



FEDERAL ELECTION COMMISSION

1325 K STREET NW
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2098

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

Cameraman GPC

86040301334



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 14, 1986

Timothy L. Amos, Esquire
General Counsel
Tennessee Bankers Association
21st Floor - Life and Casualty Tower
Nashville, Tennessee 37219

RE: MUR 2098

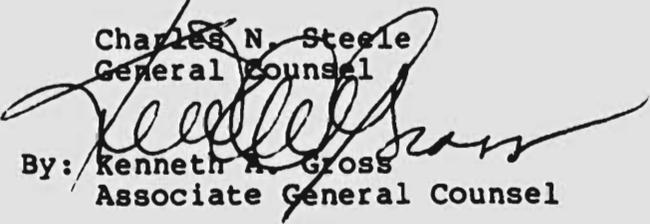
Dear Mr. Amos:

On March 12, 1986, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 11 U.S.C. § 102.5a(1)(i), a provision of the Commission Regulations. 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

36040561335

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Tennessee Bankers Association) MUR 2098
Federal Political Action Committee)
and John B. Hardcastle, as)
treasurer)

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (hereinafter "the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Reason to believe has been found that the Tennessee Bankers Association Federal Political Action Committee and John B Hardcastle, as treasurer ("Respondent") violated 11 C.F.R. § 102.5(a)(1)(i) by accepting a transfer of funds from an affiliated state political action committee.

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

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

II. 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 Tennessee Bankers Association Federal Political Action Committee is a political committee

95040561335

established by the Tennessee Bankers Association ("TBA"), and Respondent John B. Hardcastle is the treasurer of that political committee.

2. TBA also maintains an account, known as its state political action committee, for the purpose of financing activity in connection with non-federal elections.
3. Respondent accepted a transfer of \$6,177 from TBA's state political action committee.
4. Respondent also accepted a transfer of \$3,550 from TBA's state political action committee in 1983.

V. Respondent's acceptance of a transfer of funds from an account maintained by its connected organization for the purpose of financing activity in connection with non-federal elections constitutes a violation of 11 C.F.R. § 102.5(a)(1)(i).

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of two hundred fifty dollars (\$250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that it 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

85040:61337

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*
Kenneth A. Gross
Associate General Counsel

March 13, 1986
Date

FOR THE RESPONDENT:

Timothy L. Amos
Timothy L. Amos, General Counsel

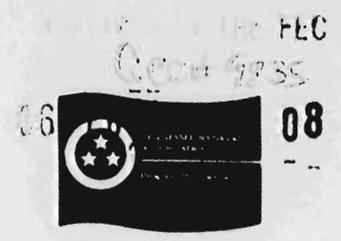
February 14, 1986
Date

(Name) Acceptance by resolution
(Position) of the BankPac Committee.

36040161333

Tennessee Bankers Association

21st floor • life and casualty tower • nashville, tennessee 37219 • (615) 244-4871 • robert m. gilliam, executive vice-president



February 14, 1986

Charles Snyder, Esquire
Office of the General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: MUR 2098, Tennessee Bankers Association
Federal Political Action Committee

16 FEB 26 P 1: 25

Dear Mr. Snyder:

Enclosed is the revised conciliation agreement signed and approved by our BankPac Committee. I appreciate your cooperation in revising the agreement to include all known transfers.

Also enclosed is a check for \$250 to the Treasurer of the United States.

With the payment of the civil penalty, I believe that we are in compliance with the agreement. Since the transfers were reversed at the request of RAD some time ago, I know of no other steps that should be required in order for us to comply with the agreement.

Please advise me if there is any other action that is necessary.

Sincerely yours,

Timothy L. Amos
General Counsel

TLA/mms

Enclosure

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RELATING
DUNT INTO
)
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RECEIVED BY THE FEC
QCC# 9835
86 08

Tennessee Bankers Association

21st floor • life and casualty tower • nashville, tennessee 37219 • (615) 244-4871 • robert m. gilliam, executive vice-president

February 14, 1986

Charles Snyder, Esquire
Office of the General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: MUR 2098, Tennessee Bankers Association
Federal Political Action Committee

Dear Mr. Snyder:

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Also enclosed is a check for \$250 to the Treasurer of the United States.

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Please advise me if there is any other action that is necessary.

Sincerely yours,



Timothy L. Amos
General Counsel

TLA/mms

Enclosure

36 FEB 26 P 1:25

GENERAL COUNSEL

0 2 3 1 0 1 3 4 0

TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE
21ST FLOOR 4TH & CHURCH ST
L & C TOWER
NASHVILLE, TN 37219

521

February 14, 1986

67-4
640

Treasurer of the United States

\$ 250.00

DOLLARS

TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE

Civil Penalty re: Federal Election Commission
2098 Tennessee Bankers Association
Federal Political Action Committee
#000521# 40540000461

Leatha L. Dixon

??B 739

GC#9735

MEMORANDUM

TO: RETHA DIXON

TO: JOAN HARRIS

FROM: JOAN HARRIS

FROM: RETHA DIXON

CHECK NO. 031 (a copy of which is attached) RELATING

TO MUR 5098 AND NAME Tennessee Bankers Assoc
Fed Pol Action Comm, BC
WAS RECEIVED ON 2-26-86. PLEASE INDICATE THE ACCOUNT INTO
WHICH IT SHOULD BE DEPOSITED:

- / BUDGET CLEARING ACCOUNT (#95F3875.16)
- / / CIVIL PENALTIES ACCOUNT (#95-1099.160)
- / / OTHER _____

SIGNATURE Joan T. Dixon

DATE 2-26-86

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5100
2098
0115



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Timothy L. Amos, Esquire
General Counsel
Tennessee Bankers Association
21st Floor - Life and Casualty Tower
Nashville, Tennessee 37219

RE: MUR 2098

Dear Mr. Amos:

On _____, 198____, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 11 U.S.C. § 102.5a(1)(i), a provision of the Commission Regulations. 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

CAW 3/17

TGW 3/13/82

3 6 0 4 0 5 6 1 3 4 2

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	
Tennessee Bankers Association)	MUR 2098
Federal Political Action Committee)	
and John B. Hardcastle, as treasurer)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 12, 1986, the Commission decided by a vote of 6-0 to take the following actions in MUR 2098:

1. Accept the conciliation agreement attached to the General Counsel's Report signed March 6, 1986.
2. Close the file.

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

Attest:

3-12-86
Date

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

Received in Office of Commission Secretary:	Fri.,	3-7-86,	11:36
Circulated on 48 hour tally basis:	Mon.,	3-10-86,	11:00
Deadline for vote:	Wed.,	3-12-86,	11:00

86040561343



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary
FROM: Office of General Counsel *rd*
DATE: March 7, 1986
SUBJECT: MUR 2098 - General Counsel's Report

