seiler

**P**PRIVATE businesses in West Virginia paid about \$21 million last year to the federal government for administration costs in the unemployment compensation programs — regular and extended benefits. Tax-supported governmental entities and certain private non-profit corporations paid nothing for administration.

Governmental entities and private non-profit corporations that comply with Internal Revenue Service exemptions get a free ride on administrative costs because of federal law.

Employment Security Commissioner Nyle Hughes says there has been a lot of conversation about the inequity. It's a "very very sore spot" with some members of the unemployment insurance committee of the Interstate Conference of Employment Security Agencies, Hughes said. He was a member of the committee until he became commissioner.

Daniel Light, director of unemployment compensation, says there are 491 governmental and non-profit corporations in West Virginia.

Hughes said West Virginia recommended the federal statute be changed to require the payment of administration costs for governmental and non-

# Private sector pays jobless program costs

profit groups. But Hughes said it's a difficult area because one government can't tax another government.

But while private businesses subsidize governmental and non-profit entities, the private sector has paid nearly \$24.8 million through federal tax credit losses toward a \$98.4 million interest-free loan the Department of Employment Security had to get from the federal government during recession times to make unemployment compensation benefit payments.

When the interest-free loan is paid back, they'll have to pay off \$228 million in loans that have an interest rate of nearly 10 percent. The interest, however, will be paid from the state's general tax revenues.

Government entities have the option of refunding the unemployment compensation trust fund dollar-for-dollar for unemployment compensation benefits paid to their laid-off employees. Private business, on the other hand, pays 6.2 percent of the first \$8,000 it pays in wages to each employee and the administrative share is 0.7 percent.

Private employers probably are saying "give us a break."

**S**HORTS — Gov. Jay Rockefeller started a new series of TV spots last Tuesday. Initially, two spots will be alternated and then a half dozen others will be phased in, according to political consultant Phil Friedman. They deal with Rockefeller's background and experience and how

he's qualified to be senator. Secretary of State A. James Manchin is seen briefly in one of the ads. The new ads say Rockefeller is running for Senate while the old ones didn't say what he was running for. . . . Former Republican Gov. Arch A. Moore Jr., who is running for a third term as governor, is to start his TV spots this week. . . . Former Delegate John McCuskey, R-Harrison, has started his radio ads in sections of the state where he's less well-known and his TV will start the first week of September. . . .

Democratic gubernatorial nominee Clyde See has hired Tony Schwartz, New York media producer with a name in the business, for doing mean and nasty political ads. Schwartz was contacted by See's media consultant, Dresner-Sykes, to do the production. Both Schwartz and Dresner-Sykes are New York firms. Schwartz is remembered for the TV spot he did in the 1964 presidential race of a little girl pulling petals from a flower that resulted in a nuclear bomb explosion. Because of the Fifth Amendment ad See did on Attorney General Chauncey Browning in the gubernatorial primary, some of Browning's contributors have gone to Moore, saying they don't think the state needs that kind of below-the-belt campaigning. . . .

As of last Thursday, there were 632 reservations to the governor's fund-raiser at his Pocahontas County farm today and other individuals indicated they would buy a \$50-per-person ticket at the farm, according to Mike Willard, communications director. . . . Charles McElwee, Charleston lawyer

who has a farm in Pocahontas County two miles from Rockefeller's, has invited a number of people to his place before the Rockefeller fund-raiser to meet See, state Supreme Court candidate William Brotherton Jr., and some other Democratic candidates. (McElwee helped buy the land that became Rockefeller's farm.) Former state Sen. William Sharpe, D-Lewis, who is the Democratic nominee for his old seat, is going to the McElwee private event, which isn't a fund-raiser. . . . Sharpe, incidentally, got a permit to carry a pistol on his construction projects. . . .

Sharpe gave his own salute to Mary Lou Retton in a radio spot he made to the tune of the song "Mary Lou." Sharpe sings and plays the organ in the radio tape. One individual called Sharpe to tell him he sounded like Rudy Valentino. Sharpe commented to the caller that he tried to keep up with the young jet set, but found out his caller was an 82-year-old lady. . . . See got an unsecured loan from the Charleston National Bank, but he left behind some hard feelings among certain members of the board of directors. Mall developer Fred Haddad is a member of the bank board and the word circulating among Haddad's friends is that Haddad was upset because if he wanted a loan, the board members had to be polled, but the board wasn't polled when See got his loan. Haddad has donated to both Rockefeller and Moore.



FEDERAL ELECTION COMMISSION

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