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

THIS IS THE END OF MUR # 1816

Date Filmed 5-7-84 Camera No. --- 2

Cameraman GPC

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1816
Tom Hannon	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 28, 1986, the Commission decided by a vote of 6-0 to take the following actions in MUR 1816:

1. Approve the conciliation agreement of Tom Hannon as recommended in the General Counsel's Report signed February 25, 1986.

2. Close the file.

3. Approve and send the letters attached to the General Counsel's Report signed February 25, 1986.

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

Attest:

3/3/86
Date

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

Received in Office of Commission Secretary:	Tues.,	2-25-86,	5:17
Circulated on 48 hour tally basis:	Wed.,	2-26-86,	11:00
Deadline for vote:	Fri.,	2-28-86,	11:00

86040518029

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 4, 1986

Elliott Schulder
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

RE: MUR 1816
Tom Hannon

Dear Mr. Schulder:

On February 28 , 198 , the Commission accepted the conciliation agreement signed by you in settlement of violations of 2 U.S.C. § 441a(a)(1)(A) and § 441d, provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter and it will become a part of the public record within thirty days. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing.

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

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Conciliation Agreement

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 4, 1986

Elliott Schulder
Covington & Burling
1201 Pennslyvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

RE: MUR 1816
Anna Hannon
Helms for Senate
Committee
Mark L. Stephens,
as treasurer

Dear Mr. Schulder:

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 Beverly Kramer, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 4, 1986

David E. Price, Chairman
North Carolina Democratic Party
The Goodwin House
220 Hillsborough Street
P.O. Box 12196
Raleigh, NC 27605-2196

RE: MUR 1816

Dear Mr. Price:

This is in reference to the complaint you filed with the Commission on October 10, 1984, concerning alleged violations of Federal election campaign laws by the Helms for Senate Committee and Tom Hannon.

After conducting an investigation in this matter the Commission determined there was probable cause to believe Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A) and § 441d, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). On February 28 , 1986, a conciliation agreement signed by the respondent was accepted by the Commission concluding the matter. A copy of this agreement is enclosed for your information.

Based on your complaint, the Commission also determined there was reason to believe that the Helms for Senate Committee and Mark L. Stephens, as treasurer, violated 2 U.S.C. § 441a(f) and § 434(b), provisions of the Act. However, after considering the circumstances of this matter, the Commission, on December 3, 1985, determined to take no further action and close the file as it pertained to these respondents.

In addition, the Commission found reason to believe that Anna Hannon violated 2 U.S.C. § 441d and instituted an investigation of this matter. After an investigation was conducted and briefs of the general counsel and respondent were considered, the Commission on December 3, 1985, determined there was no probable cause to believe Anna Hannon violated the Act. Accordingly, the file in this matter, numbered 1816, has been closed.

If you have any questions, please contact Beverly Kramer, the staff member assigned to this matter at (202) 376-8200.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosures
Conciliation Agreement
First General Counsel's Report
General Counsel's Brief re: Anna Hannon
General Counsel's Report signed 11/22/85

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	MUR 1816
Tom Hannon	)	

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by David E. Price on behalf of the North Carolina Democratic Party. An investigation was conducted, and the Commission found probable cause to believe that Tom Hannon ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution to a federal candidate and § 441d by failing to include on advertisements a disclaimer stating whether the communications were authorized by any candidate or candidate's committee.

NOW, THEREFORE, the Commission and Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent, and the subject matter of this proceeding.

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

III. Respondent enters voluntarily into this agreement with the Commission.

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

1. Respondent, Tom Hannon, is a resident of Henderson, North Carolina.

2. Between the dates of August 28 and October 16, 1984, Respondent published and paid for nine advertisements in the Henderson Daily Dispatch which were directed against or expressly advocated the defeat of Senator Jesse Helms' opponent in the 1984 United States Senate race, Governor James Baxter Hunt.

3. The costs attendant to the advertisements were $1,367.52 and constituted contributions in-kind to the Helms for Senate Committee, subject to the contribution limitations of 2 U.S.C. § 441a(a)(1)(A).

4. Pursuant to 2 U.S.C. § 441a(a)(1)(A) it is unlawful for any person to make contributions to any candidate and his or her authorized political committee with respect to any election for Federal office which, in the aggregate, exceed $1,000.

5. The advertisements that expressly advocated the defeat of Governor James Baxter Hunt in the general election failed to include a disclaimer stating whether the advertisements were authorized by any candidate or candidate's committee.

6. Section 441d of the Act requires that whenever any person makes an expenditure for the purpose of

financing communications expressly advocating the election or defeat of a clearly identified candidate, such communication must bear a disclaimer stating the name of the person who paid for the communication and whether the communication was authorized by any candidate or candidate's committee.

V. Respondent admits that he violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution to the Helms for Senate Committee, and that he violated 2 U.S.C. § 441d by failing to include on communications expressly advocating the defeat of Governor James Baxter Hunt in the general election a disclaimer stating whether the communications were authorized by any candidate or candidate's committee. Respondent contends, however, that the violations were not knowing and willful.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Dollars ($200.00) pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that he shall not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C § 431, et seq.

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

a civil action for relief in the United States District Court for the District of Columbia.

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

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

XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

March 3, 1986
Date

FOR THE RESPONDENT:

Elliott Schulder
Attorney

Feb. 10, 1986
Date

TOM OR ANNA M. HANNON
PH 492-6109
1733 PARKER LN
HENDERSON, NC 27536

4301

3-19 1986

66-867
531

PAY TO THE ORDER OF Treasurer of the United States $200.00/xx

Two hundred & no/100 DOLLARS

Peoples Bank
& Trust Company
HENDERSON, N.C. 27536

FOR

Tom Hannon

⑈ 4301 ⑈

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 13, 1985

John R. Bolton
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

RE: MUR 1816
Anna Hannon

Dear Mr. Bolton:

This is to advise you that after an investigation was conducted, the Commission concluded on December 3, 1985, that there is no probable cause to believe that your client, Anna Hannon, violated the Act. Accordingly the file in this matter, numbered MUR 1816, has been closed as it pertains to your client. This matter will become part of the public record within 30 days, after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, 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 has been closed. The Commission will notify you when the entire file has been closed.

If you have any questions, contact Beverly Kramer, the staff member assigned to handle this matter, at (202)523-4143.

Sincerely,

Charles N. Steele
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 13, 1985

John R. Bolton
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

RE: MUR 1816
Helms for Senate Committee
Mark L. Stephens, as treasurer

Dear Mr. Bolton:

On January 29, 1985, the Commission found reason to believe that your client, the Helms for Senate Committee and Mark L. Stephens, as treasurer, had violated 2 U.S.C. § 441a(f) and § 434(b), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the above referenced MUR. However, after considering the circumstances of this matter, the Commission has determined to take no further action and on December 3, 1985, closed its file as it pertains to your client.

The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within 10 days of your receipt of this letter.

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.

If you have any questions, please direct them to Beverly Kramer, the staff member assigned to this matter, at (202)523-4143.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Tom Hannon	)	MUR 1816
Anna Hannon	)	
Helms for Senate Committee	)	
Mark L. Stephens, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of December 3, 1985, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 1816:

1. Find probable cause to believe Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A).

2. Find probable cause to believe that Tom Hannon violated 2 U.S.C. § 441d.

3. Find no probable cause to believe Anna Hannon violated 2 U.S.C. § 441d.

4. Take no further action against the Helms for Senate Committee and Mark L. Stephens, as treasurer, regarding a violation of 2 U.S.C. § 441a(f).

5. Take no further action against the Helms for Senate Committee and Mark L. Stephens, as treasurer, regarding a violation of 2 U.S.C. § 434(b).

(continued)

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6. Close the file as it pertains to Anna Hannon, the Helms for Senate Committee and Mark L. Stephens, as treasurer.

7. Approve the conciliation agreement for Tom Hannon as recommended in the General Counsel's report dated November 22, 1985.

8. Approve and send the letters attached to the General Counsel's report dated November 22, 1985.

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

Attest:

12-3-85
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: November 27, 1985

SUBJECT: MUR 1816 - General Counsel's Report

The attached is submitted as an Agenda document for the Commission Meeting of

Open Session

Closed Session December 3, 1985

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[ ]	Compliance	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[XX]	Other (see distribution below)	[ ]

Circulate on Blue Paper

Sensitive

For agenda of December 3, 1985

SENSITIVE

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Tom Hannon)
Anna Hannon) MUR 1816
Helms for Senate Committee)
Mark L. Stephens, as treasurer)

85 NOV 27 AM : 28

EXECUTIVE SESSION
Submitted Late

DEC 3 1985

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter originates from a complaint filed by the Democratic Party of North Carolina. On January 29, 1985, the Commission found reason to believe that Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A) by making excessive in-kind contribution to the Helms for Senate Committee ("HFS") in the form of newspaper advertisments directed against Senator Helms' opponent in the United States Senate race, James Baxter Hunt. The Commission also found reason to believe that Tom Hannon and his wife, Anna Hannon, violated 2 U.S.C. § 441d by failing to include a disclaimer on the advertisements stating whether the communications were authorized by any candidate or candidate's committee. In addition, the Commission found reason to believe that HFS violated 2 U.S.C. § 441a(f) by accepting an excessive in-kind contribution from Tom Hannon and § 434(b) by failing to disclose in-kind contributions received from Tom and Anna Hannon.

A General Counsel's Brief recommending a finding of probable cause to believe Tom Hannon violated the Act was mailed on July 23, 1985. On August 25, 1985 this Office received the response of Tom Hannon to the General Counsel's Brief.

In addition, a General Counsel's Brief recommending no probable cause to believe Anna Hannon violated the Act was mailed

on August 15, 1985. On August 20, 1985, this Office received the response of Anna Hannon, concurring with the General Counsel's recommendation. 1/

II. LEGAL ANALYSIS

A. Anna Hannon

See the General Counsel's Brief which was circulated to the Commission on August 14, 1985.

B. Tom Hannon

For legal analysis concerning violations of the Act by Tom Hannon, this Office chiefly relies on the General Counsel's Brief which was circulated to the Commission on July 22, 1985. The General Counsel's Brief recommends that the Commission find probable cause to believe that Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive in-kind contribution to HFS in the form of newspaper advertisements in opposition to the candidacy of Governor James Hunt. In addition, we recommend that the Commission find probable cause to believe that Tom Hannon violated 2 U.S.C. § 441d by failing to include a disclaimer on the advertisements stating whether the ads were authorized by any candidate or candidate's committee.

1. Violation of 2 U.S.C. § 441a(a)(1)(A)

Counsel's response filed on behalf of Tom Hannon does not dispute the factual allegations of the General Counsel's brief with respect to a violation of 2 U.S.C. § 441a(a)(1)(A).

1/ The General Counsel's Briefs and the responses of Tom and Anna Hannon were previously circulated to the Commission.

Specifically, the response does not dispute that Tom Hannon made cash payments for nine advertisements on behalf of HFS totaling $1,367.52. Furthermore, counsel does not dispute that after the last ad had run, Tom Hannon sent a letter to HFS notifying them of the in-kind contributions and designating, after-the-fact, $1,000 as an in-kind contribution from himself and $506.40 as an in-kind contribution from his wife, Anna Hannon. Moreover, counsel does not dispute the fact that the letter did not include the signature of Anna Hannon as required by 11 C.F.R. § 104.8(d) in order for a contribution to be considered as representing separate contributions by both a husband and a wife. Rather, counsel argues that this was a "technical omission due solely to the fact that Mrs. Hannon was unaware that her signature was required." Moreover, counsel calls the Commission's attention to the fact that Mrs. Hannon has produced a sworn affidavit stating that the letter written by Tom Hannon to HFS "accurately reflects [her] intent as to these contributions." On this basis, counsel requests that the Commission find no probable cause to believe Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A).

It is the view of this Office that counsel's argument is not a sufficient defense in light of the fact that the Commission's Regulations at 11 C.F.R. 104.8(d) expressly state that "a contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying statement <u>signed by all contributors</u>, the amount to be contributed to each contributor." (emphasis added). <u>See</u>

also AO 1980-67, 1 Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5527 at 10, 621. The written statement by Tom Hannon concerning the designation of expenditures for ads as in-kind contributions to HFS from himself and his wife failed to include the signature of Anna Hannon. Accordingly, counsel cannot rely on the provisions of 11 C.F.R. § 104.8(d) to argue that the in-kind contributions from Tom Hannon represented contributions by more than one person, thereby bringing the value of Tom Hannon's contributions within the limits of 2 U.S.C. § 441a(a)(1)(A). The sworn statement subsequently produced by Anna Hannon stating that her husband's letter to HFS accurately reflected her intentions acts in mitigation, however, it does not alter the fact that a violation occurred. 2/ See e.g. MURs 1360, 1637, and 1639.

2/ This case is factually distinguishable from the circumstances presented in Advisory Opinion 1985-25 (Issued September 30, 1985). In that opinion the Commission approved a procedure under 11 C.F.R. § 103.3(b) permitting a political committee to facilitate the reattribution of the excessive portion of a contribution to the contributor's spouse. To prevent the procedure from being used as a means to circumvent contribution limits, the Commission conditioned its approval of the procedure on all of the following: (1) the total contributions, if made by both spouses, would not exceed $2000; (2) the treasurer of the committee must have reasonable basis to conclude that the contribution was made by a married couple; (3) the contributor must be informed of the contribution limit and of his/her alternative to receive a refund of the excessive amount; and (4) the refund or reattribution must be made within 30 days after receipt of the excessive contribution.

Apart from the fact that in this case no such procedure was implemented and that this case involves the receipt of in-kind contributions as opposed to a contribution written on a negotiable instrument, three of the above four conditions were

(footnote continued)

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2. Violation of 2 U.S.C. § 441d

Counsel does not dispute that at least two of the advertisements in question required a disclaimer stating whether the advertisements were authorized by any candidate or candidate's committee and that such disclaimers did not appear on these advertisements. Counsel claims, however, that HFS subsequently published two corrective notices stating that the Hannon advertisements were authorized by HFS and, that the corrective notices remedied any defects in the disclaimers originally published by the Hannons. In view of these circumstances, counsel argues that it would be an abuse of discretion for the Commission to find probable cause on the basis of the original disclaimers.

As learned through our investigation of this matter, only one of the corrective notices to which counsel refers ran in the Daily Dispatch. The notice, correcting the omission of proper disclaimers for six ads that ran in the Daily Dispatch between August 28, 1984 and October 9, 1984, did not

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2/ continued

not met. If the statements by HFS regarding the fact that they had no knowledge of the in-kind contributions until the last ad was run are taken as true, the treasurer would have had no reasonable basis to conclude the contributions were likely to have been made by a married couple. The ads that ran carried disclaimers which read "Paid for Exclusively by Tom Hannon." Moreover, HFS did not inform Mr. Hannon of the contribution limits and his alternative to receive a refund of the excessive portion. Finally, and most importantly, the reattribution was not made within 30 days after the date of the excessive contribution. Anna Hannon's sworn statement that her husband's letter designating $506.40 as an in-kind contribution from her to HFS was submitted only after a complaint was filed and a reason to believe determination was made--nearly six months after the excessive contribution was made.

With regard to the amount appear in the paper until November 7, 1984, the day after the general election. A second notice which was intended to correct the omission of a proper disclaimer for an ad that appeared in the Daily Dispatch on October 16, 1984, never ran due to what Respondents claim was an administrative oversight. Moreover, an order for that corrective notice was not even placed until February 28, 1985, more than four months later.

Although the fact that HFS later printed, or attempted to have printed, corrective notices in the paper acts in mitigation to a limited extent, it does not, in our view, render the issue of whether a violation occurred a moot point. Indeed, while the Act required that the disclaimer "clearly state" the name of the person who paid for the communication and whether the communication was authorized by any candidate or candidate's committee, the Commission Regulations at Section 110.11(a)(1) further require that the notice "be presented in a clear and conspicuous manner to give the reader ... adequate notice of the identity of persons who paid for and ... who authorized the communication." Thus it is not enough that a notice was separately published after the fact. The General Counsel's Office recommends, therefore, that the Commission find probable cause to believe Tom Hannon violated 2 U.S.C. § 441d.

C. Helms For Senate Committee

1. Acceptance of an Excessive Contribution

As presented in our brief with regard to Tom Hannon, it is the view of this Office, based on available information, that Tom Hannon made in-kind contributions to HFS which exceeded the contribution limits in 2 U.S.C. § 441a(a)(1)(A). The acceptance of this excessive contribution by HFS therefore raises the issue

whether HFS violated 2 U.S.C. § 441a(f). Section 441a(f) establishes liability for the receipt of contributions in excess of the applicable limits:

> No candidate or political committee shall knowingly accept any contribution... in violation of the provisions of this section.

2 U.S.C. § 441a(f) (emphasis added). The use of the word "knowingly" as interpreted by the Commission in various enforcement matters implies that the recipient must have knowledge of the facts of the situation which bring the contribution within the prohibitions of the statute. It need not be demonstrated that the recipient knew that the contribution was in violation of the law. Applying this standard to the instant matter, it is the view of this Office that the available information does not support a determination of probable cause to believe that HFS had knowledge of the facts of the situation surrounding the excessive contributions from Tom Hannon.

The complainants have asserted that the advertisments were produced with the assistance of HFS, including but not limited to, providing official campaign photographs to Tom Hannon for use in the placement of the ads. HFS did not directly address this allegation in its response to the Commission's notification of the complaint and reason to believe. HFS does claim, however, that Mr. Hannon did not show the advertisements to HFS before purchasing space in the Daily Dispatch and only sent notification of the advertisements to HFS after all of the ads had run. 3/

3/ We have not resolved this conflict in statements. Subpoenas prepared to seek information on this question were not approved by the Commission.

With regard to the amount contributed by Tom Hannon, HFS claims to have relied on a letter dated October 18, 1984 from Tom Hannon which values the ads at $1,506.40 and which designated $1,000.00 of this amount as an in-kind contribution from Tom Hannon. If, as HFS claims, this letter was its only source of information, HFS would not appear to have had knowledge that Tom Hannon's contributions exceeded the $1000 contribution limit in 2 U.S.C. § 441a(a)(1)(A). Accordingly, we recommend that the Commission take no further action on this issue.

2. Reporting Violations

Pursuant to 2 U.S.C. § 434(b) the treasurer of a political committee is required to disclose contributions received from persons other than political committees.

Our investigation reveals that HFS reported in-kind contributions from Tom Hannon valued at $1000 in its third quarter report for 1984. The amount was intended to reflect the value of ads which ran in the Daily Dispatch between August 28, 1984, and October 9, 1984, as reported to HFS by Tom Hannon. Moreover, our investigation revealed that HFS disclosed the receipt of in-kind contribtuions from Anna Hannon valued at $506.40. Of the $506.40, $78.56 was included in the Committee's unitemized total for contributions received during the coverage dates of the pre-general election report. The remaining $427.84 was untimely reported in the Committee's post-general election report. HFS attributes its untimely reporting to the fact that the Hannons did not notify HFS of the contributions until after the close of the pre-general election reporting period.

Regardless, based on our analysis of the in-kind contributions, HFS should have reported in-kind contributions from Tom Hannon valued at $1,367.52 and in-kind contributions from Anna Hannon valued at $133.88. However, due to the fact that the only information available to HFS at the time of its disclosure was a letter from Tom Hannon designating $1000 as an in-kind contribution from him and $506.40 from Anna Hannon, we recommend that the Commission take no further action against HFS with regard to a violation of 2 U.S.C. § 434(b).

III. Discussion of Conciliation and Civil Penalty

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IV. RECOMMENDATIONS

1. Find probable cause to believe Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A).

2. Find probable cause to believe that Tom Hannon violated 2 U.S.C. § 441d.

3. Find no probable cause to believe Anna Hannon violated 2 U.S.C § 441d.

4. Take no further action against the Helms for Senate Committee and Mark L. Stephens, as treasurer, regarding a violation of 2 U.S.C. § 441a(f)

5. Take no further action against the Helms for Senate Committee and Mark L. Stephens, as treasurer, regarding a violation of 2 U.S.C. § 434(b).

6. Close the file as it pertains to Anna Hannon, the Helms for Senate Committee and Mark L. Stephens, as treasurer.

7. Approve the attached conciliation agreement for Tom Hannon.

8. Approve and send the attached letters.

22 Nov 1995
Date

Charles N. Steele
General Counsel

Attachments
Proposed conciliation agreement
Letters to respondents

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel RD

DATE: July 1, 1985

SUBJECT: MUR 1816 - General Counsel's Report

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[ ]	Compliance	[X]
Sensitive	[ ]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[X]	Status Sheets	[ ]
Sensitive	[X]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

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SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Tom Hannon	)	MUR 1816
Anna Hannon	)	
	)	
	)	

GENERAL COUNSEL'S REPORT

The Office of the General Counsel is prepared to close the investigation in this matter as to the above-captioned respondents, based on the assessment of the information presently available.

June 28, 1985
Date

Charles N. Steele by [illegible]
Charles N. Steele
General Counsel

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GCC# 8416

COVINGTON & BURLING
1201 PENNSYLVANIA AVENUE, N. W.
P. O. BOX 7566
WASHINGTON, D. C. 20044

(202) 662-6000
WRITER'S DIRECT DIAL NUMBER

(202) 662-5432

DANIEL M. GRIBBON
STANLEY L. TEMKO
JAMES C. McKAY
JOHN W. DOUGLAS
HAMILTON CAROTHERS
J. RANDOLPH WILSON
ROBERTS B. OWEN
EDGAR F. CZARNA, JR.
WILLIAM H. ALLEN
DAVID B. ISBELL
JOHN B. JONES, JR.
PAUL R. DUKE
PHILIP R. STANSBURY
CHARLES A. MILLER
PETER BARTON HUTT
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ERNEST W. JENNES
EDWIN S. COHEN
COUNSEL

JOHN SHERMAN COOPER
OF COUNSEL

TWX: 710 822-0005 (CB WSH)
TELEX: 89-593 (COVLING WSH)
TELECOPIER INFORMATION:
(202) 662-6280
CABLE: COVLING

August 29, 1985

AUG 29 A10:43

BY HAND

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

Re: MUR 1816

Dear Mr. Secretary:

Enclosed for filing is the original and ten copies of the Response of Tom Hannon to the General Counsel's July 18, 1985, Brief.

Please have the eleventh copy date stamped and return it to our messenger.

Sincerely,

John R Bolton

John R. Bolton

Enclosures

cc: Charles N. Steele, Esq. (w/enclosures)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
TOM HANNON	)	MUR 1816
	)	

RESPONSE OF TOM HANNON TO THE
GENERAL COUNSEL'S JULY 18, 1985, BRIEF

This is the response of Mr. Tom Hannon to the General Counsel's brief of July 18, 1985, recommending that the Commission find probable cause to believe that Mr. Hannon violated the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431 et seq. (the "FECA").

INTRODUCTION

On October 10, 1984, the Democratic Party of North Carolina initiated this proceeding by filing a written complaint with the Commission against the Helms for Senate Committee ("HFS") and Mr. Hannon. The complaint, as supplemented on October 22, 1984, alleged that Mr. Hannon placed newspaper advertisements on behalf of HFS that, in the aggregate, exceeded the statutory contribution limit of $1,000, and that Mr. Hannon's advertisements failed to include a disclaimer stating that they were authorized by HFS. These actions were alleged to have resulted in violations of provisions of the FECA.

As shown below, the Commission should not find probable cause to believe that any provision of the FECA has been

violated. Mr. Hannon could not have exceeded the FECA's contribution limit because any payment in excess of $1,000 for the newspaper advertisements was properly attributed to Mr. Hannon's wife, Anna Hannon, pursuant to the Commission's regulations. Similarly, although the advertisements did not state that they were authorized by HFS, most of the advertisements were not required to include such a statement because they did not "expressly advocat[e] the election or defeat of a clearly identified candidate" within the meaning of the statute. In any event, as the record clearly shows, HFS published corrective notifications, thereby obviating any problem with respect to those advertisements.

STATEMENT

From August 28, 1984, through October 16, 1984, Mr. Hannon and his wife Anna Hannon purchased space in the Henderson Daily Dispatch for advertisements supporting the reelection of Senator Helms. (The Henderson Daily Dispatch has a circulation of 9,600.) Mr. and Mrs. Hannon did not show the advertisements to HFS before purchasing the space.

On October 18, 1984, Mr. Hannon informed HFS by letter of the advertisements that he and his wife had placed on behalf of Senator Helms. The letter stated that, of the total cost of $1,506.40 for the advertisements, the Hannons wished to designate $1,000 as an in-kind contribution from Tom Hannon and $506.40 as an in-kind contribution from Anna Hannon. In an affidavit submitted in this proceeding, Mrs. Hannon stated:

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1. During October 1984 I made contributions to the Helms for Senate Committee in the form of newspaper advertisements purchased in the Henderson Daily Dispatch.

2. The letter from my husband, Tom Hannon, to the Treasurer of the Helms For Senate Committee, dated October 18, 1984, correctly reflects the allocation he and I made of the costs of these advertisements. The contributions were made knowingly and voluntarily by me. The statements in the October 18 letter are accurate, and I adopt them as my own. The only reason I did not sign the letter was because I was not aware that the Federal Election Commission required my signature also to be on the letter. It nonetheless accurately reflects my intent as to these contributions.

When HFS received notification of the advertisements, it agreed to authorize the expenditures.[1/] Upon discovery that the disclaimer on the advertisements did not contain the statement that the advertisements had been authorized by HFS, HFS purchased space in the Henderson Daily Dispatch for corrective notices.[2/]

1/ In addition, HFS reported the in-kind contributions from the Hannons in its amended reports filed with the Commission.

2/ Two corrective notices were published. The first notice stated:

> Political advertisements paid for by Tom Hannon appeared in the Henderson Daily Dispatch on the following days: August 28, 1984; September 1, 1984; September 4, 1984; September 11, 1984; September 18, 1984; September 25, 1984; and October 9, 1984. All these advertisements should have contained the following language: "Authorized by the Helms for Senate Committee." This notice was paid for by HFS.

(footnote cont'd)

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ARGUMENT

I. Mr. Hannon Complied With the Contribution Limitation Provisions of the FECA.

The Commission's regulations permit two spouses in a single income family to contribute $1,000 apiece to the same candidate for the same election. See 11 C.F.R. § 110.1(i)(1). In addition, the Commission has indicated that a contribution made by a married individual may be "attributed" to that individual's spouse where such attribution is "specified by that individual or by the individual's spouse." 11 C.F.R. § 100.7(c). For a contribution to be considered as representing separate contributions by both a husband and wife, both must sign either the instrument or a written statement "specifying that each is a contributor and the amount to be attributed to each." A.O. 1980-67, 1 Fed. Elec. Camp. Guide (CCH) ¶ 5527 at 10,621. See 11 C.F.R. § 104.8(d).

(footnote cont'd)

The second notice stated:

> Political advertisements paid for by Anna Hannon appeared in the Henderson Daily Dispatch on the following days: October 2, 1984; October 12, 1984; October 13, 1984; and October 16, 1984. All these advertisements should have contained the following language: "Paid for by Anna Hannon. Authorized by the Helms For Senate Committee."
>
> A political advertisement paid for by Tom Hannon and by Anna Hannon appeared in the Henderson Daily Dispatch on October 9, 1984. This advertisement should have contained the following language: "Paid for by Tom Hannon and by Anna Hannon. Authorized by the Helms For Senate Committee."
>
> This notice was paid for by the Helms For Senate Committee.

On their face, the in-kind contributions of Mr. and Mrs. Hannon, which were separately designated in the October 18, 1984, letter to HFS, were subject to separate $1,000 contribution limitations. Although it is true, as Mrs. Hannon states in her affidavit, that she did not sign the October 18 letter notifying HFS of the contributions, this technical omission was due solely to the fact that Mrs. Hannon was unaware that her signature was required. There is no reason to question the veracity of Mrs. Hannon's sworn statement that the letter "accurately reflects [her] intent as to these contributions."

The General Counsel argues (G.C. Br. 4-7), however, that certain evidence suggests that all but one of the advertisements were actually paid for by Mr. Hannon. The General Counsel therefore urges the Commission to conclude that these payments by Mr. Hannon cannot be attributed to Mrs. Hannon. This argument flies in the face of the Commission's own regulations, which permit payments by one spouse to be "attributed" to another.

In short, there is no basis in fact or in law for a finding that Mr. Hannon violated the contribution limitation provisions of the FECA.

II. The Commission Should Find No Probable Cause that Mr. Hannon Violated the "Disclaimer" Provisions of the FECA.

The FECA provides that:

> Whenever any person makes an expenditure for the purpose of financing communications expressly advocating the election

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> or defeat of a clearly identified candidate, or solicits any contribution through any newspaper . . ., such communication
>
> . . .
>
> if paid for by other persons but authorized by a candidate, an authorized political committee of a candidate, or its agents, shall clearly state that the communication is paid for by such other persons and authorized by such authorized political committee[.]

2 U.S.C. § 441d(a)(2).

The General Counsel claims to have evidence that Mr. Hannon paid for nine advertisements, none of which "bore a disclaimer stating whether the ads were authorized by any candidate or candidate's committee" (G.C. Br. 7). Of those nine advertisements, the General Counsel has identified only two that are even arguably subject to the disclaimer requirement. (See G.C. Br. 8-9.) No disclaimer was required with respect to the remaining advertisements, which did not "expressly advocat[e] the election or defeat of a clearly identified candidate." 2 U.S.C. § 441(d)(a); 11 C.F.R. § 109.1(b)(2). See Buckley v. Valeo, 424 U.S. 1, 80 (1975); FEC v. Central Long Island Tax Reform Immediately Committee, 616 F.2d 45 (2d Cir. 1980) (en banc). For this reason, the General Counsel has determined to recommend a finding of "no probable cause" with respect to Mrs. Hannon.

Moreover, as we have already noted, HFS published corrective notices stating that the Hannon advertisements were authorized by HFS. These corrective notices remedied any

defects in the disclaimers as originally published by the Hannons. In these circumstances, it would be an abuse of discretion for the Commission to find probable cause on the basis of the original disclaimers.

CONCLUSION

The resources expended by the General Counsel's staff and by counsel for Mr. Hannon have been vastly disproportionate to the nature of the allegations in this case, which relate solely to highly technical violations of the FECA. Moreover, as we have shown, the General Counsel's recommendations with respect to Mr. Hannon rest on a distorted view of both the facts and the law. For these reasons, the Commission should find no probable cause to believe that Mr. Hannon has committed violations of the FECA.

Respectfully submitted,

Brice M. Clagett
John R. Bolton
Elliott Schulder

COVINGTON & BURLING
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044
(202) 662-6000

August 29, 1985

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GCC# 8348

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August 20, 1985

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

Re: MUR 1816
Anna Hannon

Dear Mr. Steele:

This is in response to the General Counsel's brief, transmitted with your letter of August 15, 1985, recommending that the Commission find no probable cause to believe that Anna Hannon violated the Federal Election Campaign Act of 1971, as amended, specifically 2 U.S.C. § 441d. As counsel for Mrs. Hannon, I fully concur with your recommendation.

Sincerely,

John R. Bolton

John R. Bolton

cc: Mr. Clagett
Mr. Schulder

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel Rd

DATE: August 14, 1985

SUBJECT: MUR 1816 - Memorandum to the Commisson

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[ ]	Compliance	[xx]
Sensitive	[ ]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[xx]	Status Sheets	[ ]
Sensitive	[xx]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

85 AUG 14 P4:20

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

August 14, 1985

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

SUBJECT: MUR #1816

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the respondent of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe was mailed on , 1985. Following receipt of the Respondent's reply to this notice, this Office will make a further report to the Commission.

Attachments
1. Brief
2. Letter to Respondent

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 15, 1985

John R. Bolton, Esquire
Convington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20044

RE: MUR 1816
Anna Hannon

Dear Mr. Bolton:

Based on a complaint filed with the Commission on October 10, 1984, and information supplied by you the Commission determined on January 29, 1985, that there was reason to believe that your client violated 2 U.S.C. § 441d, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred. The Commission may or may not approve the General Counsel's Recommendation.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case.

Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your client's position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel, if possible. The General Counsel's brief and any brief which you submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

Should you have any questions, please contact Beverly Kramer, the staff member assigned to handle this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Anna Hannon	)	MUR 1816

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

This case originates from a complaint filed by the Democratic Party of North Carolina. The complaint relates to ten advertisements appearing in the Henderson Daily Dispatch between the dates of August 28, 1984 and October 16, 1984.[1/] The advertisements were generally directed against Senator Jesse Helm's opponent in the 1984 Senatorial race, Governor James B. Hunt. Nine of the advertisements bore disclaimers which read "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon." An additional ad bore the disclaimer "Paid for by Anna Hannon." The disclaimers did not include a statement to indicate whether the communications were authorized by any candidate or candidate's committee. The complaint alleged that the advertisements were produced with the assistance of the Helms for Senate Committee and that, inter alia, they did not comply with

---

1/ Initially, twelve advertisements were believed to have been at issue. Responses to the Commission's notice of the complaint indicated that two advertisements were run on October 9, 1984, and that expenditures were made for ads which ran on October 12 and October 13, 1984. The response to questions issued by the Commission clarified that only one ad was run on October 9, 1984. The ads run on October 12 and 13 were one and the same. The Daily Dispatch erroneously ran the ad scheduled for October 13th on October 12th. Due to this error, the Daily Dispatch ran the advertisement again on October 13th at no charge.

the disclaimer provisions of 2 U.S.C. § 441d because they failed to state whether the ads were authorized by any candidate or candidate's committee.

On January 29, 1985, the Commission found reason to believe that Anna Hannon violated 2 U.S.C. § 441d. The Commission's determination was based in part on information received in response to notice of the complaint. The information disclosed that Anna Hannon financed, either in whole or in part, the advertisements which appeared in the Daily Dispatch on the following dates: October 2, 1984, October 9, 1984, October 13, 1984; and October 16, 1984.

An investigation of this matter yielded documentary evidence revealing that contrary to information provided in response to the complaint, the only advertisement financed by Anna Hannon was the following ad that appeared in the Daily Dispatch on October 13, 1984:

> JIM HUNT, YOU JUMPED ON
> THE WRONG DOG THIS TIME
>
> I deeply resent the recent shabby attack made by the Democratic Party against my husband, Tom Hannon. The money he has used to pay for all ads was his. He has refused to accept contributions from anyone, although many have been offered.
>
> There are a few narrow-minded people in Vance County who resent Tom because he will not support liberal radicals like Jim Hunt. If they think their malicious rumors or silly charges will stop him, they are wrong.
>
> Jim, if you want a "Dog Fight", you have got one because now you have made me mad.

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Invoices from the Daily Dispatch reveal that on October 11, 1984, Anna Hannon made a cash payment of $133.88 for the above-captioned advertisement and, that her husband, Tom Hannon, made cash payments for the nine remaining advertisements. This is further substantiated by the fact that the October 13, 1984 ad read "Paid for by Anna Hannon" while the remaining ads read "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon."

II. LEGAL ANALYSIS

A determination that Anna Hannon violated 2 U.S.C. § 441d rests on the conclusion that the October 13, 1984 ad required the inclusion of a disclaimer. Section 441d requires a person making an expenditure for the purpose of financing communications that expressly advocate the election or defeat of a clearly identified candidate or that solicit contributions for the candidate to include in the communication a disclaimer stating the name of the person who paid for the communication and whether the communication was authorized by any candidate or candidate's committee. Only a partial disclaimer appeared on the advertisement in question. However, upon review of the subject advertisement, this Office is of the view that no disclaimer was necessary.

In Buckley v. Valeo, 424 U.S. 1 (1975), the Supreme Court held that in order for communications to be considered express advocacy they must be "unambiguously related to the campaign of a

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particular federal candidate." Buckley, 424 U.S. at 80. The Court provided an illustrative list of terms which, if used, would be considered examples of express advocacy (words like "vote for," "vote against," "elect," and "defeat"); a list which was codified in regulations promulgated by the Commission in adopting the definition of express advocacy used in Buckley. 11 C.F.R. § 109.1(b)(2).

Applying the Buckley standards to the Daily Dispatch advertisement, the language contained in the ad does not appear to constitute express advocacy. There is no statement concerning endorsement of a candiate nor any specific discussion of an election and how one should vote. Moreover, the ad does not solicit contributions. Thus, a disclaimer stating the name of the person who paid for the ads and whether the ads were authorized by any candidate or candidate's committee was not required. Accordingly, the Office of the General Counsel recommends that the Commission find no probable cause to believe that Anna Hannon violated 2 U.S.C. §441d.

RECOMMENDATION

1. Find no probable cause to believe that Anna Hannon violated 2 U.S.C. § 441d.

12 August 1985
Date

Charles N. Steele
General Counsel

8 5 0 4 0 5 1 8 7 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

8 August 1985

Elliott Schulder
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7655
Washington, D.C. 20044

Re: MUR 1816
Tom Hannon

Dear Mr. Schulder:

This is in reference to your letter dated July 31, 1985, requesting an extension of twenty days to respond to the General Counsel's Brief in the above-captioned matter. After considering the circumstances presented in your letter, the Office of the General Counsel has determined to grant you your requested extension. Accordingly, your response will be due on August 29,, 1985.

If you have any questions, please contact Beverly Kramer, the staff member assigned to this matter at 523-4143.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8 5 0 4 0 5 1 3 7 4

GCC# 8173

COVINGTON & BURLING
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July 31, 1985

RECEIVED
GENERAL COUNSEL
FEC
85 JUL 31 P3:07

BY HAND

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

Re: MUR 1816

Dear Mr. Steele:

We received your letter of July 23, 1985, concerning the Commission's reason-to-believe determination in the above matter, together with the General Counsel's brief, on July 25, 1985. Our responsive brief is therefore due on August 9, 1985.

Because of summer vacation schedules of the lawyers working on this case, we request a twenty-day extension, until August 29, 1985, to file a responsive brief in this matter.

Sincerely,

Elliott Schulder

Elliott Schulder

mem

8504051873

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 22, 1985

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele
General Counsel

SENSITIVE

SUBJECT: MUR #1816

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the respondent of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on July 22, 1985. Following receipt of the Respondent's reply to this notice, this Office will make a further report to the Commission.

Attachments
1. Brief
2. Letter to Respondent

85040501875

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Tom Hannon	)	MUR 1816
	)	
	)	

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

This matter originates from a complaint filed by the Democratic Party of North Carolina on October 10, 1984, against Tom Hannon, a resident of North Carolina. The complaint relates to a series of advertisements appearing in the Henderson Daily Dispatch between the dates of August 28, 1984 and October 16, 1984. The advertisements were directed against Senator Jesse Helms' opponent in the 1984 senatorial race, Governor James B. Hunt. On the advertisements appeared the disclaimer "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon."

The complaint alleged that the advertisements were produced with the assistance of the Helms for Senate Committee ("HFS") and therefore constituted contributions in-kind to HFS as opposed to independent expenditures by Tom Hannon. In this connection, the complaint alleged that the advertisements did not comply with the disclaimer provisions of 2 U.S.C. § 441d because they failed to state whether the advertisements were authorized by any candidate or candidate's committee. In addition, the complaint alleged that the costs of the advertisements exceeded the contribution limitations of 2 U.S.C. § 441a(a)(1)(A). Citing the continuing nature of the alleged violations, the complaint alleged that the violations were knowingly and willfully committed and requested

injunctive relief. The Commission, on November 5, 1984 voted to deny the requested relief.

On January 29, 1985, the Commission found reason to believe that Tom Hannon violated 2 U.S.C. §§ 441a(a)(1)(A) and 441d. Notice of the Commission's findings was sent to the respondent on February 1, 1985. Attached thereto were questions and a request for documents issued to Tom Hannon by the Commission.

On March 5, 1985, the General Counsel's office received Tom Hannon's response to the Commission questions and request for documents.

II. Legal Analysis

A. Excessive contributions In-Kind (2 U.S.C. § 441a(a)(1)(A))

At issue in this case are the expenditures for ten advertisements which appeared in the Henderson Daily Dispatch between the dates of August 28, 1984 and October 16, 1984.1/ Respondent Tom Hannon does not dispute the allegation that the expenditures for these ads constitute contributions in-kind to HFS. The only remaining issue is, therefore, whether Mr. Hannon's expenditures for the ads exceeded the contribution limits of 2 U.S.C. § 441a(a)(1)(A). This section of the Federal Election Campaign Act of 1971, as amended ("the Act") makes it unlawful for a person to make contributions to a federal

1/ Initially, twelve advertisements were believed to have been at issue. Responses to the Commission's notice of the complaint indicated that two advertisements were run on October 9, 1984 and that expenditures were made for ads which ran on October 12 and October 13, 1984. The response to questions issued by the Commission clarified that only one ad was run on October 9, 1984. The ads run on October 12 and 13 were one and the same. The Daily Dispatch erroneously ran the ad scheduled for October 13th on October 12th. Due to this error, the Daily Dispatch ran the advertisement again on October 13th at no charge.

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candidate or his or her authorized political committee with respect to any election which, in the aggregate, exceed $1000.

Information obtained in the investigation of this matter reveals that the costs for the advertisements in question totalled $1,506.40. Listed below are the dates on which payments for each ad were made, the dates on which the ads were run and the amounts that were paid for each ad:

Date Paid	Date Run	Amount Paid
8-23-84	8-28-84	$144.48
8-30-84	9-1-84	$67.20
8-30-84	9-4-84	$144.48
9-6-84	9-11-84	$144.48
9-14-84	9-18-84	$144.48
9-19-84	9-25-84	$288.96
9-27-84	10-2-84	$144.48
10-5-84	10-9-84	$144.48
10-11-84	10-12-84 10-13-84	$138.88 2/
10-12-84	10-16-84	$144.48

Mr. Hannon asserts that not all of the above-referenced payments were made by him, but rather, that his wife, Anna

2/ See discussion infra at footnote #1, regarding payment for this ad.

Hannon purchased some of the ads which were run. According to Mr. Hannon's response, payments to the Daily Dispatch were made as follows: Tom Hannon made payments totalling $934.08 for the ads which ran on August 28, 1984, September 1, 1984, September 4, 1984, September 11, 1984, September 18, 1984 and September 25, 1984. Anna Hannon made payments totalling $427.84 for the ads which ran on October 2, 1984, October 13, 1984 and October 16, 1984. The costs of the October 9, 1984 ad were shared between Tom and Anna Hannon. Tom Hannon paid $65.92 and Anna Hannon paid $78.56 towards the purchase of the ad which cost $144.48. Based on the foregoing, Tom Hannon claims that he made expenditures totalling $1000 for the advertisements and that his expenditures did not, therefore, exceed the contribution limits of 2 U.S.C. § 441a(a)(1)(A).

Documentary evidence obtained in the investigation of this matter appears to contradict Mr. Hannon's response. Invoices from the Daily Dispatch reveal that Tom Hannon made cash payments for all but one of the ads in question and that his payments totalled $1,367.52. According to the invoices, Anna Hannon made a cash payment of $133.88 for a single ad which ran on October 13, 1984. Other evidence appears to substantiate this fact. Specifically, copies of the ads paid for by Tom Hannon all bear disclaimers which read: "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon." In addition, the content of the October 13 ad placed by Anna Hannon suggests that

eight ads run prior to her ad on October 13 at a cost of $1,223.04 had been paid by Tom Hannon. The ad reads, in relevant part:

> I deeply resent the recent shabby attack made by the Democratic Party against my husband, Tom Hannon. The money he used to pay for all ads was his. He has refused to accept contributions from anyone, although many have offered.

The only evidence supporting Mr. Hannon's claim (i.e., that he made in-kind contributions not exceeding $1,000 to HFS) is a letter that he sent to HFS after all of the ads had run. The letter lists the dates on which payment for each ad was made, the dates on which the ads ran and the amount paid for each ad. The letter, on which only Tom Hannon's signature appears, does not indicate who paid for each ad or that the cost of the October 9 ad was shared with his wife. It merely states: "We wish to designate $1,000 as an in-kind contribution from Tom Hannon and $506.40 as an in-kind contribution from Anna Hannon." The letter was sent to HFS eight days after the complaint, from which this matter originates, was filed and, therefore, suggests the possibility that the designation of contributions was made after the fact to avoid accountability for having made excessive contributions.

On noting that the evidentiary materials appeared to contradict statements by Tom Hannon concerning the amount of in-kind contributions made by him to HFS, this Office contacted the Respondent's counsel to provide them with an opportunity to

submit additional information or materials to otherwise demonstrate that Tom Hannon did not exceed the contribution limits of 2 U.S.C. § 441a(a)(1)(A). In reply to this informal request, counsel submitted an affidavit signed by Anna Hannon. In her affidavit, Anna Hannon states the following:

> The letter from my husband, Tom Hannon, to the Treasurer of the Helms For Senate Committee, dated October 18, 1984, correctly reflects the allocation he and I made of the costs of these advertisements. The contributions were made knowingly and voluntarily by me. The statements in the October 18 letter are accurate, and I adopt them as my own. The only reason I did not sign the letter was because I was not aware that the Federal Election Commission required my signature also to be on the letter.[3] It nonetheless accurately reflects my intent as to these contributions.

In the view of this Office, Anna Hannon's affidavit does not lend any further support to Tom Hannon's contention that he did not exceed the contribution limits in 2 U.S.C. § 441a(a)(1)(A). Anna Hannon does not state that she specifically made payments for the advertisements which ran on October 2, 1984, October 9, 1984, October 12-13, 1984, and October 16, 1984. Rather, she makes statements which merely reflect that she agreed to the after-the-fact designation of $506.40 in payments for the ads as representing an in-kind contribution from her to HFS. Moreover, Mrs. Hannon's affidavit does not explain the circumstances of the

[3] The referenced requirement concerning signatures is contained in 11 C.F.R. § 104.8(d) which states: " A contribution which represents contributions by more than one person shall indicate on the written instrument, or on an accompanying written statement signed by all contributors, the amount to be attributed to each contributor."

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appearance of disclaimers on the ads she purportedly paid for which read: "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon."

Based on the foregoing facts, it appears that Tom Hannon made in-kind contributions to HFS in the form of advertisements valued at $1,367.52. The value of these ads exceeds the contribution limits of 2 U.S.C. § 441a(a)(1)(A). Accordingly, the Office of the General Counsel recommends that the Commission find probable cause to believe that Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A).

B. Violation of 2 U.S.C. § 441d

Section 441d of the Act requires that "[w]henever any person makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate, or solicits any contributions through any ... newspaper... such communication" shall identify the person making the expenditure and indicate whether it is authorized by any candidate or candidate's committee.

In the instant case, the General Counsel's Office has obtained evidence which demonstrates that Tom Hannon made expenditures for nine advertisements appearing in a local newspaper, the Henderson Daily Dispatch. The subject advertisements bore disclaimers which read: "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon." However, none of the advertisements in question bore a disclaimer stating whether the ads were authorized by any candidate or candidate's committee.

As stated above, there are two possible situations which would require disclaimers on such communications: first, when there is express advocacy of the election or defeat of a clearly identified candidate through, in this case, a newspaper; and second, when there is a solicitation for contributions through a newspaper.

In Buckley v. Valeo, 424 U.S. 1 (1975), the Supreme Court held that in order for communications to be considered express advocacy they must be "unambiguously related to the campaign of a particular federal candidate." Buckley, 424 U.S. at 80. The Court provided an illustrative list of terms which, if used, would be considered examples of express advocacy (words like "vote for," "vote against," "elect," and "defeat"); a list which was codified in regulations promulgated by the Commission in adopting the definition of express advocacy used in Buckley. 11 C.F.R. § 109.1(b)(2).

Application of the above standards to the advertisements in this case reveals that a disclaimer stating the name of the person who paid for the ads and whether the ads were authorized by any candidate or candidate's committee was required. One of the advertisements makes unambiguous reference to Governor Jim Hunt, including a photograph of Jim Hunt, and, at the bottom of the ad reads "Dump Hunt on November 6." Another ad reads as follows:

> Senator Jessie Helms worked mighty hard to help pass President Reagan's 25% reduction in our federal income tax. If ultra-liberals such as Jim Hunt are elected to Congress, you and I can kiss that 25% good bye!
>
> If you have not decided how to cast your vote on

November 6, look at the stub from your pay check, multiply the federal tax withheld by 25% or more and Then decide if North Carolina and the United States can afford left-wing liberals such as Jim Hunt in the Senate.

Jim Hunt
A Mondale Liberal

In view of the foregoing, the Office of the General Counsel recommends that the Commission find probable cause to believe that Tom Hannon violated 2 U.S.C. § 441d.

III. General Counsel's Recommendations

1. Find probable cause to believe that Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A).

2. Find probable cause to believe that Tom Hannon violated 2 U.S.C. § 441d.

18 July 1985
Date

Charles N. Steele
General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 22, 1985

John R. Bolton
Covington & Burling
1201 Pennsylvania Avenue N.W.
P.O. Box 7566
Washington, D.C. 20044

RE: MUR 1816
Tom Hannon

Dear Mr. Bolton:

Based on a complaint filed with the Commission on October 10, 1984, and information supplied by you the Commission determined on January 29, 1985, that there was reason to believe that your client, Tom Hannon, had violated 2 U.S.C. § 441a(a)(1)(A) and § 441d, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") and instituted an investigation of this matter.

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

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

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

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

Should you have any questions, please contact Beverly Kramer, the staff member assigned to handle this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 23, 1985

John R. Bolton
Covington & Burling
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P.O. Box 7566
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Should you have any questions, please contact Beverly Kramer, the staff member assigned to handle this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Brief

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Tom Hannon	)	MUR 1816
	)	
	)	

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

This matter originates from a complaint filed by the Democratic Party of North Carolina on October 10, 1984, against Tom Hannon, a resident of North Carolina. The complaint relates to a series of advertisements appearing in the Henderson Daily Dispatch between the dates of August 28, 1984 and October 16, 1984. The advertisements were directed against Senator Jesse Helms' opponent in the 1984 senatorial race, Governor James B. Hunt. On the advertisements appeared the disclaimer "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon."

The complaint alleged that the advertisements were produced with the assistance of the Helms for Senate Committee ("HFS") and therefore constituted contributions in-kind to HFS as opposed to independent expenditures by Tom Hannon. In this connection, the complaint alleged that the advertisements did not comply with the disclaimer provisions of 2 U.S.C. § 441d because they failed to state whether the advertisements were authorized by any candidate or candidate's committee. In addition, the complaint alleged that the costs of the advertisements exceeded the contribution limitations of 2 U.S.C. § 441a(a)(1)(A). Citing the continuing nature of the alleged violations, the complaint alleged that the violations were knowingly and willfully committed and requested

injunctive relief. The Commission, on November 5, 1984 voted to deny the requested relief.

On January 29, 1985, the Commission found reason to believe that Tom Hannon violated 2 U.S.C. §§ 441a(a)(1)(A) and 441d. Notice of the Commission's findings was sent to the respondent on February 1, 1985. Attached thereto were questions and a request for documents issued to Tom Hannon by the Commission.

On March 5, 1985, the General Counsel's office received Tom Hannon's response to the Commission questions and request for documents.

II. Legal Analysis

A. Excessive contributions In-Kind (2 U.S.C. § 441a(a)(1)(A))

At issue in this case are the expenditures for ten advertisements which appeared in the Henderson Daily Dispatch between the dates of August 28, 1984 and October 16, 1984.1/ Respondent Tom Hannon does not dispute the allegation that the expenditures for these ads constitute contributions in-kind to HFS. The only remaining issue is, therefore, whether Mr. Hannon's expenditures for the ads exceeded the contribution limits of 2 U.S.C. § 441a(a)(1)(A). This section of the Federal Election Campaign Act of 1971, as amended ("the Act") makes it unlawful for a person to make contributions to a federal

1/ Initially, twelve advertisements were believed to have been at issue. Responses to the Commission's notice of the complaint indicated that two advertisements were run on October 9, 1984 and that expenditures were made for ads which ran on October 12 and October 13, 1984. The response to questions issued by the Commission clarified that only one ad was run on October 9, 1984. The ads run on October 12 and 13 were one and the same. The Daily Dispatch erroneously ran the ad scheduled for October 13th on October 12th. Due to this error, the Daily Dispatch ran the advertisement again on October 13th at no charge.

candidate or his or her authorized political committee with respect to any election which, in the aggregate, exceed $1000.

Information obtained in the investigation of this matter reveals that the costs for the advertisements in question totalled $1,506.40. Listed below are the dates on which payments for each ad were made, the dates on which the ads were run and the amounts that were paid for each ad:

Date Paid	Date Run	Amount Paid
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10-11-84	10-12-84 10-13-84	$138.88 2/
10-12-84	10-16-84	$144.48

Mr. Hannon asserts that not all of the above-referenced payments were made by him, but rather, that his wife, Anna

2/ See discussion infra at footnote #1, regarding payment for this ad.

Hannon purchased some of the ads which were run. According to Mr. Hannon's response, payments to the Daily Dispatch were made as follows: Tom Hannon made payments totalling $934.08 for the ads which ran on August 28, 1984, September 1, 1984, September 4, 1984, September 11, 1984, September 18, 1984 and September 25, 1984. Anna Hannon made payments totalling $427.84 for the ads which ran on October 2, 1984, October 13, 1984 and October 16, 1984. The costs of the October 9, 1984 ad were shared between Tom and Anna Hannon. Tom Hannon paid $65.92 and Anna Hannon paid $78.56 towards the purchase of the ad which cost $144.48. Based on the foregoing, Tom Hannon claims that he made expenditures totalling $1000 for the advertisements and that his expenditures did not, therefore, exceed the contribution limits of 2 U.S.C. § 441a(a)(1)(A).

Documentary evidence obtained in the investigation of this matter appears to contradict Mr. Hannon's response. Invoices from the Daily Dispatch reveal that Tom Hannon made cash payments for all but one of the ads in question and that his payments totalled $1,367.52. According to the invoices, Anna Hannon made a cash payment of $133.88 for a single ad which ran on October 13, 1984. Other evidence appears to substantiate this fact. Specifically, copies of the ads paid for by Tom Hannon all bear disclaimers which read: "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon." In addition, the content of the October 13 ad placed by Anna Hannon suggests that

eight ads run prior to her ad on October 13 at a cost of $1,223.04 had been paid by Tom Hannon. The ad reads, in relevant part:

> I deeply resent the recent shabby attack made by the Democratic Party against my husband, Tom Hannon. The money he used to pay for all ads was his. He has refused to accept contributions from anyone, although many have offered.

The only evidence supporting Mr. Hannon's claim (i.e., that he made in-kind contributions not exceeding $1,000 to HFS) is a letter that he sent to HFS after all of the ads had run. The letter lists the dates on which payment for each ad was made, the dates on which the ads ran and the amount paid for each ad. The letter, on which only Tom Hannon's signature appears, does not indicate who paid for each ad or that the cost of the October 9 ad was shared with his wife. It merely states: "We wish to designate $1,000 as an in-kind contribution from Tom Hannon and $506.40 as an in-kind contribution from Anna Hannon." The letter was sent to HFS eight days after the complaint, from which this matter originates, was filed and, therefore, suggests the possibility that the designation of contributions was made after the fact to avoid accountability for having made excessive contributions.

On noting that the evidentiary materials appeared to contradict statements by Tom Hannon concerning the amount of in-kind contributions made by him to HFS, this Office contacted the Respondent's counsel to provide them with an opportunity to

submit additional information or materials to otherwise demonstrate that Tom Hannon did not exceed the contribution limits of 2 U.S.C. § 441a(a)(1)(A). In reply to this informal request, counsel submitted an affidavit signed by Anna Hannon. In her affidavit, Anna Hannon states the following:

> The letter from my husband, Tom Hannon, to the Treasurer of the Helms For Senate Committee, dated October 18, 1984, correctly reflects the allocation he and I made of the costs of these advertisements. The contributions were made knowingly and voluntarily by me. The statements in the October 18 letter are accurate, and I adopt them as my own. The only reason I did not sign the letter was because I was not aware that the Federal Election Commission required my signature also to be on the letter.[3] It nonetheless accurately reflects my intent as to these contributions.

In the view of this Office, Anna Hannon's affidavit does not lend any further support to Tom Hannon's contention that he did not exceed the contribution limits in 2 U.S.C. § 441a(a)(1)(A). Anna Hannon does not state that she specifically made payments for the advertisements which ran on October 2, 1984, October 9, 1984, October 12-13, 1984, and October 16, 1984. Rather, she makes statements which merely reflect that she agreed to the after-the-fact designation of $506.40 in payments for the ads as representing an in-kind contribution from her to HFS. Moreover, Mrs. Hannon's affidavit does not explain the circumstances of the

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appearance of disclaimers on the ads she purportedly paid for which read: "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon."

Based on the foregoing facts, it appears that Tom Hannon made in-kind contributions to HFS in the form of advertisements valued at $1,367.52. The value of these ads exceeds the contribution limits of 2 U.S.C. § 441a(a)(1)(A). Accordingly, the Office of the General Counsel recommends that the Commission find probable cause to believe that Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A).

B. Violation of 2 U.S.C. § 441d

Section 441d of the Act requires that "[w]henever any person makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate, or solicits any contributions through any ... newspaper... such communication" shall identify the person making the expenditure and indicate whether it is authorized by any candidate or candidate's committee.

In the instant case, the General Counsel's Office has obtained evidence which demonstrates that Tom Hannon made expenditures for nine advertisements appearing in a local newspaper, the Henderson Daily Dispatch. The subject advertisements bore disclaimers which read: "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon." However, none of the advertisements in question bore a disclaimer stating whether the ads were authorized by any candidate or candidate's committee.

As stated above, there are two possible situations which would require disclaimers on such communications: first, when there is express advocacy of the election or defeat of a clearly identified candidate through, in this case, a newspaper; and second, when there is a solicitation for contributions through a newspaper.

In Buckley v. Valeo, 424 U.S. 1 (1975), the Supreme Court held that in order for communications to be considered express advocacy they must be "unambiguously related to the campaign of a particular federal candidate." Buckley, 424 U.S. at 80. The Court provided an illustrative list of terms which, if used, would be considered examples of express advocacy (words like "vote for," "vote against," "elect," and "defeat"); a list which was codified in regulations promulgated by the Commission in adopting the definition of express advocacy used in Buckley. 11 C.F.R. § 109.1(b)(2).

Application of the above standards to the advertisements in this case reveals that a disclaimer stating the name of the person who paid for the ads and whether the ads were authorized by any candidate or candidate's committee was required. One of the advertisements makes unambiguous reference to Governor Jim Hunt, including a photograph of Jim Hunt, and, at the bottom of the ad reads "Dump Hunt on November 6." Another ad reads as follows:

> Senator Jessie Helms worked mighty hard to help pass President Reagan's 25% reduction in our federal income tax. If ultra-liberals such as Jim Hunt are elected to Congress, you and I can kiss that 25% good bye!
>
> If you have not decided how to cast your vote on

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November 6, look at the stub from your pay check, multiply the federal tax withheld by 25% or more and Then decide if North Carolina and the United States can afford left-wing liberals such as Jim Hunt in the Senate.

Jim Hunt
A Mondale Liberal

In view of the foregoing, the Office of the General Counsel recommends that the Commission find probable cause to believe that Tom Hannon violated 2 U.S.C. § 441d.

III. General Counsel's Recommendations

1. Find probable cause to believe that Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A).

2. Find probable cause to believe that Tom Hannon violated 2 U.S.C. § 441d.

18 July 1985
Date

Charles N. Steele
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1816
Tom Hannon	)	
Anna Hannon	)	
Helms for Senate Committee	)	
Mark L. Stephens, as treasurer	)	

CERTIFICATION

I, Mary W. Dove, recording secretary for the Federal Election Commission executive session of May 14, 1985, do hereby certify that the Commission decided by a vote of 4-2 to reject the recommendation in the General Counsel's report of May 3, 1985, to authorize a subpoena to produce documents and orders to submit written answers by Tom Hannon, Anna Hannon and the Helms for Senate Committee.

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

Attest:

5-15-85
Date

Mary W. Dove
Mary W. Dove
Recording Secretary

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/ CHERYL A. FLEMING

DATE: May 9, 1985

SUBJECT: Objection MUR 1816 - General Counsel's Report

The above-named document was circulated to the Commission on Tuesday, May 7, 1985, 11:00

Objections have been received from the Commissioners as indicated by the name(s) checked:

Commissioner Aikens	
Commissioner Elliott	X
Commissioner Harris	
Commissioner McDonald	
Commissioner McGarry	X
Commissioner Reiche	

This matter will be placed on the Executive Session agenda for Tuesday, May 14, 1985.

85040 : 0 1 9 0 0

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/ Cheryl A. Fleming

DATE: May 8, 1985

SUBJECT: Objection MUR 1816 - General Counsel's Reprot

The above-named document was circulated to the Commission on Tuesday, May 7, 1985, 11:00.

Objections have been received from the Commissioners as indicated by the name(s) checked:

Commissioner Aikens	
Commissioner Elliott	X
Commissioner Harris	
Commissioner McDonald	
Commissioner McGarry	
Commissioner Reiche	

This matter will be placed on the Executive Session agenda for Tuesday, May 14, 1985.

85040519001

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel RA

DATE: May 6, 1985

SUBJECT: MUR 1816 - General Counsel's Report

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[x]	Compliance	[x]
Sensitive	[x]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

_____ _____

_____ _____

_____ _____

_____

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Tom Hannon	)	MUR 1816
Anna Hannon	)	
Helms for Senate Committee	)	
Mark L. Stephens, as treasurer	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter originates from a complaint filed by the Democratic Party of North Carolina. On January 29, 1985, the Commission found reason to believe that Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive in-kind contribution to the Helms for Senate Committee ("HFS") in the form of newspaper advertisments directed against Senator Helms opponent in the United States Senate race, James Baxter Hunt. The Commission also found reason to beleive that Tom Hannon and his wife, Anna Hannon, violated 2 U.S.C. § 441d by failing to include a disclaimer on the advertisements stating whether the communications were authorized by any candidate or candidate's committee. In addition, the Commission found reason to believe that HFS violated 2 U.S.C. § 441a(f) by accepting an excessive in-kind contribution from Tom Hannon and § 434(b) by failing to disclose in-kind contributions received from Tom and Anna Hannon.

Upon finding reason to believe against the respondents, the Commission initiated an investigation and issued questions to the respondents. The respondents submitted written answers to the questions and provided requested documents.

The General Counsel's Office has reviewed the responses. Our review raises additional questions which require a response before we proceed with further enforcement action. The questions relate to the threshold issue concerning whether the expenditures for the advertisements constitute contributions "in-kind" within the meaning of 11 C.F.R. § 109.1(c), or whether the expenditures constitute "independent expenditures" under 2 U.S.C. § 431917).

We have received a contradictory response from HFS concerning the nature of the expenditures involved. From the outset HFS has not disputed the complainants' allegation that the expenditures for the advertisments placed by Tom and Anna Hannon constitute "in-kind" contributions. In fact, on receiving notice of the complaint, HFS disclosed the receipt of in-kind contributions from Tom and Anna Hannon. On the otherhand, HFS has denied any knowledge of the advertisements prior to having received notification from Tom Hannon after the last ad had run. HFS cites to this factor in explaining the circumstances of its failure to report in-kind contributions from the Hannons in a timely manner and in explanation of why the advertisements failed to include a proper disclaimer concerning authorization.

Contrary to HFS's assertions, the complainants claim that HFS provided its official campaign photographs to Tom Hannon for use in the placement of ads, thus suggesting that HFS had prior knowledge of the ads. HFS has never responded to this allegation.

For purposes of developing the facts, the Office of General Counsel has prepared the attached subpoenas and orders to submit

written answers to HFS, Tom Hannon and Anna Hannon. The subpoena/orders seek answers to questions which may resolve the issue of whether the expenditures constitute "independent expenditures" under 2 U.S.C. § 431(17) or in-kind contributions within the meaning of 11 C.F.R. § 109.1(c); i.e., questions regarding the relationship of the Hannons to HFS, questions which seek to establish whether there was prior consultation or coordination between the parties regarding the ads. In this connection, we have also included questions which seek to establish whether the photographs used in the ads were provided to the Hannons by HFS. A response indicating that the photographs were provided to the Hannons by HFS would indicate that there was coordination between the parties prior to the time that expenditures for the ads were made, thus disqualifying the expenditures as "independent expenditures" and making them contributions "in-kind" to HFS under 11 C.F.R. § 109.1(c). In addition, a response indicating that HFS provided the photographs to the Hannons for the placement of ads would impute knowledge of the in-kind contributions to HFS. Hence HFS could not claim a lack of knowledge as its threshold defense against the Commission's finding that it failed to report in-kind contributions from Tom and Anna Hannon in a timely manner.

II. **RECOMMENDATIONS**

1. Authorize the attached subpoena to produce documents and orders to submit written answers and cover letter to Tom Hannon, Anna Hannon and the Helms for Senate Committee.

Charles N. Steele
General Counsel

May 3, 1985
Date

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

Attachments
Copies of subpoena/orders
Copy of cover letter

8 5 0 4 0 5 1 9 0 6

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 1816
Tom Hannon)

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

TO: Tom Hannon
c/o John R. Bolton
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20044

Pursuant to 2 U.S.C. § 437d(a)(1), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce requested documents.