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

CIRCULATIONS

48 Hour Tally Vote
 Sensitive
 Non-Sensitive

24 Hour No Objection
 Sensitive
 Non-Sensitive

Information
 Sensitive
 Non-Sensitive

Other

DISTRIBUTION

Compliance
Audit Matters

Litigation
Closed MUR Letters

Status Sheets
Advisory Opinions

Other (see distribution below)

96040361344

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)
)
Tennessee Bankers Association)
Federal Political Action Committee)
and John B. Hardcastle, as treasurer)

MUR 20987 All: 36

GENERAL COUNSEL'S REPORT

Background

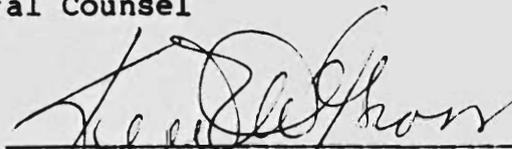
Attached is a conciliation agreement which has been signed by Timothy Amos, counsel for respondents.

Recommendation

The Office of General Counsel recommends the acceptance of this agreement and the closing of the file.

Charles N. Steele
General Counsel

March 6, 1986
Date

BY: 
Kenneth A. Gross
Associate General Counsel

Attachments

- 1. Conciliation Agreement (1) and photocopy of civil penalty check
- 2. Letter to Timothy Amos, Esquire

36040361345

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	
Tennessee Bankers Association)	MUR 2098
Federal Political Action Committee)	
and John B. Hardcastle, as)	
treasurer)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (hereinafter "the Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Reason to believe has been found that the Tennessee Bankers Association Federal Political Action Committee and John B. Hardcastle, as treasurer ("Respondent") violated 11 C.F.R. § 102.5(a)(1)(i) by accepting a transfer of funds from an affiliated state political action committee.

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

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

II. 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 Tennessee Bankers Association Federal Political Action Committee is a political committee

36040581346

established by the Tennessee Bankers Association ("TBA"), and Respondent John B. Hardcastle is the treasurer of that political committee.

2. TBA also maintains an account, known as its state political action committee, for the purpose of financing activity in connection with non-federal elections.
3. Respondent accepted a transfer of \$6,177 from TBA's state political action committee.
4. Respondent also accepted a transfer of \$3,550 from TBA's state political action committee in 1983.

V. Respondent's acceptance of a transfer of funds from an account maintained by its connected organization for the purpose of financing activity in connection with non-federal elections constitutes a violation of 11 C.F.R. § 102.5(a)(1)(i).

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of two hundred fifty dollars (\$250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. Respondent agrees that it 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

86040581347

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

Date

FOR THE RESPONDENT:

Timothy L. Anos, General Counsel

February 14, 1986

(Name)
(Position) Acceptance by resolution
of the BankPac Committee.

Date

86040561348

attachment 2



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Timothy L. Amos, Esquire
General Counsel
Tennessee Bankers Association
21st Floor - Life and Casualty Tower
Nashville, Tennessee 37219

RE: MUR 2098

Dear Mr. Amos:

On _____, 198____, the Commission accepted the conciliation agreement signed by you and a civil penalty in settlement of a violation of 11 U.S.C. § 102.5a(1)(i), a provision of the Commission Regulations. 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

95040561350

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Tennessee Bankers Association) MUR 2098
Federal Political Action Committee)
and John B. Hardcastle, as)
treasurer)

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05040501351

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VII. Respondent agrees that it 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

96040561352

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Tennessee Bankers Association) MUR 2098
Federal Political Action Committee)
and John B. Hardcastle, as)
treasurer)

CONCILIATION AGREEMENT

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86040501354

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95040561355

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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

_____ Date

FOR THE RESPONDENT:

(Name)
(Position)

_____ Date

35040501355



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 23, 1986

Timothy L. Amos, Esquire
General Counsel
Tennessee Bankers Association
21st Floor - Life and Casualty Tower
Nashville, Tennessee 37219

RE: MUR 2098
Tennessee Bankers Association
Federal Political Action
Committee

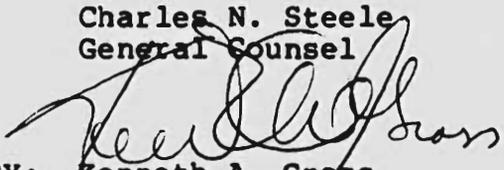
Dear Mr. Amos:

On October 29, 1985, the Commission found reason to believe that Tennessee Bankers Association Federal Political Action Committee violated 11 C.F.R. § 102.5(a)(1)(i). At your request, the Commission determined on January 15, 1986, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Charles Snyder, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel


BY: Kenneth A. Gross
Associate General Counsel

Enclosure

3 5 0 4 0 5 6 1 3 5 7



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

Timothy L. Amos, Esquire
General Counsel
Tennessee Bankers Association
21st Floor - Life and Casualty Tower
Nashville, Tennessee 37219

RE: MUR 2098
Tennessee Bankers Association
Federal Political Action
Committee

Dear Mr. Amos:

On October 29, 1985, the Commission found reason to believe that Tennessee Bankers Association Federal Political Action Committee violated 11 C.F.R. § 102.5(a)(1)(i). At your request, the Commission determined on _____, 198____, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

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Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure

CAF

*TAN
1/16/86*

36040361353

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	
Tennessee Bankers Association)	MUR 2098
Federal Political Action Committee)	
and John B. Hardcastle,)	
as treasurer)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 15, 1986, the Commission decided by a vote of 6-0 to take the followings actions in MUR 2098:

1. Enter into conciliation with the Tennessee Bankers Association Federal Political Action Committee, and John B. Hardcastle, as treasurer, prior to a finding of probable cause to believe.
2. Approve and send the proposed conciliation agreement attached to the General Counsel's Report signed January 10, 1986.
3. Approve and send the letter attached to the General Counsel's Report signed January 10, 1986.

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

Attest:

1-15-86

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary:	Fri.,	1-10-86,	5:32
Circulated on 48 hour tally basis:	Mon.,	1-13-86,	11:00
Deadline for vote:	Wed.,	1-15-86,	11:00

95040561359



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary
FROM: Office of General Counsel *RMB*
DATE: JANUARY 10, 1986
SUBJECT: MUR 2098 - 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	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
Sensitive	<input checked="" type="checkbox"/>	Audit Matters	<input type="checkbox"/>
Non-Sensitive	<input type="checkbox"/>	Litigation	<input type="checkbox"/>
24 Hour No Objection	<input type="checkbox"/>	Closed MUR Letters	<input type="checkbox"/>
Sensitive	<input type="checkbox"/>	Status Sheets	<input type="checkbox"/>
Non-Sensitive	<input type="checkbox"/>	Advisory Opinions	<input type="checkbox"/>
Information	<input type="checkbox"/>	Other (see distribution below)	<input type="checkbox"/>
Sensitive	<input type="checkbox"/>		
Non-Sensitive	<input type="checkbox"/>		
Other	<input type="checkbox"/>		

05040301360

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of .)
)
Tennessee Bankers Association)
Federal Political Action Committee)
and John B. Hardcastle,)
as treasurer)

MUR 2098 10 25:32

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On October 29, 1985, the Commission found reason to believe that the Tennessee Bankers Association Federal Political Action Committee ("TBA FEDPAC") and John B. Hardcastle, as treasurer, violated 11 C.F.R. § 102.5(a)(1)(i) by accepting a transfer of \$6,177 from TBA state political action committee ("State PAC").

II. LEGAL ANALYSIS

Respondent has requested pre-probable cause conciliation. (See attachment 1). The same response describes FEDPAC's solicitation methods, which appear to be in compliance with the Act. Consequently, this office would recommend proceeding to pre-probable cause conciliation with respect to the improper transfer.

III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

0040361351

IV. RECOMMENDATIONS

1. Enter into conciliation with the Tennessee Bankers Association Federal Political Action Committee, and John B. Hardcastle, as treasurer, prior to a finding of probable cause to believe.
2. Approve and send the attached proposed conciliation agreement.
3. Approve and send the attached letter.

Charles N. Steele
General Counsel

1/10/86
Date

BY: Kenneth A. Gross (#12)
Kenneth A. Gross
Associate General Counsel

Attachments

1. Response
2. Proposed Conciliation Agreement
3. Letter to Respondent

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attachment 1

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85 DEC 12

Snyder



Tennessee Bankers Association

21st floor • life and casualty tower • nashville, tennessee 37219 • (615) 244-6871 • robert m. gilliam, executive vice-president

GCatt 9197

December 10, 1985

Mr. Charles Snyder
Office of the General Counsel
Federal Election Commission
325 K Street, N.W.
Washington, D.C. 20463

95 DEC 12 14:16

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

RE: MUR 2098
Tennessee Bankers Association
Federal Political Action Committee

Dear Mr. Snyder:

Enclosed please find a response of the Tennessee Bankers Association Federal Political Action Committee to the General Counsel's Legal and Factual Analysis, along with a statement by John B. Hardcastle, Treasurer detailing the TBA solicitation procedures.

In accordance with your original letter and the Commission rules, I am requesting that this matter be submitted to pre-probable cause conciliation.

Thank you for the December 5, 1985 letter advising me that I had been granted an extension to December 9, 1985 in which to file this response. Unfortunately, this letter was not received until December 9, 1985. I trust that the enclosed may still be considered.

Please contact me if you need any additional information.

Sincerely yours,

Timothy L. Amos
General Counsel

TLA/mms

Enclosure

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RESPONSE OF THE TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE TO
GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

INTRODUCTION

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The Commission, on October 29, 1985 based on the General Counsel's recommendation, "determined that there is reason to believe the Tennessee Bankers Association Federal Political Action Committee . . . violated 11 C.F.R. §102.5(a)(1)(i)." The conclusion is based on the transfer of funds from a state pac to the federal pac. The General Counsel concluded "it would appear therefore, that fed pac did not receive from state pac any funds that originated with sources prohibited by 2 U.S.C. §441b(a). There remains, however, an apparent violation of 11 C.F.R. §102.5"

It is the contention of the TBA that not only did the state pac not transfer bank or corporate contributions prohibited by 2 U.S.C. §441b(a), but that the contributions that it did transfer were within the requirements of 11 C.F.R. §102.5(a)(2)(i)(ii) and (iii).

It is the further contention that because the funds transferred to the fed pac were funds which would meet the requirements of the Commission's

regulations, that funds not permissible for use for federal purposes were in fact, not used for federal purposes; that the TBA complied with the request of RAD in reversing the transfer; that there is no outstanding obligation of the fed pac to the state pac with regard to the transfer; that no continuing violation, if any, exists; and, that if a violation of 11 C.F.R. §102.5(a)(1)(i) occurred, it was one of a technical nature and did not violate the spirit of the Commission's rules. Therefore, the TBA would submit that the Commission does not need to take any further action with regard to its prior determination.

FUNDS CONTRIBUTED TO BANKPAC AND DEPOSITED IN THE STATE PAC
ACCOUNT MEET THE REQUIREMENTS FOR DEPOSIT IN THE FED PAC ACCOUNT

Attached to this response is a statement of John B. Hardcastle, BankPac Treasurer. The statement of Mr. Hardcastle is submitted to fully outline the solicitation procedure in order to demonstrate compliance with the Commission's rules.

The statement of Mr. Hardcastle shows that all funds collected by both fed pac and state pac are from the same solicitable class. There is a class which is composed only of administrative or executive officers, directors, and their immediate families of the TBA's members bank. Although under Tennessee state law, the state pac could receive contributions from corporations or the banks which would not be permitted to the fed pac by 2 U.S.C. §441(b)(a), the state pac in fact does not receive such contributions.

The solicitation of the solicitable class is completed only with the assistance and approval of the member bank's CEO. The solicitation brochure

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notes that the funds are being collected for use in, and may be used in, a federal election, as required by 11 C.F.R. 102.5(a)(2). The request of those individuals who designate that funds are only for federal or state purposes are honored. Until the funds are actually deposited into either the state pac account or the federal pac account they are indistinguishable.

ALTHOUGH TBA'S TRANSFER OF FUNDS FROM THE STATE PAC TO THE FED PAC
MAY BE A TECHNICAL VIOLATION OF 11 C.F.R. §102.5(a)(1)(i),
THE INTENT OF THE SECTION IS TO PROHIBIT TRANSFERS FROM SOURCES
NOT PERMITTED UNDER FEDERAL LAW

11 C.F.R. §102.5(a)(1) permits an organization to either establish under (i) two separate funds, one of which is registered as a federal account and accepts "only funds subject to the prohibitions and limitations of the Act," or under(ii) to establish only one account which receives contributions for use in connection with federal or non-federal elections and accepts "only contributions subject to the prohibitions and limitations of the Act."

As noted by the Commission's General Counsel, 11 C.F.R. §102.5(a)(1)(i) with regard to an organization which has two separate accounts provides that "no transfer may be made to such federal account from any other account(s) maintained by such organization for the purpose of financing activity in connection with non-federal elections." Such federal account refers to the sentence above which permits "only funds subject to the prohibitions and limitations of the Act [to be] deposited in such separate federal account." The intent is to prohibit the transfer to federal accounts of funds which are not subject to the prohibitions and limitations of the Act. The presumption underlying the

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prohibition against transfers is that the non-federal account would contain funds which did not meet the prohibitions and limitations of the Act, and therefore allow the use of funds from sources not permitted by the Act.