Such answers must be submitted under oath and must be forwarded to the Commission within 10 days of your receipt of this Subpoena/Order.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C. this ___ day of _____, 1985.

_____
John Warren McGarry
Chairman

ATTEST:

_____
Marjorie W. Emmons
Secretary to the Commission

Attachments
Questions
Exhibits

SUBPOENA AND ORDER TO TOM HANNON

As used in the Subpoena and Order the term "identify" or "list" with respect to individuals shall mean to give the full name, last known residence address of such individual, the last known place of business where such individual is or was employed, the title of the job or position held with the Helms for Senate campaign.

1. List all positions you have held in the Helms for Senate campaign.

2. State whether you have ever discussed campaign strategies with anyone connected to the Helms for Senate campaign. If so, identify each such person and state the substance of the discussion(s).

3. Describe all input you have had in regard to the campaign strategies of the Helms for Senate campaign.

4. The questions below pertain to newspaper advertisements appearing in the Henderson Daily Dispatch between the dates of August 28, 1984 and October 16, 1984. Copies of the advertisements are attached hereto as Exhibits A through I.

    a. Identify each individual in the Helms campaign with whom you discussed the ads, list the dates on which the discussion(s) occurred and describe the content of those discussions.

    b. Identify the source from whom you obtained the photographs in exhibits A, B, D, E, F, G and I. In addition, provide the dates on which you obtained each photograph. List all persons in the Helms campaign who, prior to October 18, 1984, were shown the advertisements.

    c. Provide the date(s) on which you received authorization from the Helms for Senate Committee to make expenditures for the advertisements.

5. In a letter to the Helms for Senate Committee dated October 18, 1984 (See Exhibit J) you identify ten advertisements which you and/or your wife, Anna Hannon placed in the Henderson Daily Dispatch. Exhibits A-I make up nine of the ten advertisements to which you refer. Provide a copy of the additional advertisement to which you refer.

6. In response to the Commission's questions and request for documents issued in connection with its notice of its reason to believe finding that you violated the Act, you provided the dates on which certain of the advertisements were run in the Henderson Daily Dispatch. The dates provided are as follows:

Exhibit	Date Run
F	10-2-84
G	10-9-84
H	10-12-84 10-13-84
I	10-16-84

Provide the date on which each of the advertisements marked Exhibits A-E ran in the Henderson Daily Dispatch.

You Can Kiss It Good Bye...

Senator Jessie Helms Worked Mighty Hard To Help Pass President Reagan's 25% Reduction In Our Federal Income Tax. If Ultra-Liberals Such As Jim Hunt Are Elected To Congress, You And I Can KISS THAT 25% GOOD BYE!

If You Have Not Decided How To Cast Your Vote On November 6, Look At The Stub From Your Pay Check, Multiply The Federal Tax Withheld By 25% Or More And Then Decide If North Carolina And The United States Can Afford Left-Wing Liberals Such As Jim Hunt In The Senate.

Jim Hunt
A Mondale Liberal

Paid For By Tom Hannon

EXHIBIT A

4

8 5 0 4 0 5 0 1 9 1 0

Let Us Remember. . .

Jim Hunt's Record On The Environment!

Our Left-Wing, Ultra-Liberal Governor Jim Hunt Would Like For The Citizens Of Vance County To Forget That He Allowed Toxic Material, PCB, To Lie Along Our Roads For Four Years. Then He Dumped The PCB On Our Neighbors In Warren County.

Come On Jim, You May Wish That We Would Forget, But We Remember.

Dump Hunt On November 6

Paid For By Tom Hannon

EXHIBIT B

5

If Jim Hunt Had Been
As Involved In Support Of
Voluntary Prayer In Our
Schools As He Has Been In
Raising Our Taxes, Maybe
Our Schools Would Not Be
Full Of Drugs And Violence.

JIM HUNT NEVER MET A TAX THAT HE DID NOT LIKE

Paid For By Tom Hannon

EXHIBIT C

Something Jim Hunt Does Not Want You To Know

On February 28, 1984, A Fund Raiser In Honor Of Jim Hunt Was Held In New York City. One Of The Sponsors Was A Lady Named Virginia Apuzzo. You May Ask Who Virginia Apuzzo Is. Virginia Apuzzo Is A REPRESENTATIVE OF THE NATIONAL GAY RIGHTS TASK FORCE.

Another Sponsor Was Gloria Steinem, Editor, Ms. Magazine. Gloria Steinem Was Quoted As Saying, "BY THE YEAR 2000, WE WILL, I HOPE, RAISE OUR CHILDREN TO BELIEVE IN HUMAN POTENTIAL, NOT GOD." — Saturday Review Of Education, March, 1973.

EXHIBIT D (page 1 of 2)

Perhaps You Do Not Care About Where Jim Hunt Gets His Campaign Contributions. Maybe The Fact That He Is A Democrat Is Enough. On The Other Hand, You Just Might Be Concerned. You Decide.

PS—PLEASE DO NOT TELL JIM HUNT THAT YOU KNOW ABOUT THIS. IT WOULD SPOIL HIS DAY.

Paid For By Tom Hannon

EXHIBIT D (page 2 of 2)

Look For The Union Label

You Do Not Have To Look Hard To Find The Union Label Attached To Jim Hunt. Unions Have Poured Thousands Of Dollars Into Jim Hunt's Campaign. The North Carolina AFL-CIO, Formerly Headed By Wilbur Hobby, Has Endorsed Jim Hunt. Jim, If You Want To Send Wilbur A Christmas Card, He Currently Resides In The Federal Penitentiary In Lexington Kentucky.

How Will Hunt Repay The Union Bosses?

Paid For By Tom Hannon

EXHIBIT E

OH MY GOODNESS! HE DID IT AGAIN!

On September 22 French Hair Dresser Vidal Sasson Sponsored A $100 Per Person Fund Raiser In Raleigh For Jim Hunt.

First It Was Virginia Apuzzo And The Gay Rights Crowd That Had A Fund Raiser For Hunt In New York. Now He Is Bringing French Hair Dressers Into North Carolina.

Jim, If You Are That Hard Up For Money, You Should Bring Your Buddy Geraldine (Come Clean) Ferraro Down To North Carolina To Lecture On "How To Prepare Your Federal Tax Return." I Would Pay $100 To Hear That.

MERCY SAKES ALIVE, JIM, WHAT IS NEXT?

Paid For By Tom Hannon

EXHIBIT F

President Ronald Reagan Says...

"I Need Jesse Helms In The Senate. Jesse Helms Has Always Stood Tall And Been Beside Me During The Most Difficult Times. Jesse Helms Is A Valued And Trusted Friend."

Jesse

A Strong Voice For North Carolina

Paid For By Tom Hannon

EXHIBIT G

Jim Hunt, You Jumped On The Wrong Dog This Time

I deeply resent the recent shabby attack made by the Democratic Party against my husband, Tom Hannon. The money he has used to pay for all ads was his. He has refused to accept contributions from anyone, although many have been offered.

There are a few narrow-minded people in Vance County who resent Tom because he will not support liberal radicals like Jim Hunt. If they think their malicious rumors or silly charges will stop him, they are wrong.

Jim, if you want a "Dog Fight", you have got one because now you have made me mad.

Paid For by Anna Hannon

EXHIBIT H

THE TRUTH HURTS DOESN'T IT, JIM?

Jim Hunt's Mouthpiece David Price Has Been Quoted As Saying That My Ads Are "Irresponsible and Scurrilous". Mr. Price Has Failed To Address One Very Important Issue—The Truth. I Am Now Calling On Jim Hunt To Answer These Questions:

1) Have Labor Unions Poured Thousands Of Dollars Into Your Campaign?

2) Did You Allow PCB To Lie Along Our Roads For Years?

3) Did You Dump PCB On Our Neighbors In Warren County?

4) Do You Support Walter Mondale's Announced Plan To Raise Taxes?

5) Have Representatives Of Gay Rights Organizations Been Involved In Fund Raisers For You?

6) Has There Been One Word In Any Of My Ads Which Is Not True?

Come On, Jim, Am I telling The Truth?

Paid For Exclusively By Tom Hannon

EXHIBIT I

1733 Parker Lane
Henderson, N. C. 27536
October 18, 1984

Mr. Mark Stephens, Treasurer
Helms For Senate
P. O. Box 177000
Raleigh, N. C. 27619

Dear Mark:

Shown below is a listing of all newspaper ads which my wife (Anna Hannon) and I have run during the current Helms campaign:

Date Paid	Date Run	Amount Paid
8-23	8-28	$144.48
8-30	9-01	67.20
[illegible]	9-04	144.48
9-06	9-11	144.48
9-14	9-18	144.48
[illegible]	9-25	288.96
9-27	10-02	144.48
10-05	10-09	144.48
10-11	10-12	138.88
10-12	10-16	144.48

The total amount paid to date is $1,506.40, all of which was paid by us to the Henderson Daily Dispatch. We wish to designate $1,000.00 as an in-kind contribution [illegible] Hannon and $506.40 as an in-kind contribution from Anna Hannon.

Attached you will find copies of receipts covering all of the above.

Kindest regards,

Tom Hannon

Tom Hannon

Attached

Pam
send to Kathy W.
& put CC in our
FEC file.

EXHIBIT J

14

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 1816
Anna Hannon)

ORDER TO SUBMIT WRITTEN ANSWERS

TO: Anna Hannon
c/o John R. Bolton
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20044

Pursuant to 2 U.S.C. § 437d(a)(1), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order.

Such answers must be submitted under oath and must be forwarded to the Commission within 10 days of your receipt of this Order.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C. this ___ day of _____, 1985.

_____
John Warren McGarry
Chairman

ATTEST:

_____
Marjorie W. Emmons
Secretary to the Commission

Attachments
Questions
Exhibit

ORDER TO ANNA HANNON

As used in the Order, the term "identify" or "list" with respect to individuals shall mean to give the full name, last known residence address of such individual, the last known place of business where such individual is or was employed, the title of the job or position held with the Helms for Senate campaign.

1. List all positions you have held in the Helms for Senate campaign.

2. State whether you have ever discussed campaign strategies with anyone connected to the Helms for Senate campaign.

3. Describe all input you have had in the campaign strategies of the Helms for Senate campaign.

4. The questions below pertain to a newspaper advertisement appearing in the Henderson Daily Dispatch on October 12 and 13, 1984. A copy of the Advertisement is attached hereto as Exhibit A.

   a. Identify each individual in the Helms campaign with whom you discussed the ad, provide the date(s) on which the discussion(s) occurred and describe the content of those discussions.

   b. Identify the source from whom you obtained the photograph in Exhibit A. In addition, provide the date on which you obtained the photograph.

   c. List all persons in the Helms campaign who, prior to October 18, 1984, were shown the advertisement.

   d. Provide the date on which you received authorization from the Helms for Senate Committee to make expenditures for the advertisement.

Jim Hunt, You Jumped On The Wrong Dog This Time

I deeply resent the recent shabby attack made by the Democratic Party against my husband, Tom Hannon. The money he has used to pay for all ads was his. He has refused to accept contributions from anyone, although many have been offered.

There are a few narrow-minded people in Vance County who resent Tom because he will not support liberal radicals like Jim Hunt. If they think their malicious rumors or silly charges will stop him, they are wrong.

Jim, if you want a "Dog Fight", you have got one because now you have made me mad.

Paid For by Anna Hannon

EXHIBIT A

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 1816
Helms for Senate Committee)

ORDER TO SUBMIT WRITTEN ANSWERS

TO: Helms for Senate Committee
c/o John R. Bolton
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20044

Pursuant to 2 U.S.C. § 437d(a)(1), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order.

Such answers must be submitted under oath and must be forwarded to the Commission within 10 days of your receipt of this Order.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C. this ___ day of _____, 1985.

_____
John Warren McGarry
Chairman

ATTEST:

_____
Marjorie W. Emmons
Secretary to the Commission

Attachments
Questions
Exhibits

ORDER TO HELMS FOR SENATE COMMITTEE

As used in the Order, the terms listed below are defined as follows:

a. The term "identify" or "list" with respect to individuals shall mean to give the full name, last known residence address of such individual, the last known place of business where such individual is or was employed, the title of the job or position held with the Helms for Senate campaign and the dates of such service.

b. The terms "and" and "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of this request any information which may be otherwise construed to be out of its scope.

1. List all positions that Tom Hannon and Anna Hannon have held in the Helms for Senate campaign?

2. State whether anyone connected to the Helms for Senate campaign ever discussed campaign strategies with Tom Hannon or Anna Hannon. If so, identify each such person and state the substance of the discussions(s).

3. Describe all input Tom Hannon and Anna Hannon had with regard to the campaign strategies of the Helms for Senate campaign.

4. The questions below pertain to newspaper advertisements appearing in the Henderson Daily Dispatch between the dates of August 28, 1984 and October 16, 1984. Copies of the advertisements are attached hereto as Exhibits A-I.

   a. Identify each individual in the Helms for Senate campaign who discussed the advertisements with Tom Hannon and/or Anna Hannon, list the dates on which the discussions occurred and describe the content of those discussions.

b. List all persons in the Helms for Senate campaign who provided the Hannons with the photographs appearing in the attached Exhibits, including a statement of the purpose for which the photographs were provided to the Hannons, and the date on which they were provided.

c. List the date(s) on which the Helms for Senate Committee authorized the expenditures made by Tom and Anna Hannon for the advertisements.

You Can Kiss It Good Bye...

Senator Jessie Helms Worked Mighty Hard To Help Pass President Reagan's 25% Reduction In Our Federal Income Tax. If Ultra-Liberals Such As Jim Hunt Are Elected To Congress, You And I Can KISS THAT 25% GOOD BYE!

If You Have Not Decided How To Cast Your Vote On November 6, Look At The Stub From Your Pay Check, Multiply The Federal Tax Withheld By 25% Or More And Then Decide If North Carolina And The United States Can Afford Left-Wing Liberals Such As Jim Hunt In The Senate.

Jim Hunt
A Mondale Liberal

Paid For By Tom Hannon

EXHIBIT A

Let Us Remember. . .

Jim Hunt's Record On The Environment!

Our Left-Wing, Ultra-Liberal Governor Jim Hunt Would Like For The Citizens Of Vance County To Forget That He Allowed Toxic Material, PCB, To Lie Along Our Roads For Four Years. Then He Dumped The PCB On Our Neighbors In Warren County.

Come On Jim, You May Wish That We Would Forget, But We Remember.

Dump Hunt On November 6

Paid For By Tom Hannon

EXHIBIT B

If Jim Hunt Had Been
As Involved In Support Of
Voluntary Prayer In Our
Schools As He Has Been In
Raising Our Taxes, Maybe
Our Schools Would Not Be
Full Of Drugs And Violence.

JIM HUNT NEVER MET A TAX THAT HE DID NOT LIKE

Paid For By Tom Hannon

EXHIBIT C

Something Jim Hunt Does Not Want You To Know

On February 28, 1984, A Fund Raiser In Honor Of Jim Hunt Was Held In New York City. One Of The Sponsors Was A Lady Named Virginia Apuzzo. You May Ask Who Virginia Apuzzo Is. Virginia Apuzzo Is A REPRESENTATIVE OF THE NATIONAL GAY RIGHTS TASK FORCE.

Another Sponsor Was Gloria Steinem, Editor, Ms. Magazine. Gloria Steinem Was Quoted As Saying, "BY THE YEAR 2000, WE WILL, I HOPE, RAISE OUR CHILDREN TO BELIEVE IN HUMAN POTENTIAL, NOT GOD." — Saturday Review Of Education, March, 1973.

EXHIBIT D (page 1 of 2)

Perhaps You Do Not Care About Where Jim Hunt Gets His Campaign Contributions. Maybe The Fact That He Is A Democrat Is Enough. On The Other Hand, You Just Might Be Concerned. You Decide.

PS—PLEASE DO NOT TELL JIM HUNT THAT YOU KNOW ABOUT THIS. IT WOULD SPOIL HIS D/

Paid For By Tom Hannon

EXHIBIT D (page 2 of 2)

Look For The Union Label

You Do Not Have To Look Hard To Find The Union Label Attached To Jim Hunt. Unions Have Poured Thousands Of Dollars Into Jim Hunt's Campaign. The North Carolina AFL-CIO, Formerly Headed By Wilbur Hobby, Has Endorsed Jim Hunt. Jim, If You Want To Send Wilbur A Christmas Card, He Currently Resides In The Federal Penitentiary In Lexington Kentucky.

How Will Hunt Repay The Union Bosses?

Paid For By Tom Hannon

EXHIBIT E

26

OH MY GOODNESS! HE DID IT AGAIN!

On September 22 French Hair Dresser Vidal S
Sponsored A $100 Per Person Fund Raiser In R
For Jim Hunt.

First It Was Virginia Apuzzo And The Gay R
Crowd That Had A Fund Raiser For Hunt In
York. Now He Is Bringing French Hair Dressers
North Carolina.

Jim, If You Are That Hard Up For Money, You Sh
Bring Your Buddy Geraldine (Come Clean) Fe
Down To North Carolina To Lecture On "How
Prepare Your Federal Tax Return." I Would
$100 To Hear That.

MERCY SAKES ALIVE, JIM, WHAT IS NEXT?

Paid For By Tom Hannon

EXHIBIT F

President Ronald Reagan Says...

"I Need Jesse Helms In The Senate. Jesse Helms Has Always Stood Tall And Been Beside Me During The Most Difficult Times. Jesse Helms Is A Valued And Trusted Friend."

Jesse

A Strong Voice For North Carolina

Paid For By Tom Hannon

EXHIBIT G

28

Jim Hunt, You Jumped On The Wrong Dog This Time

I deeply resent the recent shabby attack made by the Democratic Party against my husband, Tom Hannon. The money he has used to pay for all ads was his. He has refused to accept contributions from anyone, although many have been offered.

There are a few narrow-minded people in Vance County who resent Tom because he will not support liberal radicals like Jim Hunt. If they think their malicious rumors or silly charges will stop him, they are wrong.

Jim, if you want a "Dog Fight", you have got one because now you have made me mad.

Paid For by Anna Hannon

EXHIBIT H

THE TRUTH HURTS DOESN'T IT, JIM?

Jim Hunt's Mouthpiece David Price Has Been Quoted As Saying That My Ads Are "Irresponsible and Scurrilous". Mr. Price Has Failed To Address One Very Important Issue—The Truth. I Am Now Calling On Jim Hunt To Answer These Questions:

1) Have Labor Unions Poured Thousands Of Dollars Into Your Campaign?

2) Did You Allow PCB To Lie Along Our Roads For Years?

3) Did You Dump PCB On Our Neighbors In Warren County?

4) Do You Support Walter Mondale's Announced Plan To Raise Taxes?

5) Have Representatives Of Gay Rights Organizations Been Involved In Fund Raisers For You?

6) Has There Been One Word In Any Of My Ads Which Is Not True?

Come On, Jim, Am I telling The Truth?

Paid For Exclusively By Tom Hannon

EXHIBIT I

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John R. Bolton
Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20044

RE: MUR 1816
Tom Hannon and Anna Hannon
Helms for Senate Committee
Mark L. Stephens, as treasurer

Dear Mr. Bolton:

On February 1, 1985, you were notified that the Commission found reason to believe your clients violated 2 U.S.C. §§ 441a(a)(1)(A), 441a(f) and 434(b), provisions of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from your clients is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena and orders which requires your clients to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended.

It is required that you submit the information under oath and that you do so within ten days of your receipt of this subpoena and orders.

If you have any questions, please direct them to Beverly Kramer, the staff member handling this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoena & Orders with Exhibits

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM

DATE: APRIL 19, 1985

SUBJECT: MUR 1816 - Comprehensive Investigative Report #1 signed April 16, 1985

The above-captioned matter was circulated to the Commission on a 24 hour no-objection basis at 11:00, April 18, 1985.

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

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: April 17, 1985

SUBJECT: MUR 1816 - Comprehensive Investigative Report #1

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[ ]	Compliance	[X]
Sensitive	[ ]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[X]	Litigation	[ ]
Sensitive	[X]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

8 5 0 4 0 7 5 1 9 3 9

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Helms for Senate Committee	)	MUR 1816
Tom Hannon	)	
Anna Hannon	)	

FEC COMMISSION SECRETARY
85 APR 17 P4:09

COMPREHENSIVE INVESTIGATIVE REPORT #1

This matter originates from a complaint filed by the Democratic Party of North Carolina. On January 29, 1985, the Commission found reason to believe that Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution in-kind to the Helms for Senate Committee ("HFS") in the form of newspaper advertisements directed against Senator Helms' opponent in the 1984 senatorial race, James B. Hunt. The Commission also found reason to believe that Tom Hannon and his wife, Anna Hannon, violated 2 U.S.C. § 441d by failing to include a disclaimer on the advertisements stating whether the ads were authorized by any candidate or candidate's committee. In addition, the Commission found reason to beleve that HFS violated 2 U.S.C. § 441a(f) by accepting an excessive contribution in-kind from Tom Hannon and § 434 by failing to disclose in-kind contributions from Tom and Anna Hannon.

Notice of the Commission's findings and requests for written answers and documents were sent to the respondents on February 1, 1985. By letter of February 14, 1985, the respondents' counsel requested an extension of two weeks to respond to the Commissions questions. The General Counsel's Office granted the requested extension until March 4, 1985.

8 6 0 4 0 5 1 9 4 0

On March 5, 1985, the responents submitted their reply to the Commission's questions and request for documents. The Office of the General Counsel reviewed the response and, noting that the documented evidence appeared to contradict the written answers to the Commissions questions, the General Counsel's Office informally requested clarification of the apparent contradiction.

On April 9, 1985, counsel submitted additional documentation in response to our request. The response still leaves open many of the questions raised by their earlier response. In order to develop the facts more fully. The General Counsel's Office is preparing subpoenas to produce documents and orders to submit written answers. On completion, we will circulate the subpoenas/orders for the Commission's approval.

Charles N. Steele
General Counsel

April 16, 1985
Date

By: Kenneth A. Gross
Associate General Counsel

8 6 0 4 0 7 5 1 9 4 1

OCC# 7190
M 1816
EXHIBIT C
85 APR 16 A8:

1733 Parker Lane
Henderson, N. C. 27536
October 18, 1984

Mr. Mark Stephens, Treasurer
Helms For Senate
P. O. Box 177000
Raleigh, N. C. 27619

Dear Mark:

Shown below is a listing of all newspaper ads which my wife (Anna Hannon) and I have run during the current Helms campaign:

Date Paid	Date Run	Amount Paid
8-23	8-28	$144.48
8-30	9-01	67.20
8-[illegible]	9-04	144.48
9-06	9-11	144.48
9-14	9-18	144.48
9-1[illegible]	9-25	288.96
9-27	10-02	144.48
10-05	10-09	144.48
10-11	10-12	138.88
10-12	10-16	144.48

The total amount paid to date is $1,506.40, all of which was paid by us to the Henderson Daily Dispatch. We wish to designate $1,000.00 as an in-kind contribution [illegible] Hannon and $506 40 as an in-kind contribution from Anna Hannon.

Attached you will find copies of receipts covering all of the above.

Kindest regards,

Tom Hannon

Tom Hannon

Attached

Ann
send to Kathy W.
& put CC in our
FEC file.

FROM NATL CONG CL 100 12/17/84 13:13 P. 2

JOHN R. MOLLOY
VINGTON & BURLING

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

APR 16 A8:58

GCC 7118
Kramer

RECEIVED
GENERAL COUNSEL

COVINGTON & BURLING
1201 PENNSYLVANIA AVENUE, N. W.
P. O. BOX 7566
WASHINGTON, D. C. 20044
(202) 662-6000
WRITER'S DIRECT DIAL NUMBER
(202)662-5432

85 APR 9 P5:50

DANIEL M. GRIBBON
STANLEY L. TEMKO
DON V. HARRIS, JR.
WILLIAM STANLEY, JR.
WEAVER W. DUNNAN
EDWIN M. ZIMMERMAN
JEROME ACKERMAN
HENRY P. SAILER
JOHN H. SCHAFER
ALFRED H. MOSES
JOHN LeMOYNE ELLICOTT
DAVID E. McGIFFERT
H. EDWARD DUNKELBERGER, JR.
BRICE McADOO CLAGETT
RICHARD A. BRADY
ROBERT E. O'MALLEY
EUGENE I. LAMBERT
MARK A. WEISS
HARVEY M. APPLEBAUM
MICHAEL S. HORNE
CHARLES F. C. RUFF
MICHAEL BOUDIN
BINGHAM B. LEVERICH
ALLAN TOPOL
VIRGINIA G. WATKIN
RICHARD D. COPAKEN
CHARLES LISTER
PETER D. TROOBOFF
WESLEY S. WILLIAMS, JR.
DORIS D. BLAZEK
WILLIAM D. IVERSON
S. WILLIAM LIVINGSTON, JR.
JAMES R. ATWOOD
COLEMAN S. HICKS
STUART C. STOCK
EUGENE D. GULLAND
O. THOMAS JOHNSON, JR.
EUGENE A. LUDWIG
PATRICIA A. BARALD
REEVES C. WESTBROOK
THEODORE VOORHEES, JR.
JEFFREY G. HUVELLE
PAUL J. BERMAN
WILLIAM P. SKINNER

HARRY L. SHNIDERMAN
EDWIN S. COHEN
JAMES C. McKAY
JOHN W. DOUGLAS
HAMILTON CAROTHERS
J. RANDOLPH WILSON
ROBERTS B. OWEN
EDGAR F. CZARRA, JR.
WILLIAM H. ALLEN
DAVID B. ISBELL
JOHN B. JONES, JR.
PAUL R. DUKE
PHILIP R. STANSBURY
CHARLES A. MILLER
PETER BARTON HUTT
HERBERT DYM
JOHN VANDERSTAR
HARRIS WEINSTEIN
JOHN B. DENNISTON
PETER J. NICKLES
JONATHAN D. BLAKE
CHARLES E. BUFFON
ROBERT N. SAYLER
E. EDWARD BRUCE
DAVID N. BROWN
PAUL J. TAGLIABUE
ANDREW W. SINGER
DAVID H. HICKMAN
RUSSELL H. CARPENTER, JR.
NICHOLAS W. FELS
THEODORE L. GARRETT
DANA T. ACKERLY
JOHN M. VINE
JOHN THOMAS SMITH II
JOHN P. RUPP
CLAUSEN ELY, JR.
RICHARD F. KINGHAM
ROBERT M. SUSSMAN
MICHAEL R. LEVY
GEORGE B. REID, JR.
THOMAS S. WILLIAMSON, JR.
JOHN R. BOLTON
JOANNE B. GROSSMAN

H. THOMAS AUSTERN
FONTAINE C. BRADLEY
EDWARD BURLING, JR.
HOWARD C. WESTWOOD
CHARLES A. HORSKY
JOHN T. SAPIENZA
JAMES H. McGLOTHLIN
ERNEST W. JENNES
COUNSEL

JOHN SHERMAN COOPER
OF COUNSEL

TWX: 710 822-0005 (CB WSH)
TELEX: 89-593 (COVLING WSH)
TELECOPIER (202) 662-6290
CABLE: COVLING

April 9, 1985

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

Re: MUR 1816

Dear Ms. Kramer:

Enclosed is the affidavit by Anna Hannon that I mentioned to you yesterday. Please give me a call if you have any further questions.

Sincerely yours,

John R Bolton

John R. Bolton

Enclosure

State of North Carolina)
) s.s.:
County of Vance)

AFFIDAVIT OF ANNA HANNON

Anna Hannon, being duly sworn, deposes and says as follows:

1. During October 1984 I made contributions to the Helms for Senate Committee in the form of newspaper advertisements purchased in the Henderson Daily Dispatch.

2. The letter from my husband, Tom Hannon, to the Treasurer of the Helms For Senate Committee, dated October 18, 1984, correctly reflects the allocation he and I made of the costs of these advertisements. The contributions were made knowingly and voluntarily by me. The statements in the October 18 letter are accurate, and I adopt them as my own. The only reason I did not sign the letter was because I was not aware that the Federal Election Commission required my signature also to be on the letter. It nonetheless accurately reflects my intent as to these contributions.

The foregoing statements are true and correct to the best of my knowledge and belief and are made in good faith.

Anna Hannon
Anna Hannon

Subscribed to and sworn before me this 4th day of April, 1985.

Pamela W. Wiggins
Notary Public

My commission expires:
9-28-85

PAMELA W. WIGGINS NOTARY PUBLIC VANCE COUNTY, N.C.

8 5 0 4 0 1 5 1 9 4 5

GCC#6810
Kramer

COVINGTON & BURLING
1201 PENNSYLVANIA AVENUE, N. W.
P. O. BOX 7566
WASHINGTON, D. C. 20044

TELEPHONE
(202) 662-6000

WRITER'S DIRECT DIAL NUMBER

(202) 662-5344

TWX: 710 822-1005 (CB WSH)
TELEX: 89-593 (COVLING WSH)
TELECOPIER INFORMATION:
(202) 662-6280
CABLE: COVLING

March 4, 1985

BY HAND

Beverly Kramer, Esq.
Federal Election Commission
7th Floor
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1816

Dear Ms. Kramer:

Enclosed are the responses of the Helms for Senate Committee, Tom Hannon, and Anna Hannon to the Commission's February 1 questions in the above matter.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Daniel A. Rowley

Daniel A. Rowley

Enclosure

8604019947

GCC#6810

BEFORE THE
FEDERAL ELECTION COMMISSION

In the Matter of	)	MUR 1816
HELMS FOR SENATE COMMITTEE, et al.	)	

'85 MAR 5 A8:15

RESPONDENTS' ANSWERS TO
FEBRUARY 1, 1985, QUESTIONS

1. State the number of advertisements that were placed by Tom Hannon individually, by Anna Hannon individually, and by Tom and Anna Hannon together, in the Henderson Daily Dispatch on October 9, 1984.

One advertisement was placed jointly by Mr. and Mrs. Hannon in the Dispatch on October 9, 1984. No advertisements were placed individually by Mr. or Mrs. Hannon in the Dispatch on that date.

2. State the amount of money paid for each of the advertisements listed in response to question number 1 and state who paid for each such advertisement.

The amount paid for the October 9 advertisement referred to in response to Question 1 was $144.48. Mr. Hannon paid $65.92 of that amount, and Mrs. Hannon paid $78.56.

3. The Third Quarter Report for 1984, filed by the Helms for Senate Committee discloses the value of in-kind contributions received from Tom Hannon from August 28, 1984 through September 30, 1984, as totaling $1,000. State whether the value of the October 9, 1984, advertisements is included in this amount.

Mr. Hannon's share of the October 9 advertisement was inadvertently included in the Helms for Senate Committee's ("HFS") 1984 Third Quarter Reports. HFS is preparing appropriate amendments to rectify this inadvertence and will file them shortly.

4. Please submit cancelled checks for expenditures in connection with the advertisements placed by Tom Hannon and/or Anna Hannon in the Henderson Daily Dispatch on the following dates: August 28, 1984; September 1, 1984; September 4, 1984; September 11, 1984; September 18, 1984; September 25, 1984; October 9, 1984.

All payments by the Hannons for the advertisements in question were made in cash to the Dispatch. No cancelled checks therefore exist.

5. Provide copies of the corrective notices which were placed in the Henderson Daily Dispatch by the Helms for Senate Committee and state the dates on which the corrective notices appeared.

HFS placed a corrective notice with the Dispatch on November 5, 1984. It ran on November 7, 1984, due to the Dispatch's printing schedule. A copy is attached hereto as Exhibit A. In preparing these answers, HFS learned that, through administrative oversight, the second corrective notice referred to in HFS's December 18, 1984, response did not run. HFS placed an order for that notice on February 28, 1985, to run on March 1, 1985. An affidavit from the Dispatch to that effect is attached hereto as Exhibit B.

6. In your response dated December 18, 1984, you refer to a notification that was received by the Helms for Senate Committee on October 18, 1984, concerning advertisements paid for by Anna Hannon. Please submit a copy of the referenced notification.

This question in part misreads HFS's December 18 response. That document stated, at page 2: "The Hannons had sent notification to HFS . . . on October 18 . . . ." HFS received that notification several days later. A copy of the notification is attached hereto as Exhibit C.[1/]

7. In your response dated December 18, 1984, you state that the Helms for Senate Committee will report an in-kind contribution totaling $506.40 from Mrs. Hannon. In its post-election report, the Helms for Senate Committee reports that the value of in-kind contributions received from Mrs. Hannon during the month of October, 1984, was $427.84. Explain the reason for the discrepancy in these amounts. Also, state whether the $427.84 represents the total value of advertisements placed by Mrs. Anna Hannon in the following dates: October 2, 1984; October 9, 1984; October 12, 1984; October 13, 1984; and October 16, 1984.