The prohibition does not contemplate that, except for registration by one account, both accounts would receive only funds subject to the prohibitions and limitation of the Act. The purpose of the TBA in detailing its solicitation procedure is to show that only funds which were subject to the prohibitions and limitations of the Act were available for transfer and that no funds which violated the Act were placed in the federal account. This is not to suggest that technical violation of 11 C.F.R. §102.5(a)(1)(i) may not have occurred, but that it was not a violation which was contrary to the intent of the section in prohibiting the transfer into a federal account of funds from sources not permitted under federal law.

THE COMMISSION'S REGULATIONS AND ADVISORY OPINIONS

REAFFIRM THAT THE INTENT OF THE ACT IS NOT TO PROHIBIT ALL TRANSFERS,
BUT ONLY TO PROHIBIT THOSE TRANSFERS FROM SOURCES NOT PERMITTED

11 C.F.R. §102.6(b) specifically permits transfers to a federal account by permitting a committee to act as a collecting agent. A committee acting as a collecting agent, however, is limited to funds which are subject to the prohibitions and limitations of the Act. In addition, the contributions from the collecting agent are reported as if they were made directly to the federal account.

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The Commission in several of its Advisory Opinions has permitted the transfer of funds from state pacs to federal pacs under certain circumstances. In AO 1984-31, the Commission permitted a transfer of funds from state pac to federal pac where the state pac funds were collected from stockbrokers and executive administrative personnel. The Commission notes that while normally such a transfer would cause the state pac to become a political committee under the Act, "because your corporation has already established a federal pac, if state pac acts as a collecting agent, such a transfer may be made through the state account without the state committee becoming a political committee with a reporting obligation to the Commission." The Commission, in addition, required the committee to obtain the contributors' authorization stating their intent to make a contribution to the federal pac and to report the contributions.

In AO 1982-52, the Commission permitted a state campaign committee to transfer funds to a federal campaign committee to the extent funds were not received from prohibited sources and do not exceed the contribution limits of parties that have already contributed to the federal committee.

In AO 1981-21, the Commission permitted an employee to authorize a transfer of his contributions from his account with a state pac to a federal pac, so long as the contribution limitations are not exceeded.

In AO 1985-2 and AO 1984-46, the Commission permitted transfer of funds from state campaign committees to federal campaign committees to help in paying off debts if the contribution limitations are observed. The Commission also required the committee to meet the committee's regulations with regard to

permissible sources and limitation amounts, to exclude funds from non-permissible sources, and to report the contributors.

It is clear from a review of the Commission's regulations and its Advisory Opinions that it does hold to the position that all transfers are prohibited. The Commission has taken the position that it will approve transfers from non-federal accounts to federal accounts in instances where it can determine that only funds from permissible sources are used, where the individuals involved are aware that their contributions will be used for federal purposes, where the contributions do not exceed the individual's limitations, and where there is a reporting.

The TBA submits that based on the actions of the Commission, the intent that the Commission gives to 11 C.F.R. §102.5(a)(1)(i) is that it does not prohibit all transfers, but only those transfers from sources not permitted by the Act.

Applying this reasoning to the transfer by the TBA from its state pac to its fed pac is not to suggest that the transfer was permissible, but to indicate that a substantive violation of the intent of the Act did not occur since funds which were not permissible under the Act were not involved. The TBA submits that the elements indicated by the Commission in its Advisory Opinions as necessary to permit a transfer from a state pac to a federal pac were present, except reporting. As indicated in the statement by John B. Hardcastle, all funds collected by both the state pac and fed pac are from a solicitable class, that no funds not permitted by the Act are received, and that the individuals are advised that their contributions may be used for federal election purposes.

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It is unlikely that the individual's contribution limitations would be reached since it is rare for BankPac to receive contributions in excess of \$100 from any individual. The only requirement not present in the transfer was one of reporting. When advised by RAD that reporting was required and given the option to either report or reverse the transfer, the TBA elected to reverse the transfer.

CONCLUSION

Although the transfer from state pac to fed pac may be a technical violation of 11 C.F.R. §102.5(a)(1)(i), it is submitted by the TBA that the intent of such section is not absolute in prohibiting all transfers, but rather to prohibit the transfer of funds not permissible under the Act. The funds in the questioned transfer, but for the fact that they were placed initially in the state pac account, were funds which were permissible under the Act.

The TBA has cooperated with RAD in reversing the transfer and there is no further obligation outstanding. In complying with RAD's request to reverse the transfer, the TBA should not be penalized for failing to elect not to register and thereby create multiple federal pacs.

For these reasons, the TBA submits there is no need for additional action by the Commission in regard to this matter.

Respectfully submitted,



TIMOTHY L. AMOS

General Counsel

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STATEMENT OF JOHN B. HARDCASTLE

TREASURER, TENNESSEE BANKPAC

The Tennessee Bankers Association operates Tennessee BankPac to permit Tennessee's bank executive or administrative officers and directors to participate in the political process, both at the federal and state levels. Because some of the contributions will be used for federal purposes, BankPac collects funds in compliance with the federal election laws. By using procedures which comply with federal law, BankPac can use one solititation and avoid the unnecessary duplication of multiple solicitation forms or procedures.

Contributions to Tennessee BankPac (both state and federal) are collected only from executive or administrative officers and directors of our member banks. No contributions are received from the banks themselves or other corporations. Contribution checks which are drawn on corporations or cashiers checks which do not designate the individual contributor are returned.

No direct solicitation of bank personnel is made by the committee. The solicitation is conducted only through the chief executive officer of each bank. The process is initiated by sending the CEO a request for approval to solicit BankPac funds. Upon a response from the CEO, the CEO is provided with BankPac brochures in order to conduct the solicitation in his bank.

As noted in the brochure, all contributions are voluntary. The brochure used in the solicitation states:

"Contributions to Tennessee BANKPAC are strictly voluntary and participation or non-participation in no way reflects on your progress within your bank. Any membership categories are only suggestions."

Since only one fund raising campaign is used, individuals are given notice that the contributions may be used for federal election purposes. The brochure states:

"Your contributions may be used in whole or in part for candidates for political office on either a state or national level, or both as decided by the committee."

If an individual designated that his contribution was to be used only for state or federal purposes, that request is honored. In actuality, very few individuals make any designation. The committee has generally deposited CEO contributions in the federal pac and all other contributions in the state pac.

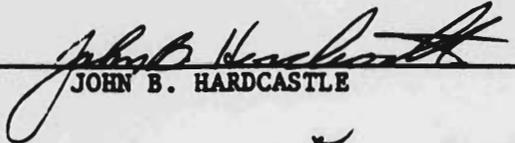
This procedure is designed to permit only funds which are eligible under the federal act to be used for federal election purposes, and to assure that funds are collected in compliance with federal law.

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STATE OF TENNESSEE

COUNTY OF DAVIDSON

I, John B. Hardcastle, being first duly sworn, make oath that the foregoing is true and correct to the best of my knowledge, information and belief.



JOHN B. HARDCASTLE

Sworn to and subscribed before me, this 10~~th~~ day of December, 1985.



NOTARY PUBLIC
My Commission Expires Oct. 24, 1988

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FEDERAL ELECTION COMMISSION

WASHINGTON, D C 20463

Timothy L. Amos, Esquire
General Counsel
Tennessee Bankers Association
21st Floor - Life and Casualty Tower
Nashville, Tennessee 37219

RE: MUR 2098
Tennessee Bankers Association
Federal Political Action
Committee

Dear Mr. Amos:

On October 29, 1985, the Commission found reason to believe that Tennessee Bankers Association Federal Political Action Committee violated 11 C.F.R. § 102.5(a)(1)(i). At your request, the Commission determined on _____, 198 , to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Charles Snyder, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Charles N. Steele
General Counsel

BY: Kenneth A. Gross
Associate General Counsel

Enclosure

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Tennessee Bankers Association

21st floor • life and casualty tower • nashville, tennessee 37219 • (615) 244-4871 • robert m. gilliam, executive vice-president

GC 12/9/85

December 10, 1985

Mr. Charles Snyder
Office of the General Counsel
Federal Election Commission
325 K Street, N.W.
Washington, D.C. 20463

RE: MUR 2098
Tennessee Bankers Association
Federal Political Action Committee

RECEIVED
FEDERAL ELECTION COMMISSION
GENERAL COUNSEL
25 DEC 12 2 44:16

Dear Mr. Snyder:

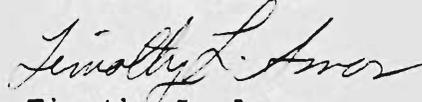
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Sincerely yours,



Timothy L. Amos
General Counsel

TLA/mms

Enclosure

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FEDERAL POLITICAL ACTION COMMITTEE TO
GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

INTRODUCTION

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It is the further contention that because the funds transferred to the fed pac were funds which would meet the requirements of the Commission's

regulations, that funds not permissible for use for federal purposes were in fact, not used for federal purposes; that the TBA complied with the request of RAD in reversing the transfer; that there is no outstanding obligation of the fed pac to the state pac with regard to the transfer; that no continuing violation, if any, exists; and, that if a violation of 11 C.F.R. §102.5(a)(1)(i) occurred, it was one of a technical nature and did not violate the spirit of the Commission's rules. Therefore, the TBA would submit that the Commission does not need to take any further action with regard to its prior determination.

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prohibition against transfers is that the non-federal account would contain funds which did not meet the prohibitions and limitations of the Act, and therefore allow the use of funds from sources not permitted by the Act.

The prohibition does not contemplate that, except for registration by one account, both accounts would receive only funds subject to the prohibitions and limitation of the Act. The purpose of the TBA in detailing its solicitation procedure is to show that only funds which were subject to the prohibitions and limitations of the Act were available for transfer and that no funds which violated the Act were placed in the federal account. This is not to suggest that technical violation of 11 C.F.R. §102.5(a)(1)(i) may not have occurred, but that it was not a violation which was contrary to the intent of the section in prohibiting the transfer into a federal account of funds from sources not permitted under federal law.

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BUT ONLY TO PROHIBIT THOSE TRANSFERS FROM SOURCES NOT PERMITTED

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permissible sources and limitation amounts, to exclude funds from non-permissible sources, and to report the contributors.

It is clear from a review of the Commission's regulations and its Advisory Opinions that it does hold to the position that all transfers are prohibited. The Commission has taken the position that it will approve transfers from non-federal accounts to federal accounts in instances where it can determine that only funds from permissible sources are used, where the individuals involved are aware that their contributions will be used for federal purposes, where the contributions do not exceed the individual's limitations, and where there is a reporting.

The TBA submits that based on the actions of the Commission, the intent that the Commission gives to 11 C.F.R. §102.5(a)(1)(i) is that it does not prohibit all transfers, but only those transfers from sources not permitted by the Act.

Applying this reasoning to the transfer by the TBA from its state pac to its fed pac is not to suggest that the transfer was permissible, but to indicate that a substantive violation of the intent of the Act did not occur since funds which were not permissible under the Act were not involved. The TBA submits that the elements indicated by the Commission in its Advisory Opinions as necessary to permit a transfer from a state pac to a federal pac were present, except reporting. As indicated in the statement by John B. Hardcastle, all funds collected by both the state pac and fed pac are from a solicitable class, that no funds not permitted by the Act are received, and that the individuals are advised that their contributions may be used for federal election purposes.

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It is unlikely that the individual's contribution limitations would be reached since it is rare for BankPac to receive contributions in excess of \$100 from any individual. The only requirement not present in the transfer was one of reporting. When advised by RAD that reporting was required and given the option to either report or reverse the transfer, the TBA elected to reverse the transfer.

CONCLUSION

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The TBA has cooperated with RAD in reversing the transfer and there is no further obligation outstanding. In complying with RAD's request to reverse the transfer, the TBA should not be penalized for failing to elect not to register and thereby create multiple federal pacs.

For these reasons, the TBA submits there is no need for additional action by the Commission in regard to this matter.

Respectfully submitted,



TIMOTHY L. AMOS

General Counsel

26040361381

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TREASURER, TENNESSEE BANKPAC

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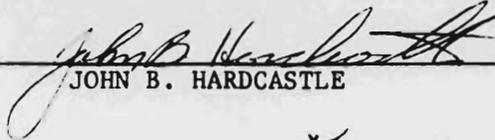
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STATE OF TENNESSEE

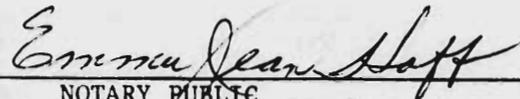
COUNTY OF DAVIDSON

I, John B. Hardcastle, being first duly sworn, make oath that the foregoing is true and correct to the best of my knowledge, information and belief.



JOHN B. HARDCASTLE

Sworn to and subscribed before me, this 10th day of December, 1985.



NOTARY PUBLIC
My Commission Expires Oct. 24, 1988

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GENERAL COUNSEL

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Tennessee Bankers Association

21st floor • life and casualty tower • nashville, tennessee 37219 • (615) 244-4871 • robert m. gilliam, executive vice-president

December 10, 1985

Mr. Edward Ryan
Reports Analyst
Federal Election Commission
325 K. Street, N.W.
Washington, D.C. 20463

RE: Identification Number C00041236
Tennessee Bankers Association
Federal Political Action Committee

Dear Mr. Ryan:

Earlier this year, you questioned transfers from our state pac to the fed pac appearing in our 1983 mid-year and 1984 October quarterly reports. At your request, these transfers were reversed and you were notified of the completion of the reversal on October 2, 1985.