If not, state the total value of such advertisements.

HFS's pre-general election report included an in-kind contribution of $78.56 from Mrs. Hannon. Because this amount was less than $200, it was not itemized. The total value of the five referenced advertisements was $506.40 -- $78.56 (Mrs. Hannon's share of the October 9 advertisement) plus $427.84 (the value of the other four

---

1/ Exhibit C refers to advertisements appearing on October 2, 9, 12, and 16. The Dispatch erroneously ran the advertisement scheduled for October 13 on October 12. Due to this error, the Dispatch ran the advertisement again on October 13 at no charge to Mrs. Hannon. All October advertisements are attached hereto as Exhibit D.

advertisements). Because HFS's pre-general election report inadvertently did not include the value of the other October advertisements ($427.84), HFS will amend its reports to reflect correctly Mrs. Hannon's contributions.

8. Please submit cancelled checks for all expenditures made in connection with advertisements placed by Anna Hannon in the Henderson Daily Dispatch on the following dates: October 2, 1984; October 9, 1984; October 12, 1984; October 13, 1984; and October 16, 1984.

See the answer to Question 4 above.

9. Please submit copies of the advertisements placed by Anna Hannon in the Henderson Daily Dispatch on October 2, 1984; October 9, 1984; October 12, 1984; and October 16, 1984.

See Exhibit D attached hereto. See also note 1, page 3, above.

The foregoing statements are true and correct to the best of my knowledge and belief.

Mark L. Stephens, Treasurer
HELMS FOR SENATE COMMITTEE

Sworn to and subscribed before me, this 28 day of ~~March~~ February 1985.

Pamela E. Stephenson
Notary Public

My commission expires: 6/5/85

8 5 0 4 0 7 0 1 9 5 2

EXHIBIT A

NOTICE!

Political advertisements paid for by Tom Hannon appeared in the Henderson Daily Dispatch on the following days: August 28, 1984; September 1, 1984; September 4, 1984; September 11, 1984; September 18, 1984; September 25, 1984; and October 9, 1984. All these advertisements should have contained the following language: "Authorized by the Helms for Senate Committee."

This notice was paid for by the Helms for Senate Committee.

8 6 0 4 0 5 1 9 5 5

Exhibit B

CLIPPING OF LEGAL ADVERTISEMENT
ATTACHED HERE

NORTH CAROLINA,
VANCE COUNTY.

AFFIDAVIT OF PUBLICATION

Before the undersigned, a Notary Public of said County and State, duly commissioned, qualified, and authorized by law to administer oaths, personally

appeared Nellie B. Colbert, who being first duly sworn, deposes and says: that he (she) is

Principal Clerk
(Owner, partner, publisher, or other officer or employee authorized to make this affidavit)

of Henderson Dispatch Co., Inc., engaged in the publication of a newspaper known as *Henderson Daily Dispatch*, published, issued, and entered as second class mail in the City of Henderson, in said County and State; that he (she) is authorized to make this affidavit and sworn statement; that the notice or other legal advertisement, a true copy of which is attached hereto, was published in *Henderson Daily Dispatch* on

the following dates: Helmes for Senate committe has purchased an 8 inch ad to run in the Henderson Dispatch on March 1, 1985 to correct language of October ad placed by Tom & Anna Hannon. (Cost of ad $37.60)

and that the said newspaper in which such notice, paper, document, or legal advertisement was published was, at the time of each and every such publication, a newspaper meeting all of the requirements and qualifications of Section 1-597 of the General Statutes of North Carolina and was a qualified newspaper within the meaning of Section 1-597 of the General Statutes of North Carolina.

This 28 day of February, 1985.

(Signature of person making affidavit)

Sworn to and subscribed before me, this 28

day of February, 1985.

Notary Public

My commission expires:

8 5 0 4 0 7 0 1 9 5 4

TEXT OF AD PLACED ON FEBRUARY 28, 1985 BY HELMS FOR SENATE

Political advertisements paid for by Anna Hannon appeared in the Henderson Daily Dispatch on the following days: October 2, 1984; October 12, 1984; October 13, 1984; and October 16, 1984. All these advertisements should have contained the following language: "Paid for by Anna Hannon. Authorized by the Helms for Senate Committee."1/

A political advertisement paid for by Tom Hannon and by Anna Hannon appeared in the Henderson Daily Dispatch on October 9, 1984. This advertisement should have contained the following language: "Paid for by Tom Hannon and by Anna Hannon. Authorized by the Helms for Senate Committee."1/

This notice was paid for by the Helms For Senate Committee.

EXHIBIT C

1733 Parker Lane
Henderson, N. C. 27536
October 18, 1984

Mr. Mark Stephens, Treasurer
Helms For Senate
P. O. Box 177000
Raleigh, N. C. 27619

Dear Mark:

Shown below is a listing of all newspaper ads which my wife (Anna Hannon) and I have run during the current Helms campaign:

Date Paid	Date Run	Amount Paid
8-23	8-28	$144.48
8-30	9-01	67.20
8-[illegible]	9-04	144.48
9-06	9-11	144.48
9-14	9-18	144.48
9-[illegible]	9-25	288.96
9-27	10-02	144.48
10-05	10-09	144.48
10-11	10-12	138.88
10-12	10-16	144.48

The total amount paid to date is $1,506.40, all of which was paid by us to the Henderson Daily Dispatch. We wish to designate $1,000.00 as an in-kind contribution [illegible] Hannon and $506.40 as an in-kind contribution from Anna Hannon.

Attached you will find copies of receipts covering all of the above.

Kindest regards,

Tom Hannon

Tom Hannon

Attached

Pam
send to Kathy W.
& put CC in our
FEC file.

Henderson Daily Dispatch
&
TRI COUNTY SHOPPING GUIDE

304 S. CHESTNUT ST., P.O. BOX 908, HENDERSON, N.C. 27536

CUSTOMER NUMBER _____ DATE 8-30 19 84

NAME Tom Harnon

ADDRESS

CASH	CHECK	REFERENCE	ACCT. #	PAIDOUT
✓				

CITY CIRCULATION FROM	TO		
MAIL CIRCULATION FROM	TO		
N.C. SALES TAX			
TOTAL			
DISPATCH LOCAL DISPLAY	Political Adv.	211	68
DISPATCH CLASSIFIED			
DISPATCH NATIONAL DISPLAY			
DISPATCH LEGAL			
TRI COUNTY CLASSIFIED	2 ads		
TRI COUNTY DISPLAY	67.20 and 144.48		
OTHER REVENUE			
PAIDOUT DESC.			
	TOTAL	211	68

47298

REC'D. BY Lib Pendergrass

Henderson Daily Dispatch
&
TRI COUNTY SHOPPING GUIDE

304 S. CHESTNUT ST., P.O. BOX 908, HENDERSON, N.C. 27536

CUSTOMER NUMBER _____ DATE 8-23 19 84

NAME Tom Harnon

ADDRESS

CASH	CHECK	REFERENCE	ACCT. #	PAIDOUT
✓				

CITY CIRCULATION FROM	TO		
MAIL CIRCULATION FROM	TO		
N.C. SALES TAX			
TOTAL			
DISPATCH LOCAL DISPLAY		144	48
DISPATCH CLASSIFIED			
DISPATCH NATIONAL DISPLAY			
DISPATCH LEGAL			
TRI COUNTY CLASSIFIED			
TRI COUNTY DISPLAY			
OTHER REVENUE			
PAIDOUT DESC.			
	TOTAL	144	48

47095

REC'D. BY Lib Pendergrass

Henderson Daily Dispatch

TRI COUNTY SHOPPING GUIDE

304 S. CHESTNUT ST., P.O. BOX 908, HENDERSON, N.C. 27536

CUSTOMER NUMBER _____ DATE 9-14 19 84

NAME Tom Hannon

ADDRESS _____

CASH	CHECK	REFERENCE	ACCT.#	PAIDOUT
✓				

CITY CIRCULATION FROM _____ TO _____		
MAIL CIRCULATION FROM _____ TO _____		
N.C. SALES TAX		
TOTAL		
DISPATCH LOCAL DISPLAY Political	144	48
DISPATCH CLASSIFIED		
DISPATCH NATIONAL DISPLAY		
DISPATCH LEGAL		
TRI COUNTY CLASSIFIED		
TRI COUNTY DISPLAY		
OTHER REVENUE		
PAIDOUT DESC.		
TOTAL	144	48

47793

REC'D. BY MB

HENDERSON DAILY DISPATCH HENDERSON NC 27536 [illegible]

Henderson Daily Dispatch

TRI COUNTY SHOPPING GUIDE

304 S. CHESTNUT ST., P.O. BOX 908, HENDERSON, N.C. 27536

CUSTOMER NUMBER _____ DATE 9-6 19 84

NAME Tim Hannon

ADDRESS _____

CASH	CHECK	REFERENCE	ACCT.#	PAIDOUT
✓				

CITY CIRCULATION FROM _____ TO _____		
MAIL CIRCULATION FROM _____ TO _____		
N.C. SALES TAX		
TOTAL		
DISPATCH LOCAL DISPLAY (Political Ad)	144	48
DISPATCH CLASSIFIED		
DISPATCH NATIONAL DISPLAY		
DISPATCH LEGAL		
TRI COUNTY CLASSIFIED		
TRI COUNTY DISPLAY		
OTHER REVENUE		
PAIDOUT DESC.		
TOTAL	144	48

47528

REC'D. BY Lil Perkins

HENDERSON DAILY DISPATCH HENDERSON NC 27536 [illegible]

8 5 0 1 0 5 0 4 0 5 8

Henderson Daily Dispatch
& TRI COUNTY SHOPPING GUIDE

304 S. CHESTNUT ST., P.O. BOX 908, HENDERSON, N.C. 27536

CUSTOMER NUMBER _____ DATE Sept 27 1984

NAME Tom Harmon

ADDRESS _____

CASH	CHECK	REFERENCE	ACCT.#	PAIDOUT
✓				

CITY CIRCULATION FROM _____ TO _____		
MAIL CIRCULATION FROM _____ TO _____		
N.C. SALES TAX		
TOTAL		
DISPATCH LOCAL DISPLAY	144	48
DISPATCH CLASSIFIED		
DISPATCH NATIONAL DISPLAY		
DISPATCH LEGAL		
TRI COUNTY CLASSIFIED		
TRI COUNTY DISPLAY		
OTHER REVENUE		
PAIDOUT DESC.		
TOTAL	144	48

48244

REC'D. BY Lib Parkerson

HENDERSON DAILY DISPATCH HENDERSON, N.C. 27536

Henderson Daily Dispatch
& TRI COUNTY SHOPPING GUIDE

304 S. CHESTNUT ST., P.O. BOX 908, HENDERSON, N.C. 27536

CUSTOMER NUMBER _____ DATE Sept. 19 1984

NAME Tom Harmon

ADDRESS _____

CASH	CHECK	REFERENCE	ACCT.#	PAIDOUT
✓				

CITY CIRCULATION FROM _____ TO _____		
MAIL CIRCULATION FROM _____ TO _____		
N.C. SALES TAX		
TOTAL		
DISPATCH LOCAL DISPLAY Political Ad	288	96
DISPATCH CLASSIFIED		
DISPATCH NATIONAL DISPLAY		
DISPATCH LEGAL		
TRI COUNTY CLASSIFIED		
TRI COUNTY DISPLAY		
OTHER REVENUE		
PAIDOUT DESC.		
TOTAL	288	96

47934

REC'D. BY D.C.J.

HENDERSON DAILY DISPATCH HENDERSON, N.C. 27536

Henderson Daily Dispatch
&
TRI COUNTY SHOPPING GUIDE

304 S. CHESTNUT ST., P.O. BOX 908, HENDERSON, N.C. 27536

CUSTOMER NUMBER _____ DATE Oct. 1, 84

NAME Anna Hannon

ADDRESS _____

CASH	CHECK	REFERENCE	ACCT. #	PAID OUT
✓				

CITY CIRCULATION FROM	TO		
MAIL CIRCULATION FROM	TO		
N.C. SALES TAX			
TOTAL			
DISPATCH LOCAL DISPLAY	31" Ad	138	88
DISPATCH CLASSIFIED			
DISPATCH NATIONAL DISPLAY			
DISPATCH LEGAL			
TRI COUNTY CLASSIFIED			
TRI COUNTY DISPLAY			
OTHER REVENUE			
PAID OUT DESC.			
	TOTAL	138	88

35003

REC'D. BY D. J.

HENDERSON DAILY DISPATCH HENDERSON, N.C. 27536 [illegible]

Henderson Daily Dispatch
&
TRI COUNTY SHOPPING GUIDE

304 S. CHESTNUT ST., P.O. BOX 908, HENDERSON, N.C. 27536

CUSTOMER NUMBER _____ DATE 0 7 5 1984

NAME Tom Hannon

ADDRESS _____

CASH	CHECK	REFERENCE	ACCT. #	PAID OUT
✓				

CITY CIRCULATION FROM	TO		
MAIL CIRCULATION FROM	TO		
N.C. SALES TAX			
TOTAL			
DISPATCH LOCAL DISPLAY		144	48
DISPATCH CLASSIFIED			
DISPATCH NATIONAL DISPLAY			
DISPATCH LEGAL			
TRI COUNTY CLASSIFIED			
TRI COUNTY DISPLAY			
OTHER REVENUE			
PAID OUT DESC.			
	TOTAL	144	48

48592

REC'D. BY Lib Lindergass

HENDERSON DAILY DISPATCH HENDERSON, N.C. 27536 [illegible]

0 9 0 1 0 1 0 4 0 9 8

Henderson Daily Dispatch

TRI COUNTY SHOPPING GUIDE

304 S. CHESTNUT ST., P.O. BOX 908, HENDERSON, N.C. 27536

CUSTOMER NUMBER _____ DATE Oct. 12 1984

NAME Tom Hanna

ADDRESS _____

CASH	CHECK	REFERENCE	ACCT. #	PAID OUT	

CITY CIRCULATION FROM	TO		
MAIL CIRCULATION FROM	TO		
N.C. SALES TAX			
TOTAL			
DISPATCH LOCAL DISPLAY		144	48
DISPATCH CLASSIFIED			
DISPATCH NATIONAL DISPLAY			
DISPATCH LEGAL			
TRI COUNTY CLASSIFIED			
TRI COUNTY DISPLAY			
OTHER REVENUE			
PAID OUT DESC.			
	TOTAL	144	48

48883

REC'D. BY [illegible]

HENDERSON DAILY DISPATCH HENDERSON [illegible]

TO P. 7

10 - 2

Exhibit D

OH MY GOODNESS! HE DID IT AGAIN!

On September 22 French Hair Dresser Vidal Sasson Sponsored A $100 Per Person Fund Raiser In Raleigh For Jim Hunt.

First It Was Virginia Apuzzo And The Gay Rights Crowd That Had A Fund Raiser For Hunt In New York. Now He Is Bringing French Hair Dressers Into North Carolina.

Jim, If You Are That Hard Up For Money, You Should Bring Your Buddy Geraldine (Come Clean) Ferraro Down To North Carolina To Lecture On "How To Prepare Your Federal Tax Return." I Would Pay $100 To Hear That.

MERCY SAKES ALIVE, JIM, WHAT IS NEXT?

Paid For By Tom Hannon

8 5 0 4 0 5 0 1 9 6 2

10-9

President Ronald Reagan Says...

"I Need Jesse Helms In The Senate. Jesse Helms Has Always Stood Tall And Been Beside Me During The Most Difficult Times. Jesse Helms Is A Valued And Trusted Friend."

Jesse

A Strong Voice For North Carolina

Paid For By Tom Hannon

8504051963

10-12, 13

Jim Hunt, You Jumped On The Wrong Dog This Time

I deeply resent the recent shabby attack made by the Democratic Party against my husband, Tom Hannon. The money he has used to pay for all ads was his. He has refused to accept contributions from anyone, although many have been offered.

There are a few narrow-minded people in Vance County who resent Tom because he will not support liberal radicals like Jim Hunt. If they think their malicious rumors or silly charges will stop him, they are wrong.

Jim, if you want a "Dog Fight", you have got one because now you have made me mad.

Paid For by Anna Hannon

9504051964

10-16

THE TRUTH HURTS DOESN'T IT, JIM!

Jim Hunt's Mouthpiece David Price Has Been Quoted As Saying That My Ads Are "Irresponsible and Scurrilous". Mr. Price Has Failed To Address One Very Important Issue—The Truth. I Am Now Calling On Jim Hunt To Answer These Questions:

1) Have Labor Unions Poured Thousands Of Dollars Into Your Campaign?

2) Did You Allow PCB To Lie Along Our Roads For Years?

3) Did You Dump PCB On Our Neighbors In Warren County?

4) Do You Support Walter Mondale's Announced Plan To Raise Taxes?

5) Have Representatives Of Gay Rights Organizations Been Involved In Fund Raisers For You?

6) Has There Been One Word In Any Of My Ads Which Is Not True?

Come On, Jim, Am I telling The Truth?

Paid For Exclusively By Tom Hannon

8 5 0 4 0 5 0 1 9 6 5

8 5 0 4 0 5 3 1 9 5 6

FIRST CLASS

COVINGTON & BURLING
1201 PENNSYLVANIA AVENUE, N.W.
P.O. BOX 7566
WASHINGTON, D.C. 20044

128
OCL

Beverly Kramer, Esq.
Federal Election Commission
7th Floor
1325 K Street, N.W.
Washington, D.C. 20463

COVINGTON & BURLING
1201 PENNSYLVANIA AVENUE, N.W.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 21, 1985

Daniel A. Rowley
Covington and Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

Re: MUR 1816
Helms for Senate Committee
Mark L. Stephens, Treasurer
Tom Hannon
Anna Hannon

Dear Mr. Rowley:

This is in reference to your letter dated February 14, 1985, requesting an extension of two weeks to respond to the Commission's Questions and Request for Documents in the above-captioned matter. After considering the circumstances presented in your letter, the Office of the General Counsel has determined to grant you your requested extension. Accordingly, your response will be due on March 4, 1985.

If you have any questions, please contact Beverly Kramer, the staff member assigned to this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

8 5 0 4 0 7 5 1 9 5 7

MESSENGER DELIVERY/PICKUP REQUEST
(Including Internal Use)

Date: 2/20/85

Requested by: Clagett

Room #: 1115A

Ext.: 5316

~~Pickup or~~ Delivery Point:
(Circle one)

Beverly Kramer
(Name)

Tel #:

Federal Election Commission
(Firm Name)

Room #: Suite 700

1325 K Street NW.
(Address)

Special Instructions:

Completion of this form is not necessary when the same information is indicated on the envelope

(FOR INTERNAL DELIVERY)

/___/ Check here if Internal Delivery only.
Attach to item to be delivered and put in a conspicuous place on desk.

To:

Room #:

MCC# 6712

COVINGTON & BURLING
1201 PENNSYLVANIA AVENUE, N. W.
P. O. BOX 7566
WASHINGTON, D. C. 20044

(202) 662-6000
WRITER'S DIRECT DIAL NUMBER
(202) 662-5316

DANIEL M. GRIBSON
STANLEY L. TEMKO
JAMES C. McKAY
JOHN W. DOUGLAS
HAMILTON CAROTHERS
J. RANDOLPH WILSON
ROBERTS B. OWEN
EDGAR F. CZARRA, JR.
WILLIAM H. ALLEN
DAVID S. ISSELL
JOHN B. JONES, JR.
PAUL R. DUKE
PHILIP R. STANSBURY
CHARLES A. MILLER
PETER BARTON HUTT
HERBERT DYM
JOHN VANDERSTAR
HARRIS WEINSTEIN
JOHN B. DENNISTON
PETER J. NICKLES
JONATHAN D. BLAKE
CHARLES E. BUFFON
ROBERT N. BAYLER
E. EDWARD BRUCE
DAVID N. BROWN
PAUL J. TAGLIABUE
ANDREW W. SINGER
DAVID H. HICKMAN
RUSSELL H. CARPENTER, JR.
NICHOLAS W. FELS
THEODORE L. GARRETT
DANA T. ACKERLY
JOHN M. VINE
JOHN THOMAS SMITH II
JOHN P. RUPP
CLAUSEN ELY, JR.
RICHARD F. KINGHAM
ROBERT M. SUSSMAN
MICHAEL R. LEVY
GEORGE B. REID, JR.
THOMAS S. WILLIAMSON, JR.
JOHN R. BOLTON
JOANNE B. GROSSMAN
J. MICHAEL HEMMER
GREGORY M. SCHMIDT
HARRY L. SHNIDERMAN
DON V. HARRIS, JR.
WILLIAM STANLEY, JR.
WEAVER W. DUNNAN
EDWIN M. ZIMMERMAN
JEROME ACKERMAN
HENRY P. SAILER
JOHN H. SCHAFER
ALFRED H. MOSER
JOHN LeMOYNE ELLICOTT
DAVID E. McGIFFERT
H. EDWARD DUNKELBERGER, JR.
BRICE McADOO CLAGETT
RICHARD A. BRADY
ROBERT E. O'MALLEY
EUGENE I. LAMBERT
MARK A. WEISS
HARVEY M. APPLEBAUM
MICHAEL S. HORNE
CHARLES F. C. RUFF
MICHAEL BOUDIN
BINGHAM B. LEVERICH
ALLAN TOPOL
VIRGINIA G. WATKIN
RICHARD D. COPAKEN
CHARLES LISTER
PETER D. TROOBOFF
WESLEY S. WILLIAMS, JR.
DORIS D. BLAZEK
WILLIAM D. IVERSON
S. WILLIAM LIVINGSTON, JR.
JAMES R. ATWOOD
COLEMAN S. HICKS
STUART C. STOCK
EUGENE D. GULLAND
O. THOMAS JOHNSON, JR.
EUGENE A. LUDWIG
PATRICIA A. BARALD
REEVES C. WESTBROOK
THEODORE VOORHEES, JR.
JEFFREY G. HUVELLE
PAUL J. BERMAN
WILLIAM P. SKINNER
GEORGE M. CHESTER, JR.
RICHARD A. MESERVE

FONTAINE C. BRADLEY
EDWARD BURLING, JR.
HOWARD C. WESTWOOD
CHARLES A. HORSKY
JOHN T. SAPIENZA
JAMES H. McGLOTHLIN
ERNEST W. JENNES
EDWIN S. COHEN
COUNSEL

JOHN SHERMAN COOPER
OF COUNSEL

TWX: 710 822-0005 (CB WSH)
TELEX: 89-593 (COVLING WSH)
TELECOPIER INFORMATION:
(202) 662-6280
CABLE: COVLING

February 20, 1985

BY HAND

Ms. Beverly Kramer
Federal Election Commission
Suite 700
1325 K Street, N.W.
Washington, D.C.

Dear Ms. Kramer:

Re: MUR 1816

Enclosed is the form for designation of counsel in the above-referenced matter, executed by Anna M. Hannon.

Yours very truly,

Brice M. Clagett

af

Enclosure

85 FEB 20 P2:41

STATEMENT OF DESIGNATION OF COUNSEL

MUR 1816

NAME OF COUNSEL: Brice M. Clagett
John R. Bolton
Daniel A. Rowley

ADDRESS: Covington & Burling
1201 Pennsylvania Avenue, N.W.
P. O. Box 7566
Washington, D.C. 20044

TELEPHONE: (202) 662-6000

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.

February 19, 1985
Date

Anna M. Hannon
Signature

RESPONDENT'S NAME: Anna M. Hannon

ADDRESS: 1733 Parker Lane
Henderson, North Carolina 27536

HOME PHONE: (919) 492-6109

BUSINESS PHONE: None

8504075197 0

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 1, 1985

Anna Hannon
1733 Parker Lane
Henderson, North Carolina 27536

Re: MUR 1816
Anna Hannon

Dear Mrs. Hannon:

On January 29, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441d, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your response to the enclosed request for documents, within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form

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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.

The investigation now being conducted will be 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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Beverly Kramer, the staff member assigned to this matter, at (202)523-4143.

Sincerely,

John Warren McGarry
Chairman

Enclosures
General Counsel's Factual and Legal Analysis
Request for Documents
Procedures
Designation of Counsel Statement

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GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1816

RESPONDENT Anna Hannon

SOURCE OF MUR: Complaint (Respondent Internally Generated)

SUMMARY OF ALLEGATIONS

Based on information submitted in response to a complaint, it appears that Anna Hannon financed communications supporting the reelection of Senator Jesse Helms, but did not specify on those communications whether they were authorized by Senator Jesse Helms and/or the Helms for Senate Committee in violation of 2 U.S.C. § 441d. In addition, it appears that Anna Hannon violated 2 U.S.C. § 441d by misrepresenting the name of the person who paid for the subject communications through the inclusion of a statement on the communications which read: "Paid for Exclusively by Tom Hannon."

FACTUAL BASIS AND LEGAL ANALYSIS

2 U.S.C. § 441d requires in relevant part, that whenever any person makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate, that communication must clearly state the name of the person who paid for the communication and state that the communication, in this case, was authorized by a candidate's committee.

The Commission's regulations at 11 C.F.R. § 110.11(a)(1) further require that the disclaimer meeting the requirements of 2 U.S.C. § 441d must appear and be presented in a clear and

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conspicuous manner to give the reader, observer or listener adequate notice of the identity of the persons who paid for and, where required, who authorized the communication.

Information provided in response to a complaint reveals that Anna Hannon financed political advertisements which appeared in the Henderson Daily Dispatch on the following days: October 2, 1984; October 9, 1984; October 13, 1984; and October 16, 1984. The advertisements bore disclaimers which read: "Paid for Exclusively by Tom Hannon." The disclaimers did not include a statement to indicate whether the communications were authorized by any candidate or candidate's committee.

According to information submitted in response to a complaint, the communications were authorized by the Helms for Senate Committee (herein "HFS"). Upon realizing that the advertisements read "Paid for Exclusively by Tom Hannon" and that the communications did not include language concerning authorization HFS purchased more space in the Henderson Daily Dispatch for the following corrective notice: 1/

> Political advertisements paid for by Anna Hannon appeared in the Henderson Daily Dispatch on the following days: October 2, 1984; October 12, 1984; October 13, 1984; and October 16, 1984. All these advertisements should have contained the following language: "Paid for by Anna Hannon. Authorized by the Helms for Senate Committee."
>
> Political advertisements paid for by Tom Hannon and by Anna Hannon appeared in the Henderson Daily Dispatch on October 9, 1984. This advertisement should have contained the following language: "Paid for by Tom Hannon and by Anna Hannon. "Authorized by the Helms for Senate Committee."

1/ The response gives no indicatin of the date on which this correction notice ran.

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Although the fact that the Helms for Senate Committee later printed a corrective notice in the paper acts in mitigation, it does not, in our opinion, moot the issue of whether a violation occured. Indeed while the Act required that the disclaimer "clearly state" the name of the person who paid for the communications and that the communications are authorized, the regulations at 11 C.F.R. § 110.11(a)(1) further require that the notice "be presented in a clear and conspicuous manner to give the reader...adequate notice of the identity of persons who paid for and...who authorized the communication." Thus, it is not enough that the notice was separately published after the fact.

The General Counsel's Office recommends, therefore, that the Commission find reason to believe Anna Hannon violated 2 U.S.C. § 441d.

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DESCRIPTION OF PRELIMINARY PROCEDURES
FOR PROCESSING POSSIBLE VIOLATIONS DISCOVERED BY THE
FEDERAL ELECTION COMMISSION

Possible violations discovered during the normal course of the Commission's supervisory responsibilities shall be referred to the Enforcement Division of the Office of General Counsel where they are assigned a MUR (Matter Under Review) number, and assigned to a staff member.

Following review of the information which generated the MUR, a recommendation on how to proceed on the matter, which shall include preliminary legal and factual analysis, and any information compiled from materials available to the Commission shall be submitted to the Commission. This initial report shall recommend either: (a) that the Commission find reason to believe that a possible violation of the Federal Election Campaign Act (FECA) may have occurred or is about to occur and that the Commission conduct an investigation of the matter; or (b) that the Commission find no reason to believe that a possible violation of the FECA has occurred and that the Commission close the file on the matter.

Thereafter, if the Commission decides by an affirmative vote of four (4) Commissioners that there is reason to believe that a violation of the Federal Election Campaign Act (FECA) has been committed or is about to be committed, the Office of the General Counsel shall open an investigation into the matter. Upon notification of the Commission's finding(s), within 15 days a respondent(s) may submit any factual or legal materials relevant to the allegations. During the investigation, the Commission shall have the power to subpoena documents, to subpoena individuals to appear for depositions, and to order answers to interrogatories. The respondent(s) may be contacted more than once by the Commission in its investigation.

If, during this period of investigation, the respondent(s) indicate a desire to enter into conciliation, the Office of General Counsel staff may begin the conciliation process prior to a finding of probable cause to believe a violation has been committed. Conciliation is an informal method of conference and persuasion to endeavor to correct or prevent a violation of the Federal Election Campaign Act (FECA). Most often, the result of conciliation is an agreement signed by the Commission and the respondent(s). The Conciliation Agreement must be adopted by four votes of the Commission before it becomes final. After signature by the Commission and the respondent(s), the Commission shall make public the Conciliation Agreement.

[If the investigation warrants], and no conciliation agreement is entered into prior to a probable cause to believe finding, the General Counsel must notify the respondent(s) of his intent to proceed to a vote on probable cause to believe that a violation of the Federal Election Campaign Act (FECA) has been committed or is about to be committed. Included with the notification to the respondent(s) shall be a brief setting forth the position of the General Counsel on the legal and factual issues of the case. Within 15 days of receipt of such brief, the respondent(s) may submit a brief posing the position of respondent(s) and replying to the brief of the General Counsel. Both briefs will then be filed with the Commission Secretary and will be considered by the Commission. Thereafter, if the Commission determines by an affirmative vote of four (4) Commissioners, that there is probable cause to believe that a violation of the FECA has been committed or is about to be committed conciliation must be undertaken for a period of at least 30 days but not more than 90 days. If the Commission is unable to correct or prevent any violation of the FECA through conciliation the Office of General Counsel may recommend that the Commission file a civil suit against the respondent(s) to enforce the Federal Election Campaign Act (FECA). Thereafter, the Commission may, upon an affirmative vote of four (4) Commissioners, institute civil action for relief in the District Court of the United States.

See 2 U.S.C. § 437g, 11 C.F.R. Part 111.

November 1980

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REQUEST FOR DOCUMENTS

TO: Anna Hannon

1. Please submit cancelled checks for all expenditures made in connection with advertisements placed by Anna Hannon in the Henderson Daily Dispatch on the following dates: October 2, 1984; October 9, 1984; October 12, 1984; October 13, 1984; and October 16, 1984.

2. Please submit copies of the advertisements placed by Anna Hannon in the Henderson Daily Dispatch on October 2, 1984; October 9, 1984; October 12, 1984; and October 16, 1984.

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GCC#6670

COVINGTON & BURLING
1201 PENNSYLVANIA AVENUE, N. W.
P. O. BOX 7566
WASHINGTON, D. C. 20044

TELEPHONE
(202) 662-6000

WRITER'S DIRECT DIAL NUMBER

(202) 662-5344

TWX: 710 822-0005 (CB WSH)
TELEX: 89-593 (COVLING WSH)
TELECOPIER INFORMATION:
(202) 662-6280
CABLE: COVLING

February 14, 1985

RECEIVED
GENERAL COUNSEL
85 FEB 14 P3:34

BY HAND

Ms. Beverly Kramer
Federal Election Commission
7th Floor
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 1816

Dear Ms. Kramer:

Pursant to our conversation, I am hereby requesting a two-week extension of time until March 4 to respond to the Commission's questions in the above matter. As I mentioned, this time is necessary to collect the information requested so that we may prepare an adequate response to these questions. For example, some of the material requested (e.g., copies of the advertisements) is not readily accessible to my clients. In addition, I will not be able to begin reviewing the material until February 25 because I will not be here next week.

If you have any further questions, please do not hesitate to call. Thank you for your assistance in this matter.

Sincerely,

Daniel A. Rowley

Daniel A. Rowley

DAR:dd

8504019979

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Helms for Senate Committee	)	
Mark L. Stephens, as	)	MUR 1816
treasurer	)	
Tom Hannon	)	
Anna Hannon	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of January 29, 1985, do hereby certify that the Commission decided by a vote of 4-2 to take the following actions in MUR 1816:

1. Find reason to believe that Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A).

2. Find reason to believe that Tom Hannon violated 2 U.S.C. § 441d.

3. Find reason to believe that Anna Hannon violated 2 U.S.C. § 441d.

4. Find reason to believe that the Helms for Senate Committee and Mark L. Stephens, as treasurer, violated 2 U.S.C. § 441a(f).