Subsequent to our compliance with your requests in reversing the transfers, the Commission on the recommendation of the Office of the General Counsel, made a determination that there was reason to believe that the transfers violated 11 C.F.R. §102.5(a)(1)(i).

I am enclosing a copy of our response to the General Counsel's Factual and Legal Analysis and a Statement of John B. Hardcastle, Treasurer, for your information.

Sincerely yours,

Timothy L. Amos
General Counsel

TLA/mms

Enclosure

100-104000-0000

RESPONSE OF THE TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE TO
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It is the contention of the TBA that not only did the state pac not transfer bank or corporate contributions prohibited by 2 U.S.C. §441b(a), but that the contributions that it did transfer were within the requirements of 11 C.F.R. §102.5(a)(2)(i)(ii) and (iii).

It is the further contention that because the funds transferred to the fed pac were funds which would meet the requirements of the Commission's

regulations, that funds not permissible for use for federal purposes were in fact, not used for federal purposes; that the TBA complied with the request of RAD in reversing the transfer; that there is no outstanding obligation of the fed pac to the state pac with regard to the transfer; that no continuing violation, if any, exists; and, that if a violation of 11 C.F.R. §102.5(a)(1)(i) occurred, it was one of a technical nature and did not violate the spirit of the Commission's rules. Therefore, the TBA would submit that the Commission does not need to take any further action with regard to its prior determination.

FUNDS CONTRIBUTED TO BANKPAC AND DEPOSITED IN THE STATE PAC
ACCOUNT MEET THE REQUIREMENTS FOR DEPOSIT IN THE FED PAC ACCOUNT

Attached to this response is a statement of John B. Hardcastle, BankPac Treasurer. The statement of Mr. Hardcastle is submitted to fully outline the solicitation procedure in order to demonstrate compliance with the Commission's rules.

The statement of Mr. Hardcastle shows that all funds collected by both fed pac and state pac are from the same solicitable class. There is a class which is composed only of administrative or executive officers, directors, and their immediate families of the TBA's members bank. Although under Tennessee state law, the state pac could receive contributions from corporations or the banks which would not be permitted to the fed pac by 2 U.S.C. §441(b)(a), the state pac in fact does not receive such contributions.

The solicitation of the solicitable class is completed only with the assistance and approval of the member bank's CEO. The solicitation brochure

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notes that the funds are being collected for use in, and may be used in, a federal election, as required by 11 C.F.R. 102.5(a)(2). The request of those individuals who designate that funds are only for federal or state purposes are honored. Until the funds are actually deposited into either the state pac account or the federal pac account they are indistinguishable.

ALTHOUGH TBA'S TRANSFER OF FUNDS FROM THE STATE PAC TO THE FED PAC
MAY BE A TECHNICAL VIOLATION OF 11 C.F.R. §102.5(a)(1)(1),
THE INTENT OF THE SECTION IS TO PROHIBIT TRANSFERS FROM SOURCES
NOT PERMITTED UNDER FEDERAL LAW

11 C.F.R. §102.5(a)(1) permits an organization to either establish under (i) two separate funds, one of which is registered as a federal account and accepts "only funds subject to the prohibitions and limitations of the Act," or under(ii) to establish only one account which receives contributions for use in connection with federal or non-federal elections and accepts "only contributions subject to the prohibitions and limitations of the Act."

As noted by the Commission's General Counsel, 11 C.F.R. §102.5(a)(1)(i) with regard to an organization which has two separate accounts provides that "no transfer may be made to such federal account from any other account(s) maintained by such organization for the purpose of financing activity in connection with non-federal elections." Such federal account refers to the sentence above which permits "only funds subject to the prohibitions and limitations of the Act [to be] deposited in such separate federal account." The intent is to prohibit the transfer to federal accounts of funds which are not subject to the prohibitions and limitations of the Act. The presumption underlying the

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prohibition against transfers is that the non-federal account would contain funds which did not meet the prohibitions and limitations of the Act, and therefore allow the use of funds from sources not permitted by the Act.

The prohibition does not contemplate that, except for registration by one account, both accounts would receive only funds subject to the prohibitions and limitation of the Act. The purpose of the TBA in detailing its solicitation procedure is to show that only funds which were subject to the prohibitions and limitations of the Act were available for transfer and that no funds which violated the Act were placed in the federal account. This is not to suggest that technical violation of 11 C.F.R. §102.5(a)(1)(i) may not have occurred, but that it was not a violation which was contrary to the intent of the section in prohibiting the transfer into a federal account of funds from sources not permitted under federal law.

THE COMMISSION'S REGULATIONS AND ADVISORY OPINIONS

REAFFIRM THAT THE INTENT OF THE ACT IS NOT TO PROHIBIT ALL TRANSFERS,
BUT ONLY TO PROHIBIT THOSE TRANSFERS FROM SOURCES NOT PERMITTED

11 C.F.R. §102.6(b) specifically permits transfers to a federal account by permitting a committee to act as a collecting agent. A committee acting as a collecting agent, however, is limited to funds which are subject to the prohibitions and limitations of the Act. In addition, the contributions from the collecting agent are reported as if they were made directly to the federal account.

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The Commission in several of its Advisory Opinions has permitted the transfer of funds from state pacs to fed pacs under certain circumstances. In AO 1984-31, the Commission permitted a transfer of funds from state pac to fed pac where the state pac funds were collected from stockbrokers and executive administrative personnel. The Commission notes that while normally such a transfer would cause the state pac to become a political committee under the Act, "because your corporation has already established a federal pac, if state pac acts as a collecting agent, such a transfer may be made through the state account without the state committee becoming a political committee with a reporting obligation to the Commission." The Commission, in addition, required the committee to obtain the contributors' authorization stating their intent to make a contribution to the federal pac and to report the contributions.

In AO 1982-52, the Commission permitted a state campaign committee to transfer funds to a federal campaign committee to the extent funds were not received from prohibited sources and do not exceed the contribution limits of parties that have already contributed to the federal committee.

In AO 1981-21, the Commission permitted an employee to authorize a transfer of his contributions from his account with a state pac to a federal pac, so long as the contribution limitations are not exceeded.

In AO 1985-2 and AO 1984-46, the Commission permitted transfer of funds from state campaign committees to federal campaign committees to help in paying off debts if the contribution limitations are observed. The Commission also required the committee to meet the committee's regulations with regard to

permissible sources and limitation amounts, to exclude funds from non-permissible sources, and to report the contributors.

It is clear from a review of the Commission's regulations and its Advisory Opinions that it does hold to the position that all transfers are prohibited. The Commission has taken the position that it will approve transfers from non-federal accounts to federal accounts in instances where it can determine that only funds from permissible sources are used, where the individuals involved are aware that their contributions will be used for federal purposes, where the contributions do not exceed the individual's limitations, and where there is a reporting.

The TBA submits that based on the actions of the Commission, the intent that the Commission gives to 11 C.F.R. §102.5(a)(1)(i) is that it does not prohibit all transfers, but only those transfers from sources not permitted by the Act.

Applying this reasoning to the transfer by the TBA from its state pac to its fed pac is not to suggest that the transfer was permissible, but to indicate that a substantive violation of the intent of the Act did not occur since funds which were not permissible under the Act were not involved. The TBA submits that the elements indicated by the Commission in its Advisory Opinions as necessary to permit a transfer from a state pac to a federal pac were present, except reporting. As indicated in the statement by John B. Hardcastle, all funds collected by both the state pac and fed pac are from a solicitable class, that no funds not permitted by the Act are received, and that the individuals are advised that their contributions may be used for federal election purposes.

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It is unlikely that the individual's contribution limitations would be reached since it is rare for BankPac to receive contributions in excess of \$100 from any individual. The only requirement not present in the transfer was one of reporting. When advised by RAD that reporting was required and given the option to either report or reverse the transfer, the TBA elected to reverse the transfer.

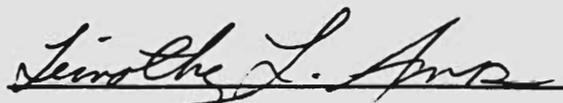
CONCLUSION

Although the transfer from state pac to fed pac may be a technical violation of 11 C.F.R. §102.5(a)(1)(i), it is submitted by the TBA that the intent of such section is not absolute in prohibiting all transfers, but rather to prohibit the transfer of funds not permissible under the Act. The funds in the questioned transfer, but for the fact that they were placed initially in the state pac account, were funds which were permissible under the Act.

The TBA has cooperated with RAD in reversing the transfer and there is no further obligation outstanding. In complying with RAD's request to reverse the transfer, the TBA should not be penalized for failing to elect not to register and thereby create multiple federal pacs.

For these reasons, the TBA submits there is no need for additional action by the Commission in regard to this matter.

Respectfully submitted,



TIMOTHY L. AMOS

General Counsel

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STATEMENT OF JOHN B. HARDCASTLE

TREASURER, TENNESSEE BANKPAC

The Tennessee Bankers Association operates Tennessee BankPac to permit Tennessee's bank executive or administrative officers and directors to participate in the political process, both at the federal and state levels. Because some of the contributions will be used for federal purposes, BankPac collects funds in compliance with the federal election laws. By using procedures which comply with federal law, BankPac can use one solititation and avoid the unnecessary duplication of multiple solicitation forms or procedures.

Contributions to Tennessee BankPac (both state and federal) are collected only from executive or administrative officers and directors of our member banks. No contributions are received from the banks themselves or other corporations. Contribution checks which are drawn on corporations or cashiers checks which do not designate the individual contributor are returned.

No direct solicitation of bank personnel is made by the committee. The solicitation is conducted only through the chief executive officer of each bank. The process is initiated by sending the CEO a request for approval to solicit BankPac funds. Upon a response from the CEO, the CEO is provided with BankPac brochures in order to conduct the solicitation in his bank.

As noted in the brochure, all contributions are voluntary. The brochure used in the solicitation states:

"Contributions to Tennessee BANKPAC are strictly voluntary and participation or non-participation in no way reflects on your progress within your bank. Any membership categories are only suggestions."

Since only one fund raising campaign is used, individuals are given notice that the contributions may be used for federal election purposes. The brochure states:

"Your contributions may be used in whole or in part for candidates for political office on either a state or national level, or both as decided by the committee."

If an individual designated that his contribution was to be used only for state or federal purposes, that request is honored. In actuality, very few individuals make any designation. The committee has generally deposited CEO contributions in the federal pac and all other contributions in the state pac.

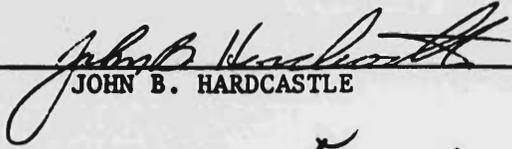
This procedure is designed to permit only funds which are eligible under the federal act to be used for federal election purposes, and to assure that funds are collected in compliance with federal law.

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STATE OF TENNESSEE

COUNTY OF DAVIDSON

I, John B. Hardcastle, being first duly sworn, make oath that the foregoing is true and correct to the best of my knowledge, information and belief.



JOHN B. HARDCASTLE

Sworn to and subscribed before me, this 10th day of December, 1985.



NOTARY PUBLIC
My Commission Expires Oct. 24, 1988

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First Class Mail

TENNESSEE BANKERS ASSOCIATION
TWENTY FIRST FLOOR
LIFE AND CASUALTY TOWER
NASHVILLE, TENNESSEE 37219

Edward Ryan
Reports Analyst
Federal Election Commission
325 K. Street, N.W.
Washington, D.C. 20463

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 5, 1985

Mr. Timothy L. Amos
General Counsel
Tennessee Bankers Association
21st Floor - Life and Casualty Tower
Nashville, Tennessee 37219

RE: MUR 2098
Tennessee Bankers Association
Federal Political Action
Committee and John B.
Hardcastle, as treasurer

Dear Mr. Amos:

This is in reference to your letter dated November 15, 1985, requesting an extension to respond to the Commission's finding of reason to believe a violation occurred in this matter. After considering the circumstances presented in your letter, the Commission has determined to grant you an extension. Accordingly, your response will be due on December 9, 1985.

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

Sincerely,

Charles N. Steele
General Counsel


BY: Kenneth A. Gross
Associate General Counsel

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Tennessee Bankers Association

21st floor • life and casualty tower • nashville, tennessee 37219 • (615) 244-4871 • robert m. gilliam, executive vice-president

November 15, 1985

Mr. Charles Snyder
Office of the General Counsel
Federal Election Commission
325 K Street, N.W.
Washington, D.C. 20463

RE: MUR 2098
Tennessee Bankers Association
Federal Political Action Committee

NOV 18
ALL: 34

Dear Mr. Snyder:

This is in response to the Commission's letter of November 6, 1985 and our telephone conversation yesterday.

It is our intent to request pre-probable cause conciliation. In doing so, I would like an opportunity to provide you with the information regarding our solicitation procedures that we discussed. Also, paragraph 2 of the Commission's letter requests "answers to the enclosed questions." However, no questions were enclosed.