(continued)

5. Find reason to believe that the Helms for Senate Committee and Mark L. Stephens, as treasurer, violated 2 U.S.C. § 434(b).

6. Approve and send the letters and questions as recommended in the General Counsel's report dated January 18, 1985.

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

Attest:

1-29-85
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 1, 1985

Brice M. Clagett, Esq.
Covington and Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

Re: MUR 1816
Helms for Senate Committee
Mark L. Stephens, Treasurer
Tom Hannon

Dear Mr. Clagett:

The Federal Election Commission notified your clients on October 12, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on January 29, 1985, determined that there is reason to believe that Mr. Tom Hannon, the Helms for Senate Committee and Mr. Mark L. Stephens, as treasurer, have violated the Act. Specifically, it appears that Mr. Tom Hannon violated 2 U.S.C. § 441d by failing to include a disclaimer on various advertisements stating that the advertisements were authorized by the Helms for Senate Committee and; that Mr. Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A) by making contributions to the Helms for Senate Committee which, in the aggregate, exceeded $1,000. In addition, it appears that the Helms for Senate Committee and Mark L. Stephens, as treasurer, violated 2 U.S.C. § 441a(f) by accepting excessive contributions from Mr. Tom Hannon and, by failing to report in-kind contributions from Mr. Tom Hannon and Mrs. Anna Hannon in violation of 2 U.S.C. § 434(b).

Your clients' response to the Commission's initial notification of this complaint did not provide complete information regarding the matters in question. Please submit answers to the enclosed questions and submit the requested documents 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 clients the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

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, Beverly Kramer, the staff member assigned to this matter, at (202)523-4143.

Sincerely,

John Warren McGarry

John Warren McGarry
Chairman

Enclosures
Questions
Procedures

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QUESTIONS AND DOCUMENT REQUEST

TO: Helms for Senate Committee
Mark L. Stephens, as treasurer
Tom Hannon

1. State the number of advertisements that were placed by Tom Hannon individually, by Anna Hannon individually, and by Tom and Anna Hannon together, in the Henderson Daily Dispatch on October 9, 1984.

2. State the amount of money paid for each of the advertisements listed in response to question number 1 and state who paid for each such advertisement.

3. The Third Quarter Report for 1984, filed by the Helms for Senate Committee discloses the value of in-kind contributions received from Tom Hannon from August 28, 1984 through September 30, 1984, as totaling $1,000. State whether the value of the October 9, 1984, advertisements is included in this amount.

4. Please submit cancelled checks for expenditures in connection with the advertisements placed by Tom Hannon and/or Anna Hannon in the Henderson Daily Dispatch on the following dates: August 28, 1984; September 1, 1984; September 4, 1984; September 11, 1984; September 18, 1984; September 25, 1984; October 9, 1984.

5. Provide copies of the corrective notices which were placed in the Henderson Daily Dispatch by the Helms for Senate Committee and state the dates on which the corrective notices appeared.

6. In your response dated December 18, 1984, you refer to a notification that was received by the Helms for Senate Committee on October 18, 1984, concerning advertisements paid for by Anna Hannon. Please submit a copy of the referenced notification.

7. In your response dated December 18, 1984, you state that the Helms for Senate committee will report an in-kind contribution totaling $506.40 from Mrs. Hannon. In its post-election report, the Helms for Senate Committee reports that the value of in-kind contributions received from Mrs. Hannon during the month of October, 1984, was $427.84. Explain the reason for the discrepancy in these amounts. Also, state whether the $427.84 represents the total value of advertisements placed by Mrs. Anna Hannon on the following dates: October 2, 1984; October 9, 1984; October 12, 1984; October 13, 1984; and October 16, 1984.

If not, state the total value of such advertisements.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 1, 1985

Anna Hannon
1733 Parker Lane
Henderson, North Carolina 27536

Re: MUR 1816
Anna Hannon

Dear Mrs. Hannon:

On January 29, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441d, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your response to the enclosed request for documents, within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

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.

The investigation now being conducted will be 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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Beverly Kramer, the staff member assigned to this matter, at (202)523-4143.

Sincerely,

John Warren McGarry
Chairman

Enclosures
General Counsel's Factual and Legal Analysis
Request for Documents
Procedures
Designation of Counsel Statement

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REQUEST FOR DOCUMENTS

TO: Anna Hannon

1. Please submit cancelled checks for all expenditures made in connection with advertisements placed by Anna Hannon in the Henderson Daily Dispatch on the following dates: October 2, 1984; October 9, 1984; October 12, 1984; October 13, 1984; and October 16, 1984.

2. Please submit copies of the advertisements placed by Anna Hannon in the Henderson Daily Dispatch on October 2, 1984; October 9, 1984; October 12, 1984; and October 16, 1984.

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GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1816

RESPONDENT Anna Hannon

SOURCE OF MUR: Complaint (Respondent Internally Generated)

SUMMARY OF ALLEGATIONS

Based on information submitted in response to a complaint, it appears that Anna Hannon financed communications supporting the reelection of Senator Jesse Helms, but did not specify on those communications whether they were authorized by Senator Jesse Helms and/or the Helms for Senate Committee in violation of 2 U.S.C. § 441d. In addition, it appears that Anna Hannon violated 2 U.S.C. § 441d by misrepresenting the name of the person who paid for the subject communications through the inclusion of a statement on the communications which read: "Paid for Exclusively by Tom Hannon."

FACTUAL BASIS AND LEGAL ANALYSIS

2 U.S.C. § 441d requires in relevant part, that whenever any person makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate, that communication must clearly state the name of the person who paid for the communication and state that the communication, in this case, was authorized by a candidate's committee.

The Commission's regulations at 11 C.F.R. § 110.11(a)(1) further require that the disclaimer meeting the requirements of 2 U.S.C. § 441d must appear and be presented in a clear and

3 6 0 4 0 5 0 1 9 3 7

conspicuous manner to give the reader, observer or listener adequate notice of the identity of the persons who paid for and, where required, who authorized the communication.

Information provided in response to a complaint reveals that Anna Hannon financed political advertisements which appeared in the Henderson Daily Dispatch on the following days: October 2, 1984; October 9, 1984; October 13, 1984; and October 16, 1984. The advertisements bore disclaimers which read: "Paid for Exclusively by Tom Hannon." The disclaimers did not include a statement to indicate whether the communications were authorized by any candidate or candidate's committee.

According to information submitted in response to a complaint, the communications were authorized by the Helms for Senate Committee (herein "HFS"). Upon realizing that the advertisements read "Paid for Exclusively by Tom Hannon" and that the communications did not include language concerning authorization HFS purchased more space in the Henderson Daily Dispatch for the following corrective notice: 1/

> Political advertisements paid for by Anna Hannon appeared in the Henderson Daily Dispatch on the following days: October 2, 1984; October 12, 1984; October 13, 1984; and October 16, 1984. All these advertisements should have contained the following language: "Paid for by Anna Hannon. Authorized by the Helms for Senate Committee."
>
> Political advertisements paid for by Tom Hannon and by Anna Hannon appeared in the Henderson Daily Dispatch on October 9, 1984. This advertisement should have contained the following language: "Paid for by Tom Hannon and by Anna Hannon. "Authorized by the Helms for Senate Committee."

1/ The response gives no indicatin of the date on which this correction notice ran.

Although the fact that the Helms for Senate Committee later printed a corrective notice in the paper acts in mitigation, it does not, in our opinion, moot the issue of whether a violation occured. Indeed while the Act required that the disclaimer "clearly state" the name of the person who paid for the communications and that the communications are authorized, the regulations at 11 C.F.R. § 110.11(a)(1) further require that the notice "be presented in a clear and conspicuous manner to give the reader...adequate notice of the identity of persons who paid for and...who authorized the communication." Thus, it is not enough that the notice was separately published after the fact.

The General Counsel's Office recommends, therefore, that the Commission find reason to believe Anna Hannon violated 2 U.S.C. § 441d.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM JCR

DATE: JANUARY 24, 1985

SUBJECT: OBJECTIONS - MUR 1816 First General Counsel's Report signed January 18, 1985

The above-named document was circulated to the Commission on Tuesday, January 22, 1985 at 4:00.

Objections have been received from the Commissioners as indicated by the name(s) checked:

Commissioner Aikens	X
Commissioner Elliott	X
Commissioner Harris	
Commissioner McDonald	
Commissioner McGarry	
Commissioner Reiche	

This matter will be placed on the Executive Session agenda for Tuesday, January 29, 1985.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM

DATE: JANUARY 24, 1985

SUBJECT: OBJECTION - MUR 1816 First General Counsel's Report signed January 18, 1985

The above-named document was circulated to the Commission on Tuesday, January 22, 1985 at 4:00.

Objections have been received from the Commissioners as indicated by the name(s) checked:

Commissioner Aikens	
Commissioner Elliott	X
Commissioner Harris	
Commissioner McDonald	
Commissioner McGarry	
Commissioner Reiche	

This matter will be placed on the Executive Session agenda for Tuesday, January 29, 1985.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: January 22, 1985

SUBJECT: MUR 1816 - First General Counsel's Report

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[X]	Compliance	[X]
Sensitive	[X]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

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SENSITIVE

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

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL BY OGC TO THE COMMISSION 1/22/85 11:20

MUR 1816
DATE COMPLAINT RECEIVED BY OGC October 10, 1984
DATE OF NOTIFICATION TO RESPONDENT October 12, 1984
STAFF MEMBER
Beverly Kramer

COMPLAINANT'S NAME: Democratic Party of North Carolina

RESPONDENTS' NAMES: Helms for Senate Committee
Mark L. Stephens, as treasurer
Tom Hannon
Anna Hannon

RELEVANT STATUTES: 2 U.S.C. § 434(b)
§ 441a(a)(1)(A)
§ 441a(f)
§ 441d

SUMMARY OF ALLEGATIONS

On October 10, 1984, the Democratic Party of North Carolina filed a complaint with the Commission alleging violations of the Federal Election Campaign Act, as amended ("the Act") by the Helms for Senate Committee, its treasurer, Mr. Mark L. Stephens, and Mr. Tom Hannon, a resident of Henderson, North Carolina. On October 22, 1984, the complainant supplemented its original complaint by submitting additional factual materials relevant to the original allegations. Both of these submissions are collectively referred to as "the complaint." 1/

1/ A copy of the original complaint was circulated to the Commission on October 12, 1984. The supplement to the original complaint was circulated to the Commission on October 29, 1984.

The complaint relates to a series of advertisements appearing in the Henderson Daily Dispatch. The advertisements are directed against Senator Helm's opponent in the 1984 senatorial race, Governor James B. Hunt. On the advertisements appear the words "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon."

The complainant contends that the advertisements were produced with the assistance of the Helms for Senate Committee and, therefore, constitute in-kind contributions to the Helms Committee as opposed to independent expenditures by Mr. Hannon. In this connection, the complainant alleges that the newspaper advertisements do not comply with the disclaimer provisions of 2 U.S.C. § 441d because they fail to disclose whether the Helms for Senate Committee authorized the advertisements. In addition, the complainant alleges that the Helms for Senate Committee violated 2 U.S.C. § 434 by failing to report the expenditures for the ads as in-kind contributions from Mr. Hannon. Finally, the complainant alleges that the costs of the advertisements exceed the limitations of 2 U.S.C. § 441a(a)(1)(A). Citing the continuing nature of the alleged violations, the complainant asserts that the violations are knowingly and willfully committed and requests injunctive relief. The Commission, on November 5, 1984, voted to deny the requested relief.

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FACTUAL AND LEGAL ANALYSIS

1. Introduction

At issue in this case are the expenditures for six advertisements placed in the Henderson Daily Dispatch. Copies of five of the advertisements were appended to the original complaint. The exact dates on which the ads appeared in the newspaper are not provided in the complaint, nor does the complaint indicate whether the ads appeared more than once. It appears, however, that the ads were placed in the newspaper prior to October 9, 1984, the date on which the complaint was signed. The sixth advertisement was submitted as part of the supplement to the complaint. The supplement indicates that this ad appeared in the Henderson Daily Dispatch on Saturday, October 13, 1984.

On November 2, 1984, the Office of the General Counsel received the combined response of the Helms for Senate Committee (herein "HFS") and Mr. Tom Hannon. See Attachments at 1-4. The response addresses the original complaint. On December 18, 1984, HFS and Mr. Hannon submitted an additional response which addresses the supplement to the complaint. See Attachments at 7-10. The responses provide information concerning twelve advertisements which appeared in the Henderson Daily Dispatch bearing the disclaimer of "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon."

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2. Whether the Expenditures for the advertisements constitute in-kind contributions.

All of the allegations of the complaint relate to the threshold issue of whether the expenditures for the six advertisements in question bearing the disclaimer of "Paid for by Tom Hannon" or "Paid for Exclusively by Tom Hannon" are, as the disclaimers suggest, independent expenditures within the meaning of 2 U.S.C. § 431(17) or, whether the expenditures do not qualify as independent expenditures pursuant to § 109.1(c), thus making them in-kind contributions to HFS and, therefore, subject to the contribution limitation and reporting provisions of 2 U.S.C. § 441a(a)(1)(A) and § 434. The complainant asserts that because the advertisements were produced with the assistance of HFS, they do not qualify as independent expenditures pursuant to 11 C.F.R. § 109.1(c). In addition, the complaint raises the question whether the disclaimers appearing on the ads comply with 2 U.S.C. § 441d.

The responses of HFS and Mr. Tom Hannon admit that advertisements placed in the Henderson Daily Dispatch between the dates of August 28, 1984 and October 16, 1984, bearing disclaimers indicating that Mr. Tom Hannon had paid for the ads, were authorized by HFS. Moreover, the responses do not dispute the complainant's contention that the expenditures for the ads constitute in-kind contributions.

The respondents November 2, 1984, response addresses itself to seven advertisements placed by Mr. Tom Hannon between the dates of August 28, 1984 and October 9, 1984. The response

states that beginning in late August, 1984, through the end of September, 1984, Mr. Hannon purchased space in the Henderson Daily Dispatch for advertisements supporting the reelection of Senator Helms. According to the response, Mr. Hannon did not show the advertisements to HFS before purchasing the space and only sent notification of the advertisements to HFS near the end of September, at which time HFS agreed to authorize the expenditures. The response explains that when HFS noticed that the disclaimer on the ads did not include a statement concerning authorization, HFS then purchased space in the Henderson Daily Dispatch for the following notification: 2/

> Political advertisements paid for by Tom Hannon appeared in the Henderson Daily Dispatch on the following days: August 28, 1984; September 1, 1984; September 4, 1984; September 11, 1984; September 18, 1984; September 25, 1984; and October 9, 1984. All these advertisements should have contained the following language: "Authorized by the Helms for Senate Committee." This notice was paid for by HFS.

See Attachments at 2.

In addition, the response states that "in its third quarter of 1984, HFS reported an in-kind contribution from Mr. Hannon for the value of these advertisements." See Attachments at 2. To evidence the disclosure of the in-kind contributions, HFS

2/ As of the date of the response this notice had not been run by the newspaper. However, the response states that the notice "was placed to appear before the election on November 6." See Attachments at 2.

submitted a copy of its itemized schedule of receipts for its third quarter report. The report discloses an in-kind contribution of $1,000 from Mr. Tom Hannon for expenditures made between August 28, 1984 and September 30, 1984 for newspaper ads. 3/ See Attachments at 4.

In their December 18, 1984, response, the respondents explain the circumstances surrounding what appears to be five additional advertisements which appeared in the Henderson Daily Dispatch between the dates of October 2, 1984 and October 16, 1984, bearing the disclaimer "Paid for Exclusively by Tom Hannon." Included in these advertisements is the October 13, 1984, advertisement which is the subject of the complainant's supplement to the original complaint.

The response states that after learning of the supplement's allegation that Mr. Hannon had continued to place advertisements in October, HFS conducted an examination of its files. According to the response, HFS learned from its review that the October advertisements were paid for by Anna Hannon, Mr. Hannon's wife. The response states that the Hannons sent notification to HFS of this fact on October 18, after all the October advertisements had run. The response explains that as was the case with Mr. Hannon's advertisements, HFS did not see Mrs. Hannon's

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3/ As will be discussed infra at pages 9 and 11, it is not clear by this disclosure whether the costs of the October 9, 1984, advertisement is included in this figure since the report only addresses expenditures made between August 28, 1984 and September 30, 1984.

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advertisements beforehand. See Attachments at 8.

According to the response, when HFS received the complaint's supplement, it noted that the disclaimer on Mrs. Hannon's advertisements stated: "Paid for Exclusively by Tom Hannon." HFS accordingly purchased more space in the Henderson Daily Dispatch for the following notification: 4/

> Political advertisements paid for by Anna Hannon appeared in the Henderson Daily Dispatch on the following days: October 2, 1984; October 12, 1984; October 13, 1984; and October 16, 1984. All these advertisements should have contained the following language: "Paid for by Anna Hannon. Authorized by the Helms for Senate Committee."
>
> Political advertisements paid for by Tom Hannon and by Anna Hannon appeared in the Henderson Daily Dispatch on October 9, 1984. This advertisement should have contained the following language: "Paid for by Tom Hannon and by Anna Hannon. "Authorized by the Helms for Senate Committee."

See Attachments at 9.

The response admits that Mrs. Hannon's contributions were not reported by HFS in its October 25, 1984, pre-election report. HFS attributes its failure to report in-kind contributions from Mrs. Hannon to the fact that the Hannons did not notify HFS of the expenditures until after the close of the reporting period. The response which was received on December 18, 1984, indicates that a post-election report disclosing in-kind contributions totaling $506.40 from Mrs. Hannon will be forthcoming. See Attachments at 9.

4/ The response gives no indication of the date on which this notice ran.

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The public record discloses that on December 13, 1984, HFS filed its post election report disclosing in-kind contributions totaling $427.84 from Anna Hannon for newspaper ads. See Attachments at 11. The report discloses that the expenditures were made in October, 1984.

3. Whether the expenditures for the advertisements exceeded the contribution limits of 2 U.S.C. § 441a(a)(1)(A).

Pursuant to 2 U.S.C. § 441a(a)(1)(A) it is unlawful for any person to make contributions to any candidate and his authorized political committees with respect to any election for federal office which, in the aggregate, exceed $1,000.

HFS has reported the expenditures for Mr. Hannon's advertisements made through September 30, 1984, as in-kind contributions. The total value of the advertisements was reported to have been $1,000.

In its November 2 and December 18, 1984, responses, HFS indicates that at least one other advertisement, and possibly two advertisements, appeared in the newspaper on October 9, 1984. The November 2, 1984, response states that the ad was paid for by Tom Hannon and authorized by HFS. See Attachments at 2. The December 18, 1984, response states that the advertisement was paid for by Tom Hannon and Anna Hannon and was authorized by HFS.

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See attachments at 9. Whether the costs associated with the October 9 advertisements were included in the reported $1,000 in-kind contribution from Tom Hannon is uncertain. If the costs are not already included in HFS's disclosure of in-kind contributions from Mr. Hannon, it would appear that Mr. Hannon has exceeded the contribution limits of 2 U.S.C. § 441a(a)(1)(A) and that HFS has accepted an excessive contribution in violation of 2 U.S.C. § 441a(f). 5/ For purposes of developing the facts, this Office recommends that the Commission find reason to believe Mr. Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A) and that HFS violated 2 U.S.C. § 441a(f).

5/ In addition, to these advertisements, the December 18, 1984, response states that the expenditures for four more advertisements placed in the newspaper between October 2, 1984 and October 16, 1984 were authorized by HFS. The respondents claim that the additional advertisements were not paid by Tom Hannon, but rather, were paid for by his wife, Anna Hannon. Aside from their statement, respondents provide no evidence to support their claim. The only evidence available runs contrary to the respondent's assertion that the ads were paid for by Anna Hannon. A copy of the October 13, 1984, advertisement bears a disclaimer which clearly states: "Paid for Exclusively by Tom Hannon." By their own admission, the other three advertisements in question bear similar disclaimers. See Attachments at 8. Moreover, the content of the October 13, 1984 ad leads to the conclusion that the ad was prepared by Tom Hannon. The ad, which ran subsequent to the filing of the complaint, responds to allegations made against Tom Hannon. The ad reads, in relevant part:

> Jim Hunt's mouthpiece David Price has been quoted as saying that my ads are "irresponsible and scurrilous." Mr. Price has failed to address one very important issue -- the truth. I am now calling on Jim Hunt to answer these questions:
>
> * * * *
>
> Has there been one word in any of my ads which is not true?
>
> Come on, Jim, am I telling the truth?
> (continued on next page)

4. Whether the advertisements violated the disclaimer provisions of 2 U.S.C. § 441d.

Section 441d of the Act requires that "[w]henever any person makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate, or solicits any contribution through any . . . newspaper . . . such communication" shall identify the person making the expenditure and indicate whether it is authorized by the candidate's authorized political committee.

The respondents admit that all of the advertisements paid for by the Hannons had been authorized by HFS and that, therefore, the advertisements should have carried the additional language concerning authorization as required by 2 U.S.C. § 441d. Moreover, the respondents admit that five advertisements, four of which were paid for by Anna Hannon and one for which the costs were shared by Tom Hannon and Anna Hannon, bore an incorrect and misleading disclaimer which read: "Paid for Exclusively by Tom Hannon." Although the fact that the Helms for Senate Committee later printed corrective notices in the paper acts in mitigation, it does not, in our view, moot the issue of whether a violation occurred. Indeed, while the Act required that the disclaimer "clearly state" the name of the person who paid for the

---

5/ (continued)
Through an investigation of a violation of 2 U.S.C. § 441a(a)(1)(A) by Mr. Tom Hannon, as well as an investigation of a violation of 2 U.S.C. § 441d by Mrs. Anna Hannon (see discussion <u>infra</u> at pp. 10-11) we will seek to clarify whether the expenditures for the advertisements attributed to Mrs. Anna Hannon were in fact made by her, or whether the expenditures were made by Mr. Tom Hannon.

communication and that the advertisements are authorized, the Regulations at Section 110.11(a)(1) further require that the notice "be presented in a clear and conspicuous manner to give the reader . . . adequate notice of the identity of persons who paid for and . . . who authorized the communication." Thus, it is not enough that the notices were separately published after the fact.

The General Counsel's Office recommends, therefore, that the Commission find reason to believe Tom Hannon and Anna Hannon violated 2 U.S.C. § 441d. 6/

5. Whether the Helms for Senate Committee failed to report in-kind contributions in accordance with 2 U.S.C. § 434(b).

As noted earlier, the Helms for Senate Committee appears to have reported the value of the in-kind contributions made to HFS by Mr. Hannon for the period between August 28, 1984 and September 30, 1984. The response submitted by the respondents indicates that there may have been one or two additional advertisements on October 9, 1984, which were paid for in whole or in part by Mr. Hannon. The report filed by the Helms for Senate Committee for the period between October 1, 1984 and October 17, 1984, does not disclose any additional in-kind contributions from Mr. Hannon. It appears, therefore, that the Helms for Senate Committee violated 2 U.S.C. § 434(b) by failing to report subsequent in-kind contributions made by Mr. Hannon.

6/ Anna Hannon was not sent a copy of the complaint as there was no indication in the complaint that she may be a potential respondent. Accordingly, the allegations against Anna Hannon will be treated as if internally generated.

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In addition to the in-kind contributions received from Mr. Hannon, the response of HFS indicates that it received in-kind contributions totalling $506.40 from Anna Hannon for advertisements that were placed in the Henderson Daily Dispatch between October 2, 1984 and October 16, 1984. According to the response, HFS received notification of the contributions as early as October 18, 1984. See Attachments at 8. Regardless, HFS did not disclose the contributions until December 13, 1984, and the amount disclosed ($427.84) was less than the amount that HFS had indicated in its December 18 response as having been received.

In view of the fact that the disclosure of the in-kind contributions was untimely and that there remain questions concerning the amount of in-kind contributions received from Mr. Tom Hannon and Mrs. Anna Hannon the Office of the General Counsel recommends that the Commission find reason to believe that HFS violated 2 U.S.C. § 434(b).

Although the General Counsel's Office recommends that the Commission find reason to believe that the respondents violated various provisions of the Act, we are not at this time recommending a finding that the violations were knowingly and willfully committed. The information available at this time does not lead to a conclusion that the violations were knowingly and willfully committed.

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RECOMMENDATIONS

1. Find reason to believe that Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A).

2. Find reason to believe that Tom Hannon violated 2 U.S.C. § 441d.

3. Find reason to believe that Anna Hannon violated 2 U.S.C. § 441d.

4. Find reason to believe that the Helms for Senate Committee and Mark L. Stephens, as treasurer, violated 2 U.S.C. § 441a(f).

5. Find reason to believe that the Helms for Senate Committee and Mark L. Stephens, as treasurer, violated 2 U.S.C. § 434(b).

6. Approve and send the attached letters and questions.

Charles N. Steele
General Counsel

January 18, 1985 By: Kenneth A. Gross
Date

Kenneth A. Gross
Associate General Counsel

Attachments

November 2, 1984 response (pp. 1-4)
November 9, 1984 response (pp. 5-6)
December 18, 1984 response (pp. 7-10)
Disbursement Schedule from Post Election Report of HFS (p. 11)
Letter to counsel for HFS and Tom Hannon with attached questions (pp. 12-15)
Letter to Anna Hannon with attached request for documents and the General Counsel's Factual and Legal Analysis (pp. 16-21)

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November 2, 1984

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

Re: MUR 1816

Dear Mr. Steele:

This is the response of the Helms for Senate Committee ("HFS"), Senator Helms' authorized campaign committee, and Mr. Tom Hannon to the Democratic Party of North Carolina's complaint in the above matter. The complaint alleges that Mr. Hannon has made "independent expenditures" on behalf of HFS that are not truly independent, that HFS has failed to report contributions from Mr. Hannon, and that Mr. Hannon and HFS have engaged in deceptive advertising. As shown below, the Commission should find no reason to believe that HFS or Mr. Hannon has violated any provisions of the Federal Election Campaign Act, as amended, 2 U.S.C. § 431 et seq. (the "FECA").

FACTS

Beginning in late August, 1984, through the end of September, 1984, Mr. Hannon purchased space in the Henderson Daily Dispatch for advertisements supporting the reelection of Senator Helms. (The Henderson Daily Dispatch has a circulation of 9,600.) Mr. Hannon did not show the advertisements to HFS before purchasing the space. He sent a notification of these advertisements to HFS, near the end of September, and HFS agreed to authorize the expenditures.

In its report for the third quarter of 1984, HFS reported an in-kind contribution from Mr. Hannon for the value of these advertisements. A copy of the appropriate page from HFS's third-quarter report is attached hereto as Exhibit A.

HFS noticed that the disclaimer on Mr. Hannon's advertisements stated: "Paid for by Tom Hannon." Realizing that this disclaimer did not have an authorization, HFS purchased space in the Henderson Daily Dispatch for the following notification:

> Political advertisements paid for by Tom Hannon appeared in the Henderson Daily Dispatch on the following days: August 28, 1984; September 1, 1984; September 4, 1984; September 11, 1984; September 18, 1984; September 25, 1984; and October 9, 1984. All these advertisements should have contained the following language: "Authorized by the Helms for Senate Committee." This notice was paid for by HFS.

This advertisement was placed to appear before the election on November 6.

ARGUMENT

The Democratic Party's complaint makes three arguments. First, the complaint states that Mr. Hannon attempted to make independent expenditures on behalf of Senator Helms. That clearly is not the case. HFS's third-quarter report to the Commission properly reported these expenditures as an in-kind contribution to HFS. See Exhibit A.

Second, the complaint, which was filed October 8, claims that HFS failed to report contributions from Mr. Hannon. The complaint conveniently overlooks the fact that the advertisements ran in late August and September, 1984. The expenditures all took place in the third quarter, 1984. As the Democratic Party well knows, no report was due by HFS for that period until October 15, seven days after the complaint was filed. See 11 C.F.R. § 104.6(b). This disingenuousness demonstrates that the complaint is nothing more than another element in a partisan strategy to abuse the process of this Commission.

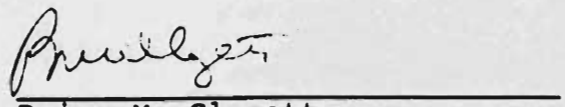
Finally, the complaint notes that Mr. Hannon's advertisements do not contain the disclaimer required by 11 C.F.R. § 110.11(a)(1)(ii). The complaint goes on to argue that HFS and

Mr. Hannon were engaged in deceptive advertising. However, Mr. Hannon did not ask HFS to review the advertisements before he placed them. When he did notify HFS that he had placed the advertisements, all but one of the advertisements had appeared, and it was too late to make any modifications to the other. Realizing that the advertisements did not contain an authorization line, HFS purchased space in the Henderson Daily Dispatch for a notice stating that the advertisements had been authorized by HFS.

CONCLUSION

The Commission therefore should find no reason to believe that HFS or Mr. Hannon violated any provisions of the FECA.

Respectfully submitted,



Brice M. Clagett
John R. Bolton
Daniel A. Rowley

EXHIBIT A

Page 22 of 11a
LINE NUMBER
(Use separate schedule(s) for each category of the Detailed Summary Page)

SCHEDULE A

ITEMIZED RECEIPTS

Any information copied from such Reports or Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Name of Committee (in Full)
Helms for Senate Committee

Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt this Period
A. Walter Bridges 1202 Wilkins Dr. Sanford, NC 27330 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution newspaper ad Occupation: self employed Aggregate Year-to-Date—$	7/9/84 7/16/84	$306.00 413.10
B. Mrs. Walter Bridges 1202 Wilkins Drive Sanford, NC 27330 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution newspaper ad Occupation: Housewife Aggregate Year-to-Date—$	7/16/84	$1,000.00
C. Gwenda Laws PO Box 4929 Duke Station Durham, NC 27706 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution for newspaper ad Occupation: Aggregate Year-to-Date—$	8/15/84	$571.94
D. Dorothy Bursey 3067 Bourbon Carolina Trace Sanford, North Carolina 27330 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution for office rent Occupation: Aggregate Year-to-Date—$	8/31/84	$350.00
E. Reece Bursey 3067 Bourbon Carolina Trace ~~Sanford, N. C. 27330~~ Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution for newspaper ad Occupation: Aggregate Year-to-Date—$	9/4/84	$238.65
F. Cindy Holland Route 1, Box 137-A New Hill, N. C. 27562 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution for newspaper ad Occupation: Aggregate Year-to-Date—$	9/13/84	$643.50
G. Tom Hannon 1733 Parker Lane Henderson, NC 27536 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution for newspaper ads Occupation: Aggregate Year-to-Date—$	8/28/84 thru 9/30/84	1,000.00
SUBTOTAL of Receipts This Page (optional)			$4,523.19
TOTAL This Period (last page this line number only)			

4

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MICHAEL HEMMER
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JOHN SHERMAN COOPER
OF COUNSEL

TWX: 710 822-0005 (CB WSH)
TELEX: 89-593 (COVLING WSH)
TELECOPIER INFORMATION:
(202) 662-6280
CABLE: COVLING

November 9, 1984

Charles N. Steele, Esq.
General Counsel
Federal Election Commission
Seventh Floor
1325 K Street, N.W.
Washington, DC 20463

NOV 9 P5:24

Re: MUR 1816

Dear Mr. Steele:

On November 7, 1984, we received a letter from your office concerning the above matter. The letter was dated October 31, 1984, and was postmarked November 6, 1984. It enclosed a copy of a "supplement" to the MUR 1816 complaint dated October 22, 1984. The October 31 letter stated: "Insofar as these supplemental materials do not allege additional violations of the Act, receipt of these materials will not alter the due date for your response. You should, therefore, submit your response to the complaint not later than November 2, 1984."

We had filed a response to the complaint in the above matter on November 2, five days before we received the October 22 supplement. We therefore contacted your office to request 15 days in which to respond to the October 22 "supplement." Your office denied our request, stating that because the October 22 material only supplemented the original complaint the Commission was not required to give us 15 days to respond to it. Your office stated that it made no difference that we received the supplement after our answer was filed or that the October 22

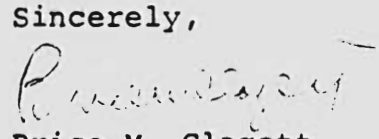
supplement had not been transmitted to us within five days of its receipt by the Commission as required by the Federal Election Campaign Act, as amended ("FECA"). See 2 U.S.C. § 437g(a)(1). Your office also informed us that the Commission will consider the October 22 supplement to the complaint in its reason-to-believe deliberations.