In order to provide you with the additional information, I am asking that you provide me with an extension of time to do so. I will also need a copy of any specific questions that you may wish answered.

In our earlier dealings with the Reports Analysis Division, we demonstrated our good faith by promptly responding to the correspondence of the Division, both orally and in writing, and by promptly reversing the questioned transfer to the extent possible and completing that transfer as soon as possible. As you will note, the transfer was completed on September 30. Because of our demonstrated good faith in our dealings with the Reports Analysis Division, the fact that our transfer has been completed and our willingness to enter into the pre-probable cause conciliation, we believe that an extension of time to provide additional information is warranted.

If you are unable to provide me with the requested extension, please advise me by telephone as soon as possible and I will attempt to provide you with a response even though I expect to be out of the office Tuesday - Thursday of next week due to a meeting of the Independent Bankers Division of the Association.

Sincerely yours,
Timothy L. Amos
Timothy L. Amos
General Counsel

TLA/mms

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Tennessee Bankers Association

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Mr. Charles Snyder
Office of the General Counsel
Federal Election Commission
325 K Street, N.W.
Washington, D.C. 20463

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 6, 1985

John B. Hardcastle, Treasurer
Tennessee Bankers Association
Federal Political Action Committee
Life & Casualty Tower, 21st Floor
Nashville, Tenn. 37219

RE: MUR 2098
Tennessee Bankers Association
Federal Political Action Committee and
John B. Hardcastle, as treasurer

Dear Mr. Hardcastle:

On October 29, 1985, the Federal Election Commission determined that there is reason to believe the Tennessee Bankers Association Federal Political Action Committee and you, as treasurer, violated 11 C.F.R. § 102.5(a)(1)(i), a provision of the Commission's regulations. 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 and the committee. 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 answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you your committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or

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John B. Hardcasetle, Treasurer
Page 2

recommending declining that pre-probable casue conciliation be pursued. The Office of General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

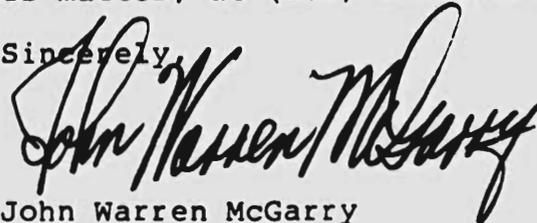
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of General Counsel is not authorized to give extensions beyond 20 days.

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 Charles Snyder, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,



John Warren McGarry
Chairman

CS #1

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

John B. Hardcastle, Treasurer
Tennessee Bankers Association
Federal Political Action Committee
Life & Casualty Tower, 21st Floor
Nashville, Tenn. 37219

RE: MUR
Tennessee Bankers Association
Federal Political Action Committee and
John B. Hardcastle, as treasurer

Dear Mr. Hardcastle:

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Under the Act, you have an opportunity to demonstrate that no action should be taken against you and the committee. 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 answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you your committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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John B. Hardcasetle, Treasurer
Page 2

recommending declining that pre-probable casue conciliation be pursued. The Office of General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of General Counsel is not authorized to give extensions beyond 20 days.

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 Charles Snyder, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

John Warren McGarry
Chairman

CS #1

John Warren McGarry

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GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Tennessee Bankers Association Federal
Political Action Committee and John B.
Hardcastle, as treasurer

SUMMARY OF ALLEGATIONS

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The Tennessee Bankers Association ("TBA") has established two separate segregated funds: the TBA Federal Political Action Committee ("FED PAC") and the TBA State Political Action Committee ("State PAC"). FED PAC's 1984 October Quarterly Report revealed receipt of a \$6,177 contribution from State PAC. RAD advised the treasurer of FED PAC that this transfer violated 11 C.F.R. § 102.5(a)(1)(i). RAD recommended that FED PAC return the contribution, or that State PAC register and report as a political committee. TBA's counsel chose the first option. FED PAC issued a check to State PAC in the amount of \$5,000, and pledged to repay the rest as soon as possible, and, in the meanwhile, to list as a debt on its reports the remaining obligation to State PAC.

RAD made the foregoing recommendation because State PAC, by transferring funds to a federal committee, itself became a political committee under the Act. AO 1983-3. Rather than complying with the registration and reporting requirements of the Act, State PAC had the option of receiving a full refund from FED PAC. AO 1982-46. TBA's counsel chose to make the refund, rather than to file reports concerning all of State PAC's transactions during the preceding two and one-half years. Thus TBA acted in accordance with RAD's suggestion that State PAC could "avoid the

registration and reporting requirements of the Act" by rescinding the transaction that had given rise to its status as a political committee. See AO 1982-46.

FACTUAL AND LEGAL ANALYSIS

FED PAC, as a political committee, may not accept any contributions prohibited by the Federal Election Campaign Act, 2 U.S.C. § 431 et seq. ("the Act"). State PAC, on the other hand, was set up to contribute funds to candidates running for state office in Tennessee, and, in connection with such activity, would be subject only to the restrictions imposed by the law of the State of Tennessee. Tennessee law would in fact permit State PAC to accept contributions from some of the sources (e.g. unions, but not corporations or banks) that would be prohibited to a political committee under the Act.

That fact notwithstanding, TBA's counsel stated in a letter to RAD dated May 7, 1985:

[C]ontributions to the state PAC are collected only from officers and directors of our member banks in a solicitation for PAC funds only through the chief executive officer of each bank. No direct solicitation is made to the officers of the banks nor is solicitation made to the employees of the bank. All contributions are voluntary. Contributions are made with the clear understanding that, unless otherwise designated, they may be deposited in either the state or federal PAC.... At no time are contributions received from the banks themselves or other corporations.

It would appear, therefore, that FED PAC did not receive from State PAC any funds that originated with sources prohibited

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by 2 U.S.C. § 441b(a). There remains, however, an apparent violation of 11 C.F.R. § 102.5. The pertinent regulation states that, where an organization has established a separate account for use in connection with Federal elections, "No transfers may be made to such federal account from any other account(s) maintained by such organization for the purpose of financing activity in connection with non-federal elections." 11 C.F.R. § 102.5(a)(1)(i). The transfer that gave rise to the present inquiry directly violates that regulation. The Office of the General Counsel recommends, therefore, that the Commission find reason to believe respondents violated 11 C.F.R. § 102.5(a)(1)(i).

CS #1

35040561404

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Tennessee Bankers Association) RAD #85L-26 M 2078
Federal Political Action)
Committee and John B.)
Hardcastle, as treasurer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of October 29, 1985, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in RAD #85L-26:

1. Find reason to believe that the Tennessee Bankers Association Federal Political Action Committee and John B. Hardcastle, as treasurer, violated 11 C.F.R. § 102.5(a)(1)(i).
2. Approve and send the letter and General Counsel