We object to any utilization of the October 22 supplement until we have had 15 days in which to determine whether to file a response to it. This procedure is clearly mandated by the FECA and by the due-process clause of the United States Constitution. The FECA in no uncertain terms requires the Commission, before it takes a reason-to-believe vote, to give an opportunity to the respondent "to demonstrate, in writing, to the Commission within 15 days after notification that no action should be taken against such person on the basis of the complaint." 2 U.S.C. § 437g(a)(1). Your October 31 letter clearly indicates that you will treat the October 22 supplement as part of the complaint. The statute thus requires that we have 15 days from notification to respond to it.

Even if the statute were not so clear, it is beyond preadventure that the due-process clause of the Constitution at a minimum requires notice and an opportunity to be heard. It would be unconstitutional for an agency to act on a supplement to a complaint that was not mailed to the respondent until after the response date. Failure to give notice to the respondents in a timely manner would unconstitutionally taint any action taken on the MUR 1816 complaint, given that your office has stated that the Commission intends to consider the October 22 supplement as part of the complaint.

We will make a decision whether to file a response to the October 22 supplement by November 26, the first business day 15 days after we received the October 22 supplement. We would request a response from you in writing confirming that the Commission will take no action on the complaint until after that time.

Sincerely,



Brice M. Clagett

GCLF#6033

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December 18, 1984

TWX: 710 822-0006 (CB WSH)
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TELECOPIER INFORMATION:
(202) 662-6280
CABLE: COVLING

B. Kramer
MUR
1816

BY HAND

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

Re: MUR 1816

Dear Mr. Steele:

This is the response of the Helms For Senate Committee ("HFS") and Mr. Tom Hannon to the October 22, 1984, supplement to the Democratic Party of North Carolina's complaint in the above matter. The October 22 supplement reiterates the complaint's allegations that Mr. Hannon has made "independent expenditures" in the form of newspaper advertisements on behalf of HFS that are not truly independent, that HFS failed to report contributions from Mr. Hannon, and that Mr. Hannon and HFS have engaged in deceptive advertising. The supplement adds a new allegation that Mr. Hannon has exceeded his contribution limit of $1,000 by continuing to place advertisements during October 1984 after the complaint was filed. The supplement also alleges that HFS has failed to report these contributions.

As shown below, the Commission should not find reason to believe that any provision of the Federal Election Campaign Act, as amended, 2 U.S.C. § 431 et seq. (the "FECA"), has been violated. The October 22 supplement, like the complaint, rests on an incomplete recitation of the facts. Neither provides the basis for a reason-to-believe finding.

FACTS

As noted in HFS' November 2, 1984, response to the complaint, during the fall of 1984 Mr. Hannon purchased space in the Henderson Daily Dispatch for advertisements supporting the

reelection of Senator Helms. Mr. Hannon did not show the advertisements to HFS before he purchased the space. HFS reported these in-kind contributions from Mr. Hannon in its report for the third quarter of 1984. See Response, Exhibit A. When HFS discovered that the disclaimer on Mr. Hannon's advertisements did not contain the statement that the advertisements had been authorized by HFS, HFS purchased space in the Henderson Daily Dispatch for a corrective notice.

On November 7, 1984, after the election, HFS received the October 22 supplement to the complaint. After learning of the supplement's allegation that Mr. Hannon had continued to place advertisements in October, HFS conducted an examination of its files. A thorough examination of HFS' files was precluded prior to filing the November 2 response because the Commission refused to give HFS a sufficient extension of time to do so despite the press of the election.

HFS learned as a result of this review that the October advertisements referred to in the October 22 supplement were paid for by Anna Hannon, Mr. Hannon's wife. The Hannons had sent notification to HFS of this fact on October 18, after all the October advertisements had run. As was the case with Mr. Hannon's advertisements, HFS did not see Mrs. Hannon's advertisements beforehand. HFS will report an in-kind contribution totaling $506.40 from Mrs. Hannon.1/

When HFS received the October 22 supplement, it noted that the disclaimer on Mrs. Hannon's advertisements stated: "Paid for exclusively by Tom Hannon." See Exhibit M to supplement.2/

1/ Mrs. Hannon's contributions were not reported in HFS' October 25 pre-election report because the Hannons did not notify HFS of them until after the close of the reporting period. By the end of this week, HFS will send to the Commission by expedited mail amendments to its post-election report. These amendments will include Mrs. Hannon's contributions. Their preparation was delayed because the person primarily responsible for preparing them has been recovering from surgery for the past few weeks.

2/ The supplement erroneously states that Exhibit M appeared in the Henderson Daily Dispatch on October 16. In fact, the advertisement attached as Exhibit M appeared on October 13. Mrs. Hannon did purchase an advertisement on October 16 as well as the October 13 advertisement attached as Exhibit M.

HFS accordingly has purchased more space in the Henderson Daily Dispatch for the following notification:

> Political advertisements paid for by Anna Hannon appeared in the Henderson Daily Dispatch on the following days: October 2, 1984; October 12, 1984; October 13, 1984; and October 16, 1984. All these advertisements should have contained the following language: "Paid for by Anna Hannon. Authorized by the Helms For Senate Committee."1/
>
> A political advertisement paid for by Tom Hannon and by Anna Hannon appeared in the Henderson Daily Dispatch on October 9, 1984. This advertisement should have contained the following language: "Paid for by Tom Hannon and by Anna Hannon. Authorized by the Helms For Senate Committee."1/
>
> This notice was paid for by the Helms For Senate Committee.

ARGUMENT

The October 22 supplement continues the argument that Mr. Hannon is incapable of making independent expenditures and that HFS failed to report his in-kind contributions. HFS has not treated the Hannons' contributions as independent expenditures. It has treated them as in-kind contributions from both Mr. Hannon and Mrs. Hannon for reporting purposes.

Moreover, the Hannons have not violated their respective contribution limits. The contributions of $1,000 and $506.40 by the Hannons were permissible. It is well settled that a husband and wife, even in a single-income family, may make separate contributions to the same candidate. E.g., 11 C.F.R § 110.1(i)(1).

Finally, the supplement notes that the October advertisements did not contain the disclaimer required by 11 C.F.R. § 110.11(a)(1)(ii). As was the case with Mr. Hannon's

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1/ The word "authorized" is used in this notice only because it is required by the Commission's regulations. 11 C.F.R. § 110.11(a)(1)(ii). HFS saw none of these advertisements before they appeared; they thus are not "authorized" in that sense.

advertisements, Mrs. Hannon did not ask HFS to review her advertisements before she placed them. When HFS realized that her advertisements, like her husband's, did not contain the appropriate disclaimer, HFS purchased space in the Henderson Daily Dispatch for a notice stating that the advertisements had been paid for by Mrs. Hannon and that the advertisements had been authorized by HFS.

CONCLUSION

The Commission therefore should find no reason to believe that HFS or Mr. Hannon violated any provisions of the FECA.

Respectfully submitted,

Brice M. Clagett

Brice M. Clagett
John R. Bolton
Daniel A. Rowley

SCHEDULE B

ITEMIZED DISBURSEMENTS

[illegible] for LINE NUMBER 17 [illegible] schedule(s) for each category of the Detailed Summary Page

Any information copied from such Reports and Statements may not be sold or used by any person [illegible] for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Name of Committee (in Full)

The Helms for Senate Committee

Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
A. Black Pac PO Box 4909 Culver City, Calif. 90231	in kind contribution travel/lecturing Disbursement for: ☐ Primary ☒ General ☐ Other (specify)	11/84	$1,000.00 in kind
B. Fund for Republican Majority PO Box 1766 Washington, DC 26013	in kind contribution travel Disbursement for: ☐ Primary ☒ General ☐ Other (specify)	11/84	$2,012.34 in kind
C. Eagle Forum PAC Box 618 Alton, Illinois 62002	in kind contribution postage/printing/mailing/ Disbursement for: ☐ Primary ☒ General ☐ Other (specify):	11/84	$745.34 in kind
D. Committee for the Survival of a Free Congress 721 Second Street, NE Capitol Hill Washington, DC 20002	Purpose of Disbursement Disbursement for: ☒ Primary ☐ General ☐ Other (specify):	11/84	$587.35 in kind
E. Tony Barber PO Box 30 Bonlee, NC 27213	in kind contribution office rent Disbursement for: ☐ Primary ☒ General ☐ Other (specify):	11/84	$525.00 in kind
F. Andrew Brown #5 Quail Hollow Rd Murfreesboro, NC	in kind contribution leasing of van Disbursement for: ☐ Primary ☒ General ☐ Other (specify)	10/29/84	$750.00 in kind
G. Mrs. Andrew Brown #5 Quail Hollow RD Murfreesboro, NC	in kind contribution leasing of van Disbursement for: ☐ Primary ☒ General ☐ Other (specify):	10/18/84	$750.00 in kind
H. Anne Hannon 1733 Parker Lane Henderson, NC 27536	in kind contribution newspaper ads Disbursement for: ☐ Primary ☒ General ☐ Other (specify):	10/84	$427.84 in kind
I. Cindy Holland Route 1, Box 137-A New Hill, NC	in kind contribution newspaper ad and telephone Disbursement for: ☐ Primary ☒ General ☐ Other (specify):	10/84	in kind $ [illegible] C. [illegible] P.

Subtotal of Disbursements This Page (optional) .....

Total Disbursements (for any entire year) .....

(11)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Brice M. Clagett, Esq.
Covington and Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

Re: MUR 1816
Helms for Senate Committee
Mark L. Stephens, Treasurer
Tom Hannon

Dear Mr. Clagett:

The Federal Election Commission notified your clients on October 12, 1984, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on January , 1985, determined that there is reason to believe that Mr. Tom Hannon, the Helms for Senate Committee and Mr. Mark L. Stephens, as treasurer, have violated the Act. Specifically, it appears that Mr. Tom Hannon violated 2 U.S.C. § 441d by failing to include a disclaimer on various advertisements stating that the advertisements were authorized by the Helms for Senate Committee and; that Mr. Tom Hannon violated 2 U.S.C. § 441a(a)(1)(A) by making contributions to the Helms for Senate Committee which, in the aggregate, exceeded $1,000. In addition, it appears that the Helms for Senate Committee and Mark L. Stephens, as treasurer, violated 2 U.S.C. § 441a(f) by accepting excessive contributions from Mr. Tom Hannon and, by failing to report in-kind contributions from Mr. Tom Hannon and Mrs. Anna Hannon in violation of 2 U.S.C. § 434(b).

Your clients' response to the Commission's initial notification of this complaint did not provide complete information regarding the matters in question. Please submit answers to the enclosed questions and submit the requested documents 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 clients the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed procedures.

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, Beverly Kramer, the staff member assigned to this matter, at (202)523-4143.

Sincerely,

John Warren McGarry
Chairman

Enclosures
Questions
Procedures

QUESTIONS AND DOCUMENT REQUEST

TO: Helms for Senate Committee
Mark L. Stephens, as treasurer
Tom Hannon

1. State the number of advertisements that were placed by Tom Hannon individually, by Anna Hannon individually, and by Tom and Anna Hannon together, in the Henderson Daily Dispatch on October 9, 1984.

2. State the amount of money paid for each of the advertisements listed in response to question number 1 and state who paid for each such advertisement.

3. The Third Quarter Report for 1984, filed by the Helms for Senate Committee discloses the value of in-kind contributions received from Tom Hannon from August 28, 1984 through September 30, 1984, as totaling $1,000. State whether the value of the October 9, 1984, advertisements is included in this amount.

4. Please submit cancelled checks for expenditures in connection with the advertisements placed by Tom Hannon and/or Anna Hannon in the Henderson Daily Dispatch on the following dates: August 28, 1984; September 1, 1984; September 4, 1984; September 11, 1984; September 18, 1984; September 25, 1984; October 9, 1984.

5. Provide copies of the corrective notices which were placed in the Henderson Daily Dispatch by the Helms for Senate Committee and state the dates on which the corrective notices appeared.

6. In your response dated December 18, 1984, you refer to a notification that was received by the Helms for Senate Committee on October 18, 1984, concerning advertisements paid for by Anna Hannon. Please submit a copy of the referenced notification.

7. In your response dated December 18, 1984, you state that the Helms for Senate committee will report an in-kind contribution totaling $506.40 from Mrs. Hannon. In its post-election report, the Helms for Senate Committee reports that the value of in-kind contributions received from Mrs. Hannon during the month of October, 1984, was $427.84. Explain the reason for the discrepancy in these amounts. Also, state whether the $427.84 represents the total value of advertisements placed by Mrs. Anna Hannon on the following dates: October 2, 1984; October 9, 1984; October 12, 1984; October 13, 1984; and October 16, 1984.

If not, state the total value of such advertisements.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Anna Hannon
1733 Parker Lane
Henderson, North Carolina 27536

Re: MUR 1816
Anna Hannon

Dear Mrs. Hannon:

On , 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441d, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your response to the enclosed request for documents, within ten days of your receipt of this letter.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation. Of course, this does not preclude the settlement of this matter through conciliation prior to a finding of probable cause to believe if so desired. See 11 C.F.R. § 111.18(d).

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.

The investigation now being conducted will be 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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Beverly Kramer, the staff member assigned to this matter, at (202)523-4143.

Sincerely,

John Warren McGarry
Chairman

Enclosures
General Counsel's Factual and Legal Analysis
Request for Documents
Procedures
Designation of Counsel Statement

REQUEST FOR DOCUMENTS

TO: Anna Hannon

1. Please submit cancelled checks for all expenditures made in connection with advertisements placed by Anna Hannon in the Henderson Daily Dispatch on the following dates: October 2, 1984; October 9, 1984; October 12, 1984; October 13, 1984; and October 16, 1984.

2. Please submit copies of the advertisements placed by Anna Hannon in the Henderson Daily Dispatch on October 2, 1984; October 9, 1984; October 12, 1984; and October 16, 1984.

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

MUR 1816

RESPONDENT Anna Hannon

SOURCE OF MUR: Complaint (Respondent Internally Generated)

SUMMARY OF ALLEGATIONS

Based on information submitted in response to a complaint, it appears that Anna Hannon financed communications supporting the reelection of Senator Jesse Helms, but did not specify on those communications whether they were authorized by Senator Jesse Helms and/or the Helms for Senate Committee in violation of 2 U.S.C. § 441d. In addition, it appears that Anna Hannon violated 2 U.S.C. § 441d by misrepresenting the name of the person who paid for the subject communications through the inclusion of a statement on the communications which read: "Paid for Exclusively by Tom Hannon."

FACTUAL BASIS AND LEGAL ANALYSIS

2 U.S.C. § 441d requires in relevant part, that whenever any person makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate, that communication must clearly state the name of the person who paid for the communication and state that the communication, in this case, was authorized by a candidate's committee.

The Commission's regulations at 11 C.F.R. § 110.11(a)(1) further require that the disclaimer meeting the requirements of 2 U.S.C. § 441d must appear and be presented in a clear and

conspicuous manner to give the reader, observer or listener adequate notice of the identity of the persons who paid for and, where required, who authorized the communication.

Information provided in response to a complaint reveals that Anna Hannon financed political advertisements which appeared in the Henderson Daily Dispatch on the following days: October 2, 1984; October 9, 1984; October 13, 1984; and October 16, 1984. The advertisements bore disclaimers which read: "Paid for Exclusively by Tom Hannon." The disclaimers did not include a statement to indicate whether the communications were authorized by any candidate or candidate's committee.

According to information submitted in response to a complaint, the communications were authorized by the Helms for Senate Committee (herein "HFS"). Upon realizing that the advertisements read "Paid for Exclusively by Tom Hannon" and that the communications did not include language concerning authorization HFS purchased more space in the Henderson Daily Dispatch for the following corrective notice: 1/

> Political advertisements paid for by Anna Hannon appeared in the Henderson Daily Dispatch on the following days: October 2, 1984; October 12, 1984; October 13, 1984; and October 16, 1984. All these advertisements should have contained the following language: "Paid for by Anna Hannon. Authorized by the Helms for Senate Committee."
>
> Political advertisements paid for by Tom Hannon and by Anna Hannon appeared in the Henderson Daily Dispatch on October 9, 1984. This advertisement should have contained the following language: "Paid for by Tom Hannon and by Anna Hannon. "Authorized by the Helms for Senate Committee."

1/ The response gives no indicatin of the date on which this correction notice ran.

Although the fact that the Helms for Senate Committee later printed a corrective notice in the paper acts in mitigation, it does not, in our opinion, moot the issue of whether a violation occured. Indeed while the Act required that the disclaimer "clearly state" the name of the person who paid for the communications and that the communications are authorized, the regulations at 11 C.F.R. § 110.11(a)(1) further require that the notice "be presented in a clear and conspicuous manner to give the reader...adequate notice of the identity of persons who paid for and...who authorized the communication." Thus, it is not enough that the notice was separately published after the fact.

The General Counsel's Office recommends, therefore, that the Commission find reason to believe Anna Hannon violated 2 U.S.C. § 441d.

GCC#6033

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1201 PENNSYLVANIA AVENUE, N. W.
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COUNSEL

JOHN SHERMAN COOPER
OF COUNSEL

TWX: 710 822-0006 (CB WSH)
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CABLE: COVLING

December 18, 1984

B. Kramer
MUR
1816

BY HAND

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

Re: MUR 1816

Dear Mr. Steele:

This is the response of the Helms For Senate Committee ("HFS") and Mr. Tom Hannon to the October 22, 1984, supplement to the Democratic Party of North Carolina's complaint in the above matter. The October 22 supplement reiterates the complaint's allegations that Mr. Hannon has made "independent expenditures" in the form of newspaper advertisements on behalf of HFS that are not truly independent, that HFS failed to report contributions from Mr. Hannon, and that Mr. Hannon and HFS have engaged in deceptive advertising. The supplement adds a new allegation that Mr. Hannon has exceeded his contribution limit of $1,000 by continuing to place advertisements during October 1984 after the complaint was filed. The supplement also alleges that HFS has failed to report these contributions.

As shown below, the Commission should not find reason to believe that any provision of the Federal Election Campaign Act, as amended, 2 U.S.C. § 431 et seq. (the "FECA"), has been violated. The October 22 supplement, like the complaint, rests on an incomplete recitation of the facts. Neither provides the basis for a reason-to-believe finding.

FACTS

As noted in HFS' November 2, 1984, response to the complaint, during the fall of 1984 Mr. Hannon purchased space in the Henderson Daily Dispatch for advertisements supporting the

reelection of Senator Helms. Mr. Hannon did not show the advertisements to HFS before he purchased the space. HFS reported these in-kind contributions from Mr. Hannon in its report for the third quarter of 1984. See Response, Exhibit A. When HFS discovered that the disclaimer on Mr. Hannon's advertisements did not contain the statement that the advertisements had been authorized by HFS, HFS purchased space in the Henderson Daily Dispatch for a corrective notice.

On November 7, 1984, after the election, HFS received the October 22 supplement to the complaint. After learning of the supplement's allegation that Mr. Hannon had continued to place advertisements in October, HFS conducted an examination of its files. A thorough examination of HFS' files was precluded prior to filing the November 2 response because the Commission refused to give HFS a sufficient extension of time to do so despite the press of the election.

HFS learned as a result of this review that the October advertisements referred to in the October 22 supplement were paid for by Anna Hannon, Mr. Hannon's wife. The Hannons had sent notification to HFS of this fact on October 18, after all the October advertisements had run. As was the case with Mr. Hannon's advertisements, HFS did not see Mrs. Hannon's advertisements beforehand. HFS will report an in-kind contribution totaling $506.40 from Mrs. Hannon.1/

When HFS received the October 22 supplement, it noted that the disclaimer on Mrs. Hannon's advertisements stated: "Paid for exclusively by Tom Hannon." See Exhibit M to supplement.2/

1/ Mrs. Hannon's contributions were not reported in HFS' October 25 pre-election report because the Hannons did not notify HFS of them until after the close of the reporting period. By the end of this week, HFS will send to the Commission by expedited mail amendments to its post-election report. These amendments will include Mrs. Hannon's contributions. Their preparation was delayed because the person primarily responsible for preparing them has been recovering from surgery for the past few weeks.

2/ The supplement erroneously states that Exhibit M appeared in the Henderson Daily Dispatch on October 16. In fact, the advertisement attached as Exhibit M appeared on October 13. Mrs. Hannon did purchase an advertisement on October 16 as well as the October 13 advertisement attached as Exhibit M.

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HFS accordingly has purchased more space in the Henderson Daily Dispatch for the following notification:

> Political advertisements paid for by Anna Hannon appeared in the Henderson Daily Dispatch on the following days: October 2, 1984; October 12, 1984; October 13, 1984; and October 16, 1984. All these advertisements should have contained the following language: "Paid for by Anna Hannon. Authorized by the Helms For Senate Committee."1/
>
> A political advertisement paid for by Tom Hannon and by Anna Hannon appeared in the Henderson Daily Dispatch on October 9, 1984. This advertisement should have contained the following language: "Paid for by Tom Hannon and by Anna Hannon. Authorized by the Helms For Senate Committee."1/
>
> This notice was paid for by the Helms For Senate Committee.

ARGUMENT

The October 22 supplement continues the argument that Mr. Hannon is incapable of making independent expenditures and that HFS failed to report his in-kind contributions. HFS has not treated the Hannons' contributions as independent expenditures. It has treated them as in-kind contributions from both Mr. Hannon and Mrs. Hannon for reporting purposes.

Moreover, the Hannons have not violated their respective contribution limits. The contributions of $1,000 and $506.40 by the Hannons were permissible. It is well settled that a husband and wife, even in a single-income family, may make separate contributions to the same candidate. E.g., 11 C.F.R § 110.1(i)(1).

Finally, the supplement notes that the October advertisements did not contain the disclaimer required by 11 C.F.R. § 110.11(a)(1)(ii). As was the case with Mr. Hannon's

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1/ The word "authorized" is used in this notice only because it is required by the Commission's regulations. 11 C.F.R. § 110.11(a)(1)(ii). HFS saw none of these advertisements before they appeared; they thus are not "authorized" in that sense.

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advertisements, Mrs. Hannon did not ask HFS to review her advertisements before she placed them. When HFS realized that her advertisements, like her husband's, did not contain the appropriate disclaimer, HFS purchased space in the Henderson Daily Dispatch for a notice stating that the advertisements had been paid for by Mrs. Hannon and that the advertisements had been authorized by HFS.

CONCLUSION

The Commission therefore should find no reason to believe that HFS or Mr. Hannon violated any provisions of the FECA.

Respectfully submitted,

Brice M Clagett and

Brice M. Clagett
John R. Bolton
Daniel A. Rowley

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8 6 0 4 0 5 8 2 0 3 3

COVINGTON & BURLING
1201 PENNSYLVANIA AVENUE, N.W.
P.O. BOX 7566
WASHINGTON, D.C. 20044

~~126~~
~~617~~

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

COVINGTON & BURLING
1201 PENNSYLVANIA AVENUE, N.W.
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135

GCC# 5566

COVINGTON & BURLING

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WRITER'S DIRECT DIAL NUMBER

(202) 662-5316

Memo

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ROBERTS B. OWEN
EDGAR F. CZARRA, JR.
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JOHN B. JONES, JR.
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CHARLES A. MILLER
PETER BARTON HUTT
HERBERT D. KOPP
JOHN VANDERSTAR
HARRIS WEINSTEIN
JOHN B. DENNISTON
PETER J. NICKLES
JONATHAN D. BLAKE
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DANA T. ACKERLY
JOHN M. VINE
JOHN THOMAS SMITH II
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THOMAS C. WILLIAMSON, JR.
JOHN R. BOLTON
JOANNE B. GROSSMAN
J. MICHAEL HEMMER
GREGORY W. SCHMIDT
HARRY L. SHNIDERMAN
DON V. HARRIS, JR.
WILLIAM STANLEY, JR.
WILLIAM W. DUNNAN
EDWIN M. ZIMMERMAN
JEROME ACKERMAN
HENRY P. BALLER
JOHN H. SCHAFER
ALFRED H. MOSER
JOHN LeMOYNE ELLICOTT
DAVID F. McGUIRE
H. EDWARD DILKELBERGER, JR.
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ROBERT E. O'MALLEY
EUGENE I. LAMBERT
MARK A. WEISS
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JAMES R. ATWOOD
COLEMAN S. HICKS
STUART C. STOCK
EUGENE D. GULLAND
O. THOMAS JOHNSON, JR.
EUGENE A. LUDWIG
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REEVES C. WESTBROOK
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(202) 662-6280
CABLE: COVLING

November 9, 1984

Charles N. Steele, Esq.
General Counsel
Federal Election Commission
Seventh Floor
1325 K Street, N.W.
Washington, DC 20463

'84 NOV 9 P5:24

Re: MUR 1816

Dear Mr. Steele:

On November 7, 1984, we received a letter from your office concerning the above matter. The letter was dated October 31, 1984, and was postmarked November 6, 1984. It enclosed a copy of a "supplement" to the MUR 1816 complaint dated October 22, 1984. The October 31 letter stated: "Insofar as these supplemental materials do not allege additional violations of the Act, receipt of these materials will not alter the due date for your response. You should, therefore, submit your response to the complaint not later than November 2, 1984."

We had filed a response to the complaint in the above matter on November 2, five days before we received the October 22 supplement. We therefore contacted your office to request 15 days in which to respond to the October 22 "supplement." Your office denied our request, stating that because the October 22 material only supplemented the original complaint the Commission was not required to give us 15 days to respond to it. Your office stated that it made no difference that we received the supplement after our answer was filed or that the October 22

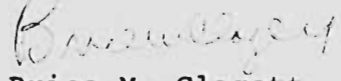
supplement had not been transmitted to us within five days of its receipt by the Commission as required by the Federal Election Campaign Act, as amended ("FECA"). See 2 U.S.C. § 437g(a)(1). Your office also informed us that the Commission will consider the October 22 supplement to the complaint in its reason-to-believe deliberations.

We object to any utilization of the October 22 supplement until we have had 15 days in which to determine whether to file a response to it. This procedure is clearly mandated by the FECA and by the due-process clause of the United States Constitution. The FECA in no uncertain terms requires the Commission, before it takes a reason-to-believe vote, to give an opportunity to the respondent "to demonstrate, in writing, to the Commission within 15 days after notification that no action should be taken against such person on the basis of the complaint." 2 U.S.C. § 437g(a)(1). Your October 31 letter clearly indicates that you will treat the October 22 supplement as part of the complaint. The statute thus requires that we have 15 days from notification to respond to it.

Even if the statute were not so clear, it is beyond preadventure that the due-process clause of the Constitution at a minimum requires notice and an opportunity to be heard. It would be unconstitutional for an agency to act on a supplement to a complaint that was not mailed to the respondent until after the response date. Failure to give notice to the respondents in a timely manner would unconstitutionally taint any action taken on the MUR 1816 complaint, given that your office has stated that the Commission intends to consider the October 22 supplement as part of the complaint.

We will make a decision whether to file a response to the October 22 supplement by November 26, the first business day 15 days after we received the October 22 supplement. We would request a response from you in writing confirming that the Commission will take no action on the complaint until after that time.

Sincerely,



Brice M. Clagett

GCC# 5478

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November 2, 1984

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

Re: MUR 1816

Dear Mr. Steele:

This is the response of the Helms for Senate Committee ("HFS"), Senator Helms' authorized campaign committee, and Mr. Tom Hannon to the Democratic Party of North Carolina's complaint in the above matter. The complaint alleges that Mr. Hannon has made "independent expenditures" on behalf of HFS that are not truly independent, that HFS has failed to report contributions from Mr. Hannon, and that Mr. Hannon and HFS have engaged in deceptive advertising. As shown below, the Commission should find no reason to believe that HFS or Mr. Hannon has violated any provisions of the Federal Election Campaign Act, as amended, 2 U.S.C. § 431 et seq. (the "FECA").

FACTS

Beginning in late August, 1984, through the end of September, 1984, Mr. Hannon purchased space in the Henderson Daily Dispatch for advertisements supporting the reelection of Senator Helms. (The Henderson Daily Dispatch has a circulation of 9,600.) Mr. Hannon did not show the advertisements to HFS before purchasing the space. He sent a notification of these advertisements to HFS, near the end of September, and HFS agreed to authorize the expenditures.

In its report for the third quarter of 1984, HFS reported an in-kind contribution from Mr. Hannon for the value of these advertisements. A copy of the appropriate page from HFS's third-quarter report is attached hereto as Exhibit A.

HFS noticed that the disclaimer on Mr. Hannon's advertisements stated: "Paid for by Tom Hannon." Realizing that this disclaimer did not have an authorization, HFS purchased space in the Henderson Daily Dispatch for the following notification:

> Political advertisements paid for by Tom Hannon appeared in the Henderson Daily Dispatch on the following days: August 28, 1984; September 1, 1984; September 4, 1984; September 11, 1984; September 18, 1984; September 25, 1984; and October 9, 1984. All these advertisements should have contained the following language: "Authorized by the Helms for Senate Committee." This notice was paid for by HFS.

This advertisement was placed to appear before the election on November 6.

ARGUMENT

The Democratic Party's complaint makes three arguments. First, the complaint states that Mr. Hannon attempted to make independent expenditures on behalf of Senator Helms. That clearly is not the case. HFS's third-quarter report to the Commission properly reported these expenditures as an in-kind contribution to HFS. See Exhibit A.

Second, the complaint, which was filed October 8, claims that HFS failed to report contributions from Mr. Hannon. The complaint conveniently overlooks the fact that the advertisements ran in late August and September, 1984. The expenditures all took place in the third quarter, 1984. As the Democratic Party well knows, no report was due by HFS for that period until October 15, seven days after the complaint was filed. See 11 C.F.R. § 104.6(b). This disingenuousness demonstrates that the complaint is nothing more than another element in a partisan strategy to abuse the process of this Commission.

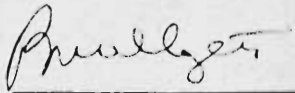
Finally, the complaint notes that Mr. Hannon's advertisements do not contain the disclaimer required by 11 C.F.R. § 110.11(a)(1)(ii). The complaint goes on to argue that HFS and

Mr. Hannon were engaged in deceptive advertising. However, Mr. Hannon did not ask HFS to review the advertisements before he placed them. When he did notify HFS that he had placed the advertisements, all but one of the advertisements had appeared, and it was too late to make any modifications to the other. Realizing that the advertisements did not contain an authorization line, HFS purchased space in the Henderson Daily Dispatch for a notice stating that the advertisements had been authorized by HFS.

CONCLUSION

The Commission therefore should find no reason to believe that HFS or Mr. Hannon violated any provisions of the FECA.

Respectfully submitted,



Brice M. Clagett
John R. Bolton
Daniel A. Rowley

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EXHIBIT A

Page 822 of 11a
LINE NUMBER
(Use separate schedule(s) for each category of the Detailed Summary Page)

SCHEDULE A **ITEMIZED RECEIPTS**

Any information copied from such Reports or Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Name of Committee (in Full): Helms for Senate Committee

Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt this Period
A. Walter Bridges 1202 Wilkins Dr. Sanford, NC 27330 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution newspaper ad Occupation: self employed Aggregate Year-to-Date—$	7/9/84 7/16/84	$306.00 413.10
B. Mrs. Walter Bridges 1202 Wilkins Drive Sanford, NC 27330 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution newspaper ad Occupation: Housewife Aggregate Year-to-Date—$	7/16/84	$1,000.00
C. Gwenda Laws PO Box 4929 Duke Station Durham, NC 27706 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution for newspaper ad Occupation: Aggregate Year-to-Date—$	8/15/84	$571.94
D. Dorothy Bursey 3067 Bourbon Carolina Trace Sanford, North Carolina 27330 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution for office rent Occupation: Aggregate Year-to-Date—$	8/31/84	$350.00
E. Reece Bursey 3067 Bourbon Carolina Trace Sanford, N. C. 27330 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution for newspaper ad Occupation: Aggregate Year-to-Date—$	9/4/84	$238.65
F. Cindy Holland Route 1, Box 137-A New Hill, N. C. 27562 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution for newspaper ad Occupation: Aggregate Year-to-Date—$	9/13/84	$643.50
G. Tom Hannon 1733 Parker Lane Henderson, NC 27536 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	in kind contribution for newspaper ads Occupation: Aggregate Year-to-Date—$	8/28/84 thru 9/30/84	1,000.00

SUBTOTAL of Receipts This Page (optional) $4,523.19

TOTAL This Period (last page this line number only) . . . . . .

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 8, 1984

David G. Price, Chairman
Democratic Party of North Carolina
P.O. Box 12196
Raleigh, North Carolina 27605-2196

RE: Complaint filed by the Democratic Party of North Carolina against the Helms for Senate Committee and Tom Hannon

Dear Mr. Price:

On October 10, 1984, the Federal Election Commission received your complaint alleging that the Helms for Senate Committee, Mark L. Stephens as treasurer, and Tom Hannon, had violated the Federal Election Campaign Act of 1971, as amended. The respondents have been notified of the complaint and a staff member has been assigned to analyze your allegations.

Your complaint also seeks injunctive relief to prevent Tom Hannon and the Helms for Senate Committee from continuing the alleged violations. The Commission, on November 5, 1984, considered your request and determined that the evidence presented in the complaint is insufficient to warrant the Commission's seeking such relief.

You will be notified as soon as the Commission takes final action on your complaint. If you have any questions, please contact Kenneth A. Gross at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 8, 1984

Daniel A. Rowley, Esquire
Covington and Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

RE: MUR 1816
Helms for Senate Committee
Mark L. Stephens, as treasurer

Dear Mr. Rowley:

The Federal Election Commission notified your clients on October 12, 1984, of a complaint alleging that your clients had violated certain sections of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was forwarded to your clients at that time.

The complaint also seeks injunctive relief to prevent your clients from continuing the alleged violations. After consideration of the complainant's request, the Commission, on November 5, 1984, voted not to commence an action seeking injunctive relief at this time.

If you have any questions, please contact Kenneth A. Gross at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8 5 0 4 0 5 2 0 4 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 8, 1984

Mr. Tom Hannon
1733 Parker Lane
Henderson, North Carolina 27536

RE: MUR 1816

Dear Mr. Hannon:

The Federal Election Commission notified you on October 12, 1984, of a complaint alleging that you had violated certain sections of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was forwarded to you at that time.

The complaint also seeks injunctive relief to prevent you from continuing the alleged violations. After consideration of the complainant's request, the Commission, on November 5, 1984, voted not to commence an action seeking injunctive relief at this time.

If you have any questions, please contact Kenneth A. Gross at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

8 5 0 4 0 7 5 2 0 4 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Helms for Senate Committee and Mark L. Stephens, as treasurer, Tom Hannon	)	MUR 1816

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of November 5, 1984, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 1816:

1. Deny the request of the Democratic Party of North Carolina for injunctive relief at this time.

2. Approve and send the letters attached to the General Counsel's report dated November 1, 1984, subject to the amendments agreed upon during the meeting.

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

Attest:

11-5-84
Date

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

8 5 0 4 0 7 5 2 0 4 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM JCR

DATE: NOVEMBER 5, 1984

SUBJECT: MUR 1816 - OBJECTION
Memorandum to the Commission
dated November 1, 1984

The above-captioned matter was circulated to the Commission on a expedited tally basis at 12:00, November 2, 1984.

Commissioner Harris submitted an objection this date, thereby necessitating a Special Executive Session at 2:00, this afternoon.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: November 1, 1984

SUBJECT: MUR 1816 - Memorandum to The Commission

The attached is submitted as an Agenda document for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[ ]	Compliance	[X]
Sensitive	[ ]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[X]	Other (see distribution below)	[ ]

EXPEDITED - SENSITIVE

CIRCULATE ON PINK PAPER

24 HOUR TALLY VOTE

8 5 0 4 0 7 5 2 0 4 5

SENSITIVE

RECEIVED
OFFICE OF THE FEC
SECRETARY

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

84 NOV 1 P3:42

November 1, 1984

MEMORANDUM

TO : The Commission

FROM : Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

SUBJECT: Request for Injunctive Relief in MUR 1816

BACKGROUND

On October 10, 1984, the Office of General Counsel received a complaint from the Democratic Party of North Carolina against the Helms for Senate Committee, Mark L. Stephens, as treasurer, and Tom Hannon. A copy of that complaint was circulated to the Commission on October 12, 1984. A supplement to the complaint was received by this Office on October 26, 1984, and was circulated to the Commission.

The complainant alleged violations of the Act's contribution limits, reporting requirements and notice provisions relating to political advertising. Specifically, it is alleged that certain newspaper advertisements placed by Tom Hannon are coordinated expenditures by virtue of Hannon's relationship to the Helms campaign. The advertisements, it is argued, fail to comply with the disclaimer provisions of 2 U.S.C. § 441d. (The ads simply state, "Paid for by Tom Hannon.") Finally, the complainant cites the continuing nature of the violations by asserting its belief that Hannon will continue to place the advertisements through November 6, 1984.

ANALYSIS

Sections 437d(a)(6) and 437g(a)(6) empower the Commission to seek injunctive relief if it is unable to correct or prevent a violation of the Act. Section 437g(a)(1), however, specifies that prior to any Commission vote on the complaint (other than a vote to dismiss), the respondent shall be afforded 15 days in which to

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respond to the allegations in the complaint. While it would seem that under extraordinary circumstances the fifteen day response period could be shortened, there is only one precedent for doing so and the respondents in that case did in fact respond within a shortened time period. (MUR 1170). Thus, the Commission has never taken action without yielding to one's right to respond. Nonetheless, when time is of the essence, we recommend that the Commission adopt the high standard required to obtain a temporary restraining order. (See, e.g., MURs 1167, 1168 and 1170). The standards for such a test are:

(1) There is a substantial likelihood that the complaint sets forth a violation of the Act;

(2) The failure by the Commission to act expeditiously will result in irreparable harm to the complainant or some other party;

(3) Expeditious action will not result in undue harm or prejudice to the interests of other persons; and

(4) The public interest would be served by such expeditious handling of the matter.

The General Counsel's Office has reviewed the complaint and supplement thereto in light of this standard and believes the facts presented by the complainant do not support the extraordinary relief requested. For example, while the evidence showing Hannon's relationship to the Helms campaign is shown in statements in the press that are attributed to Hannon, Hannon's statements also indicate his belief that the expenditures were independent. Thus, without more information from the respondents, we do not know the degree to which Hannon had dealings with the Helms campaign or was otherwise aware of the candidate's goals, projects, plans or needs. See 11 C.F.R. § 109.1. Thus, while the information presently available might support a finding of reason to believe, it does not, in our view, rise to the level necessary to sustain efforts to obtain the extraordinary relief requested by the complainant.

RECOMMENDATIONS

1. Deny the request of the Democratic Party of North Carolina for injunctive relief at this time.

2. Approve and send the attached letters.

Attachments
1. Letter to Democratic Party of North Carolina
2. Letter to Tom Hannon
3. Letter to counsel for the Helms for Senate Committee and Mark L. Stephens, as treasurer

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

David G. Price, Chairman
Democratic Party of North Carolina
P.O. Box 12196
Raleigh, North Carolina 27605-2196

RE: Complaint filed by the Democratic Party of North Carolina against the Helms for Senate Committee and Tom Hannon

Dear Mr. Price:

The Commission, on November , 1984, voted to deny the request of your committee for an immediate motion to enjoin the activities alleged in your committee's complaint in the above-referenced matter. If, after further review, the Commission determines there is reason to believe the respondent(s) violated the Federal Election Campaign Act of 1971, as amended, it will proceed with an investigation as quickly as possible, and seek any relief that the Commission may deem necessary.

If you have any questions, please contact Kenneth A. Gross at (202) 523-4000.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Attachment 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

Daniel A. Rowley, Esquire
Covington and Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

RE: MUR 1816
Helms for Senate Committee
Mark L. Stephens, as treasurer

Dear Mr. Rowley:

As you are aware, the Commission, on October 10, 1984, received a complaint in the above-captioned matter that alleges your clients violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). In that complaint the Commission was requested to provide extraordinary relief, including the filing of an immediate motion to enjoin the activities alleged in the complaint. The Commission, on November , 1984, voted to deny the complainant's request for an immediate motion to enjoin the activities alleged in the complaint. If, after further review, the Commission determines there is reason to believe your clients violated the Act, it will proceed with an investigation as quickly as possible, and seek any relief that the Commission may deem necessary.

If you have any questions, please contact Stephen Mims, the attorney assigned to this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Attachment 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Mr. Tom Hannon
1733 Parker Lane
Henderson, North Carolina 27536

RE: MUR 1816

Dear Mr. Hannon:

As you are aware, the Commission, on October 10, 1984, received a complaint in the above-captioned matter that alleges you violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). In that complaint the Commission was requested to provide extraordinary relief, including the filing of an immediate motion to enjoin the activities alleged in the complaint. The Commission, on November , 1984, voted to deny the complainant's request for an immediate motion to enjoin the activities alleged in the complaint. If, after further review, the Commission determines there is reason to believe you violated the Act, it will proceed with an investigation as quickly as possible, and seek any relief that the Commission may deem necessary.

If you have any questions, please contact Stephen Mims, the attorney assigned to this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Attachment 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 29, 1984

Daniel A. Rowley, Esquire
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

Re: MUR 1816
Helms for Senate Committee
Mark L. Stephens, as treasurer

Dear Mr. Rowley:

This responds to your letter of October 25, 1984, wherein you requested an extension of time in which to submit a response to the complaint on behalf of your clients in the above-captioned matter. We reviewed your request and have decided to grant an extension of time through November 2, 1984. Your response should, therefore, be submitted to this Office not later than that date.

If you have any questions, please contact Stephen Mims, the attorney assigned to this matter at 523-4143.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

GCC#5297

COVINGTON & BURLING
1201 PENNSYLVANIA AVENUE, N. W.
P. O. BOX 7566
WASHINGTON, D. C. 20044

TELEPHONE
(202) 662-6000

WRITER'S DIRECT DIAL NUMBER
(202) 662-5344

TWX: 710 822-0005 (CB WSH)
TELEX: 89-593 (COVLING WSH)
TELECOPIER INFORMATION:
(202) 662-6280
CABLE: COVLING

October 25, 1984

BY HAND

Stephen H. Mims, Esq.
General Counsel's Office
Federal Election Commission
Seventh Floor
1325 K Street, N.W.
Washington, DC 20463

Re: MUR 1816

Dear Mr. Mims:

Pursuant to our telephone conversation, I am requesting an extension of time until November 9 to respond to the complaint in the above matter. As I mentioned, this firm did not receive a copy of the complaint until the other day due to a clerical error on the part of our client. Moreover, the attorneys in this firm responsible for this work have had pressing work to do recently on other matters before the Commission, especially in MUR 1503. An extension until November 9 therefore is needed to prepare an adequate response to the complaint. It is my understanding that this would be an extension of only slightly more than a week.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Daniel A. Rowley

Daniel A. Rowley

OCT 25 A10:50

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 31, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David G. Price, Chairman
Democratic Party of North Carolina
P.O. Box 12196
Raleigh, North Carolina 27605-2196

Dear Mr. Price:

This letter is to acknowledge receipt of the supplemental materials to your original complaint dated October 8, 1984, against the Helms for Senate Committee, Mark L. Stephens, as treasurer, and Tom Hannon. The respondents will be notified of these additional materials within 24 hours.

Please be advised that this matter shall remain confidential in accordance with 2 U.S.C. § 437g(a)(B) and § 437g(a)(12)(A) unless the respondents notify the Commission in writing that they wish the matter to be made public.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 31, 1984

SPECIAL DELIVERY
RETURN RECEIPT REQUESTED

Daniel A. Rowley, Esquire
Covington and Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044

RE: MUR 1816
Helms for Senate Committee
Mark L. Stephens, as treasurer

Dear Mr. Rowley:

On October 12, 1984, your clients were notified of a complaint in the above-captioned matter that alleged they violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Office of General Counsel received a supplement to that complaint on October 26, 1984. A copy of the supplement is enclosed for your information.

Insofar as these supplemental materials do not allege additional violations of the Act, receipt of these materials will not alter the due date for your response. You should, therefore, submit your response to the complaint not later than November 2, 1984. If you have any questions, please contact Stephen Mims, the attorney assigned to this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 31, 1984

SPECIAL DELIVERY
RETURN RECEIPT REQUESTED

Mr. Tom Hannon
1733 Parker Lane
Henderson, North Carolina 27536

RE: MUR 1816

Dear Mr. Hannon:

On October 12, 1984, you were notified of a complaint in the above-captioned matter that alleged you violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Office of General Counsel received a supplement to that complaint on October 26, 1984. A copy of the supplement is enclosed for your information.

Insofar as these supplemental materials do not allege additional violations of the Act, receipt of these materials will not alter the due date for your response to the complaint. If you have any questions, please contact Stephen Mims, the attorney assigned to this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

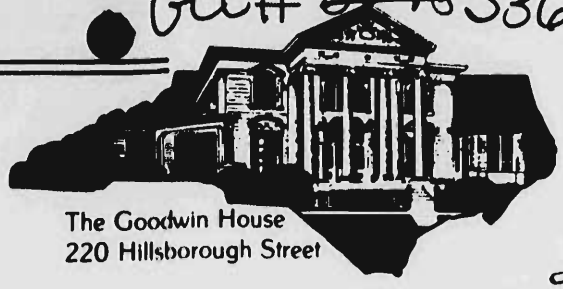
BY: Kenneth A. Gross
Associate General Counsel

Enclosure

GCC# ~~8075~~ 5366

The Democratic Party of North Carolina

Post Office Box 12196
Raleigh, North Carolina 27605-2196 • Telephone (919) 821-2777



The Goodwin House
220 Hillsborough Street

84 OCT 26 P12:23

October 22, 1984

MUR 1816

84 OCT 26 P12:28

Ms. Lee Ann Elliott, Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: Federal Election Campaign Act Violations - United States Senate Election, North Carolina

Dear Chairman Elliott:

I am writing this letter to revise and supplement the complaint I filed with the Federal Election Commission on October 8, 1984 in which I alleged that an individual named Tom Hannon and the Helms for Senate Committee were violating the independent expenditure, reporting and political advertising provisions of the Federal Election Campaign Act. Since the filing of the complaint, certain statements have been made by the Helms for Senate Committee and Tom Hannon that confirm the allegations made in my complaint and indicate that in addition to the violations alleged, both Tom Hannon and the Helms for Senate Committee are violating the contribution limitation provisions of the Federal Election Campaign Act.

WRONGFUL INDEPENDENT EXPENDITURES

In the October 8, 1984 complaint, I alleged that Tom Hannon and the Helms for Senate Committee had cooperated and coordinated in producing newspaper advertisements for publication in the Henderson Daily Dispatch. Specifically, I alleged that Tom Hannon had obtained a photograph which was used by the Helms for Senate Committee in its official campaign literature and that Tom Hannon was using writings from the Helms for Senate campaign literature in producing newspaper advertisements designed to influence the voters' choice in the United States Senate election in North Carolina. Both Mr. Hannon and the Helms for Senate Committee have made statements to the press that confirm my allegations and clearly show that these advertisements do not qualify as independent expenditures.

The additional evidence that I submit for your consideration on the issue of the "independence" of these

advertisements is the following:

Exhibit I: News & Observer, October 10, 1984. Tom Hannon stated to the News & Observer that he had reported his expenditures to the Helms for Senate Committee as an in-kind contribution. Claud A. Allen, the Helms for Senate campaign press secretary, acknowledged that Tom Hannon had notified the campaign that the ads were an in-kind contribution.

Exhibit J: The Charlotte Observer, October 10, 1984. Tom Hannon stated that the only assistance he had from the Helms campaign was a photograph of Hunt and Democratic presidential candidate, Walter Mondale. (This is the photograph used extensively in the Helms for Senate campaign literature and the photograph I alleged, and now it has been confirmed, was obtained from the Helms for Senate Committee).

Exhibit K: The Raleigh Times, October 10, 1984. Claud Allen, the Helms for Senate press secretary, agreed that the Tom Hannon ads do not qualify as independent expenditures under federal election laws.

Exhibit L: Henderson Daily Dispatch, October 9, 1984. Tom Hannon stated that he received the official Helms literature that was passed out at the state level. Hannon said "I read it, I liked it and I modified it for my own use."

When the Commission reviews the statements made by Tom Hannon and the Helms for Senate Committee spokesman, Claud Allen, it should be convinced that these expenditures do not qualify as independent expenditures within the meaning of the federal election laws.

FAILURE TO REPORT IN-KIND CONTRIBUTIONS AND EXPENDITURES

In the October 8, 1984 complaint, I alleged that the Helms for Senate Committee should be reporting the expenditures of Tom Hannon as "in-kind contributions" and the Committee's failure to do so was a violation of the

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reporting provisions of the Federal Election Campaign Act. Tom Hannon has stated that he has reported these expenditures as in-kind contributions to the Helms for Senate Committee, and the Helms for Senate Committee has acknowledged that these expenditures have been reported to the Committee as in-kind contributions. Therefore, if the Helms for Senate Committee has failed to report these expenditures as in-kind contributions, I would submit that the Helms for Senate Committee has knowingly and wilfully violated the reporting provisions of the federal election laws and should be punished for intentional violations of the law. (See Exhibits I, J, K and L).

DECEPTIVE POLITICAL ADVERTISING

In the October 8, 1984 complaint, I alleged that the Helms for Senate Committee and Tom Hannon were violating the disclaimer provisions of the Federal Election Campaign Act by listing Tom Hannon as the sponsor of the advertisements. The public has a right to know and should know that the Helms for Senate Committee provided assistance to Tom Hannon. The law requires that the Helms for Senate Committee's involvement in these advertisements be disclosed through a disclaimer printed on the face of the advertisement. Tom Hannon has not disclosed such involvement in the disclaimer. (See 2 USC §441d).

As shown on Exhibit M, Tom Hannon is continuing to place these advertisement in the Henderson Daily Dispatch. On October 16, 1984, Tom Hannon published an advertisement in response to the complaint I filed against him and the Helms for Senate Committee. As the Commission will note, the advertisement fails to indicate that the advertisement is authorized by the Helms for Senate Committee. Upon information and belief, Tom Hannon intends to continue his advertising campaign through the date of the election and his failure to acknowledge that his advertisements are being made with the authorization of the Helms for Senate Committee constitutes a knowing and wilfull violation of the Federal Election Campaign Act for every advertisement placed after he was informed of the law.

EXCESSIVE CAMPAIGN CONTRIBUTIONS

An individual is limited to contributing the sum of $1,000.00 per election to a candidate for federal office. 2 USC §441a. Under 2 USC §441a(a)(7)(B)(i):

> Expenditures made by any person in cooperation, consultation, or concert, with or at the request or suggestion of, a candidate, his authorized political committees, or their agents, shall be considered to be a contribution to such candidate.

Both Tom Hannon and the Helms for Senate Committee have admitted that these expenditures do not qualify as independent expenditures and therefore they constitute contributions. These "contributions" are subject to the limitations provided in 2 USC §441a; that is, Tom Hannon is prohibited by law from making such in-kind contributions in excess of $1,000.00 per election. The Helms for Senate Committee is prohibited by law from receiving more than $1,000.00 per election from an individual. (See 2 USC §441a(f)).

The reported statements of Tom Hannon appearing in the newspaper articles attached as Exhibits I, J, K, and L clearly demonstrate that Tom Hannon is misinterpreting the law and he is violating the law by spending more than $1,000.00 in the general election. In the News & Observer article of October 10, 1984, Tom Hannon stated that he had spent about $1,200.00 for nine ads placed between August and October. (See Exhibit I and J). By Mr. Hannon's own admission, he has exceeded the contribution limitation by $200.00. Tom Hannon further stated that he is not limited to spending $1,000.00 because he is the director of an independent campaign and because he is allowed a "carry over contribution of $2,000.00". I submit that Mr. Hannon is not waging a "independent expenditure" campaign nor is he entitled to a $2,000.00 contribution limitation in the general election. (See 2 USC §441a, 2 USC §431(17)).

Upon information and belief, Tom Hannon intends to continue placing ads in the Henderson Daily Dispatch for the

purpose of influencing the election to the United States Senate in North Carolina. (See Exhibit N, advertisement of October 16, 1984). By his own admission, Tom Hannon had exceeded the contribution limit by $200.00 as of October 8, 1984 and he is continuing to violate the contribution limitations by placing additional ads. There is no indication that the Helms for Senate Committee is attempting to stop the placement of additional ads even though the Helms for Senate Committee should now have information that these in-kind contributions exceed the permissible limits. By accepting these in-kind contributions in excess of the contribution limit, the Helms for Senate Committee is knowingly and wilfully violating 2 USC §441a(f).

CONCLUSION

Upon information and belief:

A disturbing pattern of smear advertising by the Helms for Senate Committee and its supporters has been present throughout this United States Senate campaign. Although the Helms for Senate Committee is the richest Senate political committee in the history of this country, it repeatedly uses surrogates, such as Tom Hannon, to sponsor political advertising which is vicious and scurrilous so that their candidate, Jesse Helms, will not be held accountable for the message in the advertising.

The people of North Carolina have become disgusted with this type of advertising. I am concerned that such negative advertising taints the integrity of our election system, and discourages the best and brightest among us from seeking public office due to the risk of such scurrilous attacks. These campaign tactics are disgraceful and unlawful. I urge the Federal Election Commission to take swift and appropriate action to bring a halt to such campaign practices in order to protect the integrity of the political system as we know it.

COMPLAINT UNDER OATH

I submit this letter under oath and pursuant to the provisions of 2 USC §437g(a)(1) to supplement the formal complaint I filed against the Helms for Senate Committee and Tom Hannon on October 8, 1984. I would appreciate your immedate investigation of these matters.

Sincerely,

David E Price

David E. Price
Chairman, North Carolina
Democratic Party

SWORN TO AND SUBSCRIBED
before me this 23rd day
of October, 1984.

Burdine L. Adams
Notary Public

My Commission Expires: 2/28/84

The News and Observer, October 10, 1984
Raleigh, N.C.

Democrats say Helms behind ads on gays, labor boss

From UPI and Staff Reports

State Democrats alleged Tuesday that Sen. Jesse A. Helms' campaign is behind newspaper advertisements that try to link Gov. James B. Hunt Jr. to gay rights and an imprisoned former labor leader.

State Democratic Party Chairman David E. Price filed a complaint with the Federal Election Commission calling for an investigation and alleging that the advertisements are illegal.

"These are distorted, shameful ads," Price said in an interview. "If the Helms campaign's sense of decency and fair play doesn't inspire them to stop this sort of thing, then maybe the law will."

Price said in the complaint that the Helms for Senate Committee and Daniel Thomas Hannon of Henderson "consulted and cooperated" in an attempt to mislead North Carolina voters into believing that "a concerned citizen" was behind the ads.

One ad pictures Hunt next to former state labor leader Wilbur Hobby, who is serving a one-year prison sentence for fraud and conspiracy involving federal job-training funds. "How will Hunt repay the union bosses?" the ad says.

Another ad says a fund-raiser was held for Hunt by "a representative of the national gay rights task force."

Price said that the ads, which have run in the Henderson Daily Dispatch and bear the inscription "Paid for by Tom Hannon," were not independent expenditures as defined under federal law because, he said, they were prepared in consultation with the Helms campaign.

In the complaint, Price said the Helms for Senate Committee should be named as a sponsor of the ads and should report the expenditures for the ads as an in-kind contribution from Hannon. An individual is limited to making contributions of $1,000 to a candidate in a general election.

Price said Hannon had spent $781.03 for the ads.

But Hannon said he was the director of an independent campaign, which would mean he is not limited to spending $1,000.

"I have absolutely no connection with the Helms for Senate Committee," said Hannon, adding that he had spent about $1,200 for nine ads between August and October. "Those are ads I've run entirely on my own.

"I've reported it to the Helms for Senate Committee as an in-kind contribution," he said, "because I had nothing to hide, and I wanted to be sure it was properly reported."

He said he was considering placing several more ads.

Claude A. Allen, a Helms campaign spokesman, said Hannon had notified the campaign that the ads were an in-kind contribution.

"It's all legal," Allen said. "It will come out in our (next) Federal Elections Commission report."

Hannon, an employee of Roses Inc., said he thought Price's action was "in retaliation" for a lawsuit he and several other plaintiffs filed accusing the governor of using state aircraft for campaign purposes without adequately reimbursing the state.

The newspaper ads, referring to Hunt, used phrases such as "A Mondale Liberal" and "Look for the Union Label" — phrases featured by the Helms campaign in its advertisements.

In an interview, Price called the ads "irresponsible and scurrilous" and said that the Hunt campaign feared the impact of the ads on voters in the Henderson newspaper's circulation area and that similar ads might be placed between now and the Nov. 6 election.

"We're trying to protect ourselves," Price said. "Just because the newspaper is fairly small is no reason not to insist that the law be obeyed."

EXHIBIT "I"

EXHIBIT J

50% to 39%. The poll has a margin of error of 3.5 percentage points.

Anti-Hunt Ads

State Democratic Party Chairman David Price mailed a complaint Tuesday to the Federal Election Commission charging that a Henderson man and the Helms for Senate Committee violated federal campaign spending laws.

Tom Hannon of Henderson, personnel manager for Rose's Stores Inc., has run several anti-Hunt ads in the Henderson Daily Dispatch.

The ads include one citing contributions Hunt has received from union political action committees. It asks, "How will Hunt repay the union bosses?" The ads say they were paid for by Hannon.

"Hannon is an active supporter of Jesse Helms and he has been working with and on behalf of the 'official' Helms for Senate Committee," Price's complaint alleges.

Hannon defended his actions, saying he bought the ads. The only assistance from the Helms campaign, he said, was a photograph of Hunt and Democratic presidential candidate Walter Mondale.

Hannon said he has reported more than $1,000 to the Helms committee as an "in kind" contribution for the cost of the ads. Price's complaint was political harassment, Hannon said, stemming from a suit filed last month by Hannon and state GOP Chairman David Flaherty that challenges Hunt's use of state aircraft for political purposes.

Price said the Helms committee was trying to hide behind Hannon's ads. " . . . This is close to anonymous advertising."

Helms campaign spokesman Claude Allen said Hannon had told the campaign about the ads and had reported them as contributions. He called Price's complaint "just another smoke bomb."

Republicans For Hunt

Democratic Gov. Jim Hunt's U.S. Senate campaign has an-

EXHIBIT "K"

The Raleigh Times
Raleigh, N.C.

Democrats seek probe of GOP ads

United Press International

Sen. Jesse Helms' campaign helped prepare "distorted, shameful" newspaper advertisements that try to link Gov. James B. Hunt Jr. to homosexuals and an imprisoned labor boss, state Democrats charge.

State Democratic Party Chairman David Price filed a complaint Tuesday with the Federal Election Commission calling for an investigation and alleging that the advertisements are illegal.

"These are distorted, shameful ads," Price said. "If the Helms campaign's sense of decency and fair play doesn't inspire them to stop this sort of thing, then maybe the law will."

Hunt is locked in a tight battle to oust the conservative Helms. The ads were placed in the Henderson Daily Dispatch over the past several months by Tom Hannon, a Helms supporter in western North Carolina.

The Democrats charged the Helms' campaign helped prepare the ads and failed to report them as campaign expenditures as required by law.

Helms spokesman Claude Allen said Hannon told the campaign about the ads after they ran. Allen agreed they do not qualify as independent campaign expenditures under federal election laws.

One ad pictures Hunt next to former state labor leader Wilbur Hobby, who is serving a one-year prison sentence for fraud and conspiracy involving federal job training funds. "How will Hunt repay the union bosses?" the ad says.

Another ad says a fundraiser was held for Hunt by "a representative of the national gay rights task force."

Allen said the Helms campaign stands by the ads if they are true.

"I didn't give any approval of these ads but if Mr. Hannon is dealing with the facts, that's fine," he said.

Hannon Labels Action 'Political Hogwash'

Democrats Enter Complaint Over Ads

By JENNIFER M. YOUNG
Staff Writer

A complaint filed today with the Federal Elections Commission charges that Tom Hannon of Henderson and the Helms for Senate campaign have violated federal election law in a series of political advertisements run in the Henderson Daily Dispatch.

The complaint, which was made by David Price, chairman of the state Democratic Party, pertains to ads attacking Gov. Jim Hunt, who is attempting to unseat Sen. Jesse Helms in the Nov. 6 general election. The ads have run eight times since Aug. 28 and are signed simply "Paid for by Tom Hannon."

David Kirby, an attorney for the state Democratic Party, said the complaint is based on three allegations.

The first allegation, Kirby said, is that the ads are not independent expenditures. The second is that the Helms committee has not properly reported the ads as a contribution, and the third allegation states that the Helms' organization should have been identified as the sponsor of the ads.

The ads make it seem as though private citizen Tom Hannon is simply running them on his own, the Democrats say, but they charge that Helms or his campaign committee is behind the advertisements.

Hannon's connections with the Helms campaign are far too close for him to be considered independent, Kirby said.

Kirby noted that Hannon was one of three plantiffs who filed a lawsuit charging that Hunt had made improper use of a state-owned aircraft for his own political purposes. The other plantiffs were David Flaherty, chairman of the state Republican Party and Ben Horn, a prominent Helms supporter.

Hannon said today that he considers the Democratic complaint to be a retaliation for the aircraft lawsuit.

"My reaction is that it is so much political hogwash and smokescreen," Hannon said, adding that he has acted completely independent in running the advertisements. He said he intends to run more such advertisements between now and Election Day.

"This makes me more determined than ever to see that the complete truth is known about Jim Hunt in Vance County," Hannon said. "Sometimes the truth hurts."

Democratic chairman Price noted another connection between Hannon and the Helms campaign saying "Hannon has well-known connections with Avery Roberts, the chief Helms operative in that area." Roberts is a vice president at Rose's Stores Inc. of Henderson and Hannon is manager of personnel administration for the company.

Price said he was not alleging that Rose's Stores or that the Helms organization itself was paying the actual advertising rates on the ads.

"We don't know where he's gotten the money," Price said. But he did say that Hannon is using Helms materials in presumably independent advertising.

As evidence, Kirby noted that a photo used in one of the ads, showing Hunt and Democratic presidential nominee Walter Mondale together, is the same as a photo used in the official Helms' promotion.

Also, Kirby said, the language in the ad, such as encouraging voters to "look for the Union label" with Hunt, is the same wording used in official Helms' ads.

Questioned about that complaint, Hannon said the senator's organization does not give advance approval to the advertisements.

As for the similarity of his own ads and the official Helms literature, Hannon said that he had received official Helms material passed out at the state level.

(See CAMPAIGN ADS on Page 3A)

EXHIBIT "L"

Campaign Ads

(Continued From Page 1A)

"I read it, I liked it and I modified it for my own use," Hannon said, [illegible] pointed to an ad telling voters they can kiss good-bye to a 25 percent tax cut if Hunt is elected. "The 'kiss good-bye' was my own wording," he said.

Hannon said he is paying for the advertisements with his personal money, not with funds from the Helms campaign or Rose's Stores Inc.

"People just find it hard to believe that anyone would do that on their own," Hannon said, adding that he defies anyone to produce proof that Rose's or anyone else paid for the ads.

"But I am willing to make the personal sacrifice," he said. "I have a deep personal committment to what he (Helms) has done for the state."

Kirby alleged that since Hannon is not independent of the Helms organization, his contributions would by law be limited to $1,000 per election. An independent contributor can give as much as he likes.

Kirby added that Hannon has already exceeded or is about to exceed that amount now with the ads he had run in the Henderson Dispatch.

But Hannon said he is allowed to give a "carry-over contribution" of $2,000. Since he did give money to Helms primary race earlier this year, he is allowed to take $1,000 that could have been contributed to that race and use it in the general election.

Hannon has refuted the Democratic complaint that the Helms organization has not reported the ads as "in-kind" campaign contributions. Such reports are required by law even though the contribution was not in cash.

He said he had notified the organization of his expenses prior to Sept. 30 and expected to make another disclosure before the election.

On the third allegation, that the Helms committee should have taken credit for the ads, Hannon repeated that he is acting independently.

But chairman Price said that Hannon is doing the "dirty work" for the Helms campaign, signing his name to ads that are perhaps too negative for the official campaign to acknowledge.

"They don't want to own up to some particularly offensive advertising," Price said, pointing to ads connecting Hunt with homosexual groups, "so they get one of their agents to sponsor the ad."

Once the complaint is received by the federal elections commission, the commission will officially notify Hannon of it. Hannon will be allowed 15 days to respond, and then the commission will decide whether to investigate.

If Hannon and the Helms organization is found to have violated federal law, they could be subject to a range of fines and penalties, Kirby said.

EXHIBIT "M"

THE TRUTH HURTS DOESN'T IT, JIM?

Jim Hunt's Mouthpiece David Price Has Been Quoted As Saying That My Ads Are "Irresponsible and Scurrilous". Mr. Price Has Failed To Address One Very Important Issue—The Truth. I Am Now Calling On Jim Hunt To Answer These Questions:

1) Have Labor Unions Poured Thousands Of Dollars Into Your Campaign?

2) Did You Allow PCB To Lie Along Our Roads For Years?

3) Did You Dump PCB On Our Neighbors In Warren County?

4) Do You Support Walter Mondale's Announced Plan To Raise Taxes?

5) Have Representatives Of Gay Rights Organizations Been Involved In Fund Raisers For You?

6) Has There Been One Word In Any Of My Ads Which Is Not True?

Come On, Jim, Am I telling The Truth?

Paid For Exclusively By Tom Hannon

HENDERSON DAILY DISPATCH SATURDAY, OCTOBER 13, 1984

8 6 0 4 0 5 8 2 0 6 8

FIRST CLASS MAIL

FROM

N. C. STATE
DEMOCRATIC HEADQUARTERS
P. O. BOX 12196
Raleigh, — — — — — — North Carolina 27605

TO Ms. Lee Ann Elliott, Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

POSTMASTER: Contents—Merchandise. This parcel may be opened for postal inspection if necessary. Return postage guaranteed.

FIRST CLASS MAIL

RECEIVED AT THE FEC
84 OCT 26 A 8:36

STATEMENT OF DESIGNATION OF COUNSEL

RECEIVED AT THE FEC
GCC#5260
84 OCT 22 A11:

MUR 1816

NAME OF COUNSEL: Attorney John Bolton & Attorney Dan Rawley

ADDRESS: Covington & Burling
1201 Pennsylvania Ave., N.W.
Washington, D.C. 20044

TELEPHONE: (202) 662-6000

84 OCT 22 P3:05

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 18, 1984
Date

Signature

RESPONDENT'S NAME: Mark L. Stephens

ADDRESS: Helms for Senate Committee
3325 Executive Drive, Suite 113
Raleigh, NC 27609

HOME PHONE: (919) 469-3585

BUSINESS PHONE: (919) 876-8522

8 6 0 4 0 5 2 0 6 9

ERAL ELECTION COMMISSION
SHINGTON, D.C. 20463

U.S. MAIL

Postage and Fees Pai
Federal Election Commissio

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

1983 22 AM 11:39

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel CH

DATE: October 12, 1984

SUBJECT: MUR 1816 - Memorandum to The Commission

The attached is submitted as an Agenda document

for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	[ ]	Compliance	[XX]
Sensitive	[ ]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[X]	Other (see distribution below)	[ ]

INFORMATION - SENSITIVE

EXPEDITED COMPLAINT - CIRCULATE

ON PINK PAPER

8 5 0 4 0 5 3 2 0 7 1

RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

84 OCT 12 P12:39

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 12, 1984

SENSITIVE

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

SUBJECT: Complaint Received in MUR 1816

On October 10, 1984, the Office of General Counsel received a complaint from the Democratic Party of North Carolina alleging violations of the Federal Election Campaign Act of 1971, as amended, by the Helms for Senate Committee and Tom Hannon, a resident of Henderson, North Carolina.

Background

The central allegations are that Mr. Hannon is making in-kind contributions to the Helms for Senate Committee ("the Helms campaign") by way of certain advertisements placed in a local newspaper directed against Senator Helms' opponent, Governor James Hunt. The complainant alleges, inter alia, a deficiency in the disclaimer affixed to the advertisements that simply states "Paid For By Tom Hannon" (2 U.S.C. § 441d), citing Hannon's close relationship to the Helms campaign. (See 11 C.F.R. § 109.1(b)(4)) and the additional allegation that Hannon's advertisements are at least partial reproductions of Helms' campaign materials. See 11 C.F.R. § 109.1(d)(1). Finally, the complaint contends that because the respondents will continue to place the advertisements until election day, the cumulative costs for the advertisements will eventually result in expenditures by Hannon in excess of the limitations of 2 U.S.C. § 441a(a)(1)(A). (The complainant estimates that the costs for the five advertisements attached to the complaint total $781.03).

In addition to these allegations, the complainant contends the Helms campaign violated 2 U.S.C. § 434(b) by failing to report the costs associated with the advertisements as in-kind contributions to and expenditures by the Helms campaign. Citing the continuing nature of the violation, the complainant requests immediate injunctive relief.

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The Office of General Counsel's Preliminary Review

This Office has conducted a preliminary review of the complaint and believes the facts presented by the complainant warrant further analysis by the Commission. Upon receipt of a response to the Commission's notice of a complaint or, upon the expiration of the 15 day response period, whichever occurs first, we will forward a report containing appropriate recommendations to the Commission.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

October 12, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David E. Price
Chairman
Democratic Party of
North Carolina
P.O. Box 12196
Raleigh, North Carolina 27605-2196

Dear Mr. Price:

This letter is to acknowledge receipt of your complaint which we received on October 10, 1984, against Helms for Senate Committee, Mark L. Stephens and Tom Hannon which alleges violations of the Federal Election Campaign laws. A staff member has been assigned to analyze your allegations. The respondent(s) will be notified of this complaint within 24 hours. 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. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Please be advised that this matter shall remain confidential in accordance with 2 U.S.C. § 437g(a)(B) and § 437g(a)(12)(A) unless the respondent notifies the Commission in writing that they wish the matter to be made public.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (by)

By: Kenneth A. Gross
Associate General Counsel

Enclosure

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 12, 1984

SPECIAL DELIVERY
RETURN RECEIPT REQUESTED

Tom Hannon
1733 Parker Lane
Henderson, North Carolina 27536

RE: MUR 1816

Dear Mr. Hannon:

This letter is to notify you that on October 10, 1984, the Federal Election Commission received a complaint which alleges that you 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 1816. 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. You may respond to the allegations made against you within 15 days of receipt of this letter. The complaint may be dismissed by the Commission prior to receipt of the response if the alleged violations are not under the jurisdiction of the Commission or if the evidence submitted does not indicate that a violation of the Act has been committed. Should the Commission dismiss the complaint, you will be notified by mailgram. If no response is filed within the 15 day statutory requirement, the Commission may take further action based on available information.

You are encouraged to respond to this notification promptly. In order to facilitate an expeditious response to this notification, we have enclosed a pre-addressed, postage paid, special delivery envelope.

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 sending a letter of representation 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 Stephen Mims, the attorney assigned to this matter at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (SMM)

By: Kenneth A. Gross
Associate General Counsel

Enclosures
Complaint
Procedures
Envelope

9604052076

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 12, 1984

SPECIAL DELIVERY
RETURN RECEIPT REQUESTED

Mark L. Stephens
Treasurer
Helms for Senate Committee
3325 Executive Drive
Raleigh, North Carolina 27607

RE: MUR 1816

Dear Mr. Stephens:

This letter is to notify you that on October 10, 1984, the Federal Election Commission received a complaint which alleges that the committee and you, as treasurer 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 1816. 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 the committee and you, as treasurer in connection with this matter. You may respond to the allegations made against you within 15 days of receipt of this letter. The complaint may be dismissed by the Commission prior to receipt of the response if the alleged violations are not under the jurisdiction of the Commission or if the evidence submitted does not indicate that a violation of the Act has been committed. Should the Commission dismiss the complaint, the committe and you, as treasurer will be notified by mailgram. If no response is filed within the 15 day statutory requirement, the Commission may take further action based on available information.

You are encouraged to respond to this notification promptly. In order to facilitate an expeditious response to this notification, we have enclosed a pre-addressed, postage paid, special delivery envelope.

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 sending a letter of representation 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 Stephen Mims, the attorney assigned to this matter at (202) 523-4143.

Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross / SJZ

By: Kenneth A. Gross
Associate General Counsel

Enclosures
Complaint
Procedures
Envelope

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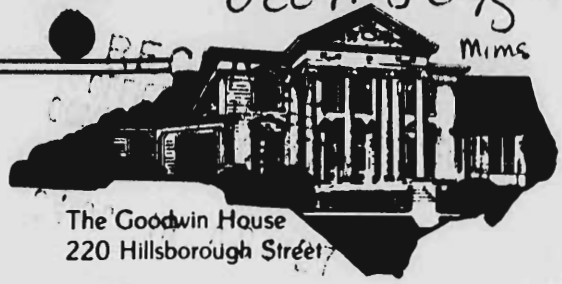
GCC#5075-
Mims

The Democratic Party of North Carolina

Post Office Box 12196
Raleigh, North Carolina 27605-2196 • Telephone (919) 821-2777



The Goodwin House
220 Hillsborough Street

October 8, 1984

MUR 1816

Mrs. Lee Ann Elliott, Chairman
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: Federal Election Campaign Act Violations
United States Senate Election, North Carolina

Dear Chairman Elliott:

As the Chairman of the Democratic Party of North Carolina and as a registered voter of North Carolina, I am writing to report what I believe are violations of the Federal Election Campaign Act by the Helms for Senate Committee and Tom Hannon.

The violations arise from a series of purportedly independent political advertisements which are purportedly paid for by Tom Hannon. See Attachments A, B, C, D, and E. For the reasons stated in this letter, I believe these political advertisements constitute illegal contributions to the Helms for Senate Committee in violation of the independent expenditure, reporting, and political advertising provisions of the Federal Election laws.

BACKGROUND

The Helms for Senate Committee is the principal campaign committee of Jesse Helms, Republican candidate for the United States Senate from the State of North Carolina. The address for the Helms for Senate Committee is 3325 Executive Drive, Raleigh, North Carolina 27607.

Tom Hannon, identified as the sponsor in the advertisements attached hereto as Exhibits, is an employee of Roses, Inc. in Henderson, North Carolina and is a resident of Henderson, North Carolina.

Over the past few months, Tom Hannon has placed a series of newspaper advertisements in the Henderson Daily Dispatch with the obvious purpose of influencing the United States Senate election in North Carolina. See Exhibits A, B, C, D, and E. The advertising charges for political

advertisements of equal size to those shown in Exhibits A, B, C, D, and E, as quoted by the Henderson Daily Dispatch, totals $781.03. The disclaimer on each advertisement states "Paid for by Tom Hannon". No information is given in the disclaimer or the text of the advertisement which discloses to the public the relationship between Tom Hannon and the Helms for Senate Committee. Upon information and belief, the persons responsible for these advertisements intend to place similar ads in the Henderson Daily Dispatch until election day.

FEDERAL ELECTION LAW VIOLATIONS

Upon information and belief, (1) these advertisements do not qualify as independent expenditures because the advertisements were produced with the assistance of the Helms for Senate Committee; (2) the Helms for Senate Committee should report the expenditures for the advertisements as an in-kind contribution from Tom Hannon; and, (3) the Helms for Senate Committee should be named as a sponsor of these political messages and held accountable for the content of the message.

WRONGFUL INDEPENDENT EXPENDITURES

Independent expenditure is defined in the Federal Election Campaign Act at 2 USC §431(17) as follows:

> The term "independent expenditure" means an expenditure by a person expressly advocating the election or defeat of a clearly identified candidate which is made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.

The Code of Federal Regulations adopted to implement the Federal Election Campaign Act defines what constitutes cooperation or coordination with the candidate in 11 CFR §109.1(b)(4):

(4) "Made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a candidate or any agent or authorized committee of the candidate" means -

(i) Any arrangement, coordination, or direction by the candidate or his or her agent prior to the publication, distribution, display, or broadcast of the communication. An expenditure will be presumed to be so made when it is -

(A) Based on information about the candidate's plans, projects, or needs provided to the expending person by the candidate, or by the candidate's agents, with a view toward having an expenditure made;

(B) Made by or through any person who is, or has been, authorized to raise or expend funds, who is, or has been, an officer of an authorized committee, or who is, or has been, receiving any form of compensation or reimbursement from the candidate, the candidate's committee or agent.

The dissemination, distribution or republication of any campaign materials prepared by the candidate, his campaign committee or his agents will disqualify any otherwise "independent expenditure".

11 CFR §109.1(d)(1) provides:

The financing of the dissemination, distribution, or republication, in whole or in part, of any broadcast or any written, graphic, or other form of campaign materials prepared by the candidate, his campaign committees, or their authorized agents shall be considered a contribution for the purpose of contribution limitations and reporting responsibilities by the person making the expenditure but shall not be considered an expenditure by the candidate or his authorized committees unless made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a

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> candidate or any authorized agent or committee thereof.

If an expenditure does not qualify as an independent expenditure, it becomes an in-kind contribution to the candidate. As stated in 11 CFR §109.1(c):

> An expenditure not qualifying under this section as an independent expenditure shall be a contribution in-kind to the candidate and an expenditure by the candidate, unless otherwise exempted.

Upon information and belief, Tom Hannon is an active supporter of Jesse Helms and he has been working with and on behalf of the "official" Helms for Senate Committee in the Henderson, Vance County, North Carolina region. In fact, Mr. Hannon along with David Flaherty, Chairman of the Republican Party and a close affiliate of Helms, is one of three Plaintiffs who have brought a politically motivated lawsuit in the state courts of North Carolina against Helm's opponent, Jim Hunt. (See Exhibits F and G).

Additionally and most significantly, the photograph used in the advertisement of August 18th is an identical photograph used extensively by the Helms committee in its official campaign literature and advertising and, from examination of the photograph contained in the Tom Hannon advertisement, it appears that the photograph, by virtue of of its excellent reproduction, must have been a print of the same photograph used by the Helms committee and was, on information and belief, obtained from the Helms committee.

The Helms for Senate Committee has a pattern and practice of making available its newspaper clipping files to its supporters and upon information and belief, the Helms for Senate Committee has made available its photographs for use by its supporters in so-called "independent" advertising. (See Exhibit H). Additionally, the use of the phrases, "A Mondale Liberal" and "Look for the Union Label", both phrases having been used repeatedly by the Helms Committee, constitutes the use of official campaign writings

and thus disqualifies the independence of the expenditure. 11 CFR §109.1(d)(1).

Upon information and belief, the Helms for Senate Committee is providing its official campaign photographs to Tom Hannon for use in placing the attached ads and such acts constitute coordination between the candidate and the sponsor of advertising which disqualifies the expenditure as an independent expenditure. (See AO 1983-12). Furthermore, if Tom Hannon continues to make expenditures which do not qualify as independent expenditures, he will soon exceed the contribution limitations of 2 USC §441a.

FAILURE TO REPORT IN-KIND CONTRIBUTIONS AND EXPENDITURES

When a candidate, the candidate's campaign committee, or agents of the candidate or his or her committee, cooperate or coordinate with another person in expending money for the purpose of influencing a federal election, the expenditure so made is considered an in-kind contribution to the candidate. 2 USC §431(8)(A), 2 USC §431(17). Unlike independent expenditures, in-kind contributions are subject to all the limitations on contributions and expenditures and the reporting requirements of the Federal Election Campaign Act. 2 USC §434. The Helms for Senate Committee has not reported the Tom Hannon advertisements as "in-kind" contributions and upon information and belief, the Helms committee has violated the reporting provisions of federal election law by failing to do so. 2 USC §431(8)(A), 2 USC §431(17), 2 USC §434.

DECEPTIVE POLITICAL ADVERTISING

All political advertising must contain a disclaimer which identifies the sponsor of the advertisement and the relationship of the sponsor to the candidate the advertising benefits. 2 USC §441d. The appropriate disclaimers are specified in the statute as follows:

> (a) Whenever any person makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a

clearly identified candidate, or solicits any contribution through any broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public political advertising, such communication -

(1) if paid for and authorized by a candidate, an authorized political committee of a candidate, or its agents, shall clearly state that the communication has been paid for by such authorized political committee, or

(2) if paid for by other persons but authorized by a candidate, an authorized political committee of a candidate, or its agents, shall clearly state that the communication is paid for by such other persons and authorized by such authorized political committee;

(3) if not authorized by a candidate, an authorized political committee of a candidate, or its agents, shall clearly state the name of the person who paid for the communication and state that the communication is not authorized by any candidate or candidate's committee.

The notice in the newspaper advertisements does not comply with the disclaimer provisions of the Federal Election Campaign Act because it fails to disclose whether the Helms for Senate Committee authorized the advertisement.

I am informed and believe that these political advertisements were the product of consultation and coordination between the Helms for Senate Committee and Tom Hannon and are placed under the name of Tom Hannon in order to mislead voters into believing that a "concerned citizen" is behind the advertisements when, in fact, it is the Helms Committee. The voters in North Carolina are entitled to know who truly sponsors political advertising and federal election law requires disclaimer to reveal that information. As part of your investigation into these contributions, I further request the Commission to investigate and determine whether 2 USC §441d(a) was violated by ascribing Tom Hannon as the sponsor of the advertisements instead of the Helms for Senate Committee.

CONCLUSION

Upon information and belief:

The only reasonable inference to be drawn from these advertisements is that Tom Hannon and the Helms for Senate Committee have consulted and cooperated in an attempt to mislead the voters in North Carolina into believing that a "concerned citized" is behind the advertisements when in reality it is the Helms for Senate Committee.

As the voters of North Carolina know, it is a pattern and practice of the Helms committee to engage in smear campaigns of this sort through purportedly independent "concerned citizens". These tactics constitute an inappropriate and unlawful pattern of conduct in violation of 2 USC §441a(1)(a), 2 USC §434 and 2 USC §441a, and as such I request the Commission take immediate measures to enjoin these continuing violations of the Federal Election Campaign Act and to impose sanctions for all past violations. I further ask that the Commission advise Tom Hannon and the Helms for Senate Committee that any continuing violations after this date will be considered willful and subject to appropriate sanctions.

COMPLAINT UNDER OATH

I submit this letter under oath and pursuant to the provisions of 2 USC §437g(a)(1) as a formal complaint against the Helms for Senate Committee and Tom Hannon. I would appreciate your immediate investigation of these matters.

Sincerely,

David E Price

David E. Price
Chairman, North Carolina
Democratic Party

SWORN TO AND SUBSCRIBED
before me this 9th day
of October, 1984.

Gudine L. Adams
Notary Public

My Commission Expires: 2/25/85

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You Can Kiss It Good Bye...

Senator Jessie Helms Worked Mighty Hard To Help Pass President Reagan's 25% Reduction In Our Federal Income Tax. If Ultra-Liberals Such As Jim Hunt Are Elected To Congress, You And I Can KISS THAT 25% GOOD BYE!

If You Have Not Decided How To Cast Your Vote On November 6, Look At The Stub From Your Pay Check, Multiply The Federal Tax Withheld By 25% Or More And Then Decide If North Carolina And The United States Can Afford Left-Wing Liberals Such As Jim Hunt In The Senate.

Jim Hunt
A Mondale Liberal

Paid For By Tom Hannon

A

Let Us Remember. . .

Jim Hunt's Record On The Environment!

Our Left-Wing, Ultra-Liberal Governor Jim Hunt Would Like For The Citizens Of Vance County To Forget That He Allowed Toxic Material, PCB, To Lie Along Our Roads For Four Years. Then He Dumped The PCB On Our Neighbors In Warren County.

Come On Jim, You May Wish That We Would Forget, But We Remember.

Dump Hunt On November 6

Paid For By Tom Hannon

B

If Jim Hunt Had Been As Involved In Support Of Voluntary Prayer In Our Schools As He Has Been In Raising Our Taxes, Maybe Our Schools Would Not Be Full Of Drugs And Violence.

JIM HUNT NEVER MET A TAX THAT HE DID NOT LIKE

Paid For By Tom Hannon

C

Something Jim Hunt Does Not Want You To Know

On February 28, 1984, A Fund Raiser In Honor Of Jim Hunt Was Held In New York City. One Of The Sponsors Was A Lady Named Virginia Apuzzo. You May Ask Who Virginia Apuzzo Is. Virginia Apuzzo Is A REPRESENTATIVE OF THE NATIONAL GAY RIGHTS TASK FORCE.

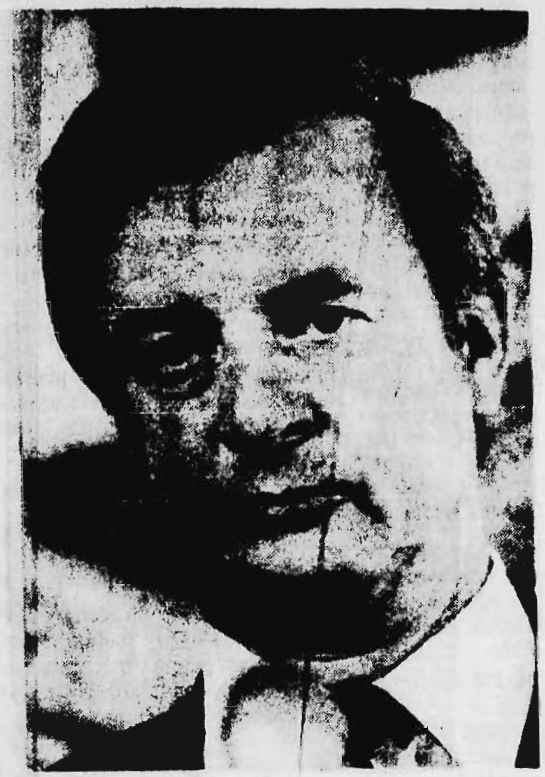
Another Sponsor Was Gloria Steinem, Editor, Ms. Magazine. Gloria Steinem Was Quoted As Saying, "BY THE YEAR 2000, WE WILL, I HOPE, RAISE OUR CHILDREN TO BELIEVE IN HUMAN POTENTIAL, NOT GOD." — Saturday Review Of Education, March, 1973.

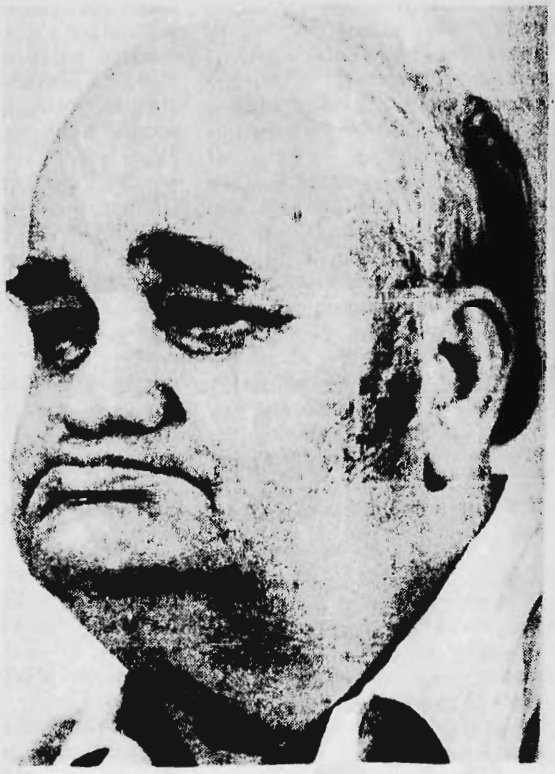
Perhaps You Do Not Care About Where Jim Hunt Gets His Campaign Contributions. Maybe The Fact That He Is A Democrat Is Enough. On The Other Hand, You Just Might Be Concerned. You Decide.

PS—PLEASE DO NOT TELL JIM HUNT THAT YOU KNOW ABOUT THIS. IT WOULD SPOIL HIS DAY.

Paid For By Tom Hannon

Look For The Union Label





You Do Not Have To Look Hard To Find The Union Label Attached To Jim Hunt. Unions Have Poured Thousands Of Dollars Into Jim Hunt's Campaign. The North Carolina AFL-CIO, Formerly Headed By Wilbur Hobby, Has Endorsed Jim Hunt. Jim, If You Want To Send Wilbur A Christmas Card, He Currently Resides In The Federal Penitentiary In Lexington Kentucky.

How Will Hunt Repay The Union Bosses?

Paid For By Tom Hannon

E

Way cleared for earlier deposition from Hunt

The Raleigh Times 1C September 21, 1984

Hearing postponed on GOP airfare charges

By MICHAEL WHITELEY
Times staff writer

Superior Court Judge James H. Pou Bailey postponed a hearing on Republican charges that Gov. James B. Hunt Jr. misused state aircraft, but cleared the way for the governor to be questioned under oath on Oct. 11.

In free-wheeling and sometimes humorous exchanges with attorneys for the state and the Democratic and Republican parties, Bailey called the Republican lawsuit an attempt to "get the court to stick its mouth into the campaign."

At the same time, Bailey accelerated a schedule for pre-trial depositions that would allow Hunt to be questioned before he faces Sen. Jesse A. Helms, R-N.C., in the Nov. 6 election.

State Republican Chairman David T. Flaherty filed suit two weeks ago asking the court to force Hunt to repay at least $100,000 in damages to the state and to impose a permanent injunction against Hunt from using the state's three jet helicopters and its airplane on campaign business.

But Bailey canceled an Oct. 15 hearing on the request for an injunction, saying the hearing could "tear the calendar to pieces" by postponing hearings in other cases.

"It seems to me that whatever else you say about Jim Hunt, he's not a damn fool," Bailey told Republican Party attorney Richard C. Titus in court. "I don't believe you could force him into a state airplane right now at the point of a gun."

Following six months of controversy, the Jim Hunt Committee last week wrote the state a check for $185,930 to cover costs Hunt said his campaign underpaid the state for use of state aircraft since he formed a Senate exploratory campaign in August 1983.

Hunt has said he will use charter and commercial flights for future campaign business.

Bailey said Titus and other Republican lawyers this morning failed to convince him that Hunt's use of state aircraft had done "irreparable harm," an element of proof required if Bailey was to halt the use of state aircraft by the Hunt campaign.

"That money has been repaid with what to me is a fairly good piece of change," Bailey said. "He may have shortchanged you. I don't know. But it would be political asininity to be caught in that trap."

Senior Deputy Atty. Gen. Andrew A. Vanore Jr., arguing on behalf of the state, said Hunt had eliminated the harm done the state by repaying the bill.

But Titus argued that Hunt violated a state law expressly prohibiting any state worker from diverting state property for private use.

And he said the Republicans would introduce evidence that two Hunt committee workers, Democratic National Committeewoman Betty McCain and Judy Hyman, a campaign staffer, flew on the aircraft without Hunt being present.

Titus said the helicopters were purchased for use by the state Department of Commerce in industrial recruitment.

"We can put on evidence which will show that, in fact, commerce officials were bumped from the aircraft in order for the aircraft to be used for political purposes," Titus told Judge Bailey.

Bailey removed the hearing from the Oct. 15 calendar and said it would be rescheduled according to the normal flow of business. That means it could take six to eight months for the case to come back to court.

But Bailey agreed to uphold a previous order by Judge Thomas H. Lee waiving the normal 30-day waiting period for depositions.

"I'm going to go ahead and accelerate the schedule and let them fish all they want in troubled waters," Bailey said. "Who knows, they might come up with something."

Bailey said if Republicans unearth evidence to change his mind, he may cancel on October vacation he had scheduled and return to court to hear the case.

Titus has served 20 people with subpoenaes, including Mrs. McCain, Hunt, state Budget Officer John A. Williams Jr., three state pilots and a helicopter mechanic, SBI agents, and Hunt's campaign co-directors, Gary Pearce and Joseph Grimsley.

Hunt is scheduled to be questioned on Oct. 11, according to court records.

Although the proceedings are normally conducted in private, Titus said the Republican Party probably would file copies of the proceedings with the court.

That would mean the testimony could be made public before the general election.

Vanore and Jack Cozort, Hunt's general counsel, refused to comment as to whether they would ask Bailey or other court officials to bar questioning of Hunt or other public officials.

Mrs. McCain, in an interview, denied today that she ever flew on a state aircraft unless either Hunt or his wife, Carolyn, was aboard.

"Most of the time I drove," she said. "I've put 54,000 miles on my car since the beginning of the campaign. I just bought three new tires. And I'm pretty excited about that."

James B. Hunt Jr.

21

Action on lawsuit on Hunt plane use resumes Nov. 19

By DONNA ALVARADO
Staff Writer

Calling the legal cross fire in a Republican lawsuit against Democratic Gov. James B. Hunt Jr. a "sandbox fight," a Superior Court judge Friday postponed further action on the suit until after the Nov. 6 election.

The action blocks the questioning under oath of top campaign officials that had been scheduled to start next week. Hunt is seeking to unseat Republican Sen. Jesse A. Helms.

"This is a sandbox fight," James H. Pou Bailey, Wake County's senior resident Superior Court judge, told attorneys appearing in court Friday for a hearing in the lawsuit. He ordered the taking of sworn statements — called depositions — not to occur before Nov. 19.

The depositions were the first step in a lawsuit brought by Republican Party Chairman David T. Flaherty last month against Hunt. The suit accuses Hunt of using state aircraft in his political campaign against Helms without adequately reimbursing the state.

Attorneys for Flaherty had subpoenaed Hunt and many of his top campaign officials for questioning to start next week. Attorneys for Hunt responded this week that the suit was a political harassment action and filed for subpoenas of Helms and his top campaign officials.

Hunt's attorneys also subpoenaed top executives of the National Congressional Club, a conservative political organization affiliated with Helms; Jefferson Marketing Inc., an advertising and marketing company linked to the Congressional Club; and several other companies. Included in the subpoenas were requests for all documents — including all writings, letters, memos, videotapes, books, magazines, receipts and more — related to the lawsuit.

Attorneys for Flaherty Friday called the counterclaim and cross-subpoenas an attempt to confuse the issues.

"The counterclaim is an attempt to obfuscate the issues in the complaint," Richard D. Titus told Judge Bailey.

"A rich defendant could come in and hire 500 law firms and take 500 depositions in one day," Titus said. He asked Bailey to schedule an "orderly taking of depositions" for both sides in the suit.

But Russell W. Roten, one of Hunt's attorneys, said Flaherty had first raised the issues in his lawsuit but now was unwilling to confront them.

"By filing this complaint, he has opened Pandora's box," Roten said. He asked Bailey to delay the depositions until after the election to prevent the courtroom from being used as "a tool for political gain."

Roten said that Flaherty's attorneys had scheduled questioning of Hunt for the day before his last televised debate with Helms later this month.

Roten said that if Flaherty's attorneys were allowed to question Hunt before the election, they could videotape his responses and release an edited version to reporters.

"They're going to be edited and played over the airwaves," Roten said.

Bailey responded by postponing the depositions until Nov. 19.

"I imagine I made everyone here unhappy," he said. "If I didn't, that was my intention."

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10/6/84

Anonymous Anti-Hunt Booklet Decried

By KATHERINE WHITE
Raleigh Bureau

RALEIGH — "See Jim swing from liberal to conservative and back again. Swing, Jim, swing! See Jim swing."

Those simply styled words run throughout an anonymous booklet called "See Jim Run," which attacks Gov. Jim Hunt in his race for the U.S. Senate against Sen. Jesse Helms, R-N.C.

Five persons registered as Republicans or unaffiliated filed a complaint Friday with the N.C. Board of Elections and the Federal Election Commisson (FEC) seeking an investigation of the booklet and a separate pamphlet they say distorts Hunt's record on abortion, homosexuals and school prayer.

David Jones of Wilmington, a Republican and secretary of the Department of Correction during Gov. Jim Holshouser's administration, said, "We are acting to stop the spread of ... unsigned pamphlets and flyers attacking the integrity and character of Gov. Jim Hunt and distorting the record."

Jones said an unknown number of pamphlets have been handed out in shopping centers across the state. The only credit for the publication identifies someone named S. King, B.F.A.

Patterned on such first-grade texts as "Dick and Jane," the 49-page pamphlet alternates pages of newspaper clippings with pages of the simple text. The text is illustrated by drawings from children's books with a picture of Hunt's head on drawings of pudgy-legged little boys in shorts playing with a dog or other children.

In one of them, two boys — carrying the picture of Hunt and Jesse Jackson — stand in a doorway talking with a woman and her little girl. The text: "See Jim and the other Jesse register voters. Vote. Vote."

Another shows Hunt searching with his dog for a little girl hiding in a closet: "See the homosexuals come out of the closet in support of Jim. Do we need him?!? Do we need Jim?!?"

Jones said, "Because of the striking similarity between Sen. Helms's negative attacks on Gov. Hunt and the unsigned pamphlets and flyers being distributed in the dark of the night, we suspect that the Congressional Club is at blame."

The complaint to the state elections board alleges that "the Helms for Senate Committee either recruited, cooperated, assisted or assented to the publication and distribution of the ... scurrilous campaign literature in an effort to injure the (Hunt's) election chances."

Robert Rosser, Helms's deputy campaign director, said, "The booklet was not authorized by us .... We didn't give any of the content authorization."

He said the campaign does supply clippings to supporters but he said he didn't know whether they were used for the booklet.

Tom Fetzer, a special assistant in the National Congressional Club, which was founded by Helms, flatly denied his group had anything to do with it.

N.C. Republican Party Chairman David Flaherty said he knew nothing about its origin but read it after an unknown person hand-delivered four copies to his office last week.

FEDERAL ELECTION COMMISSION

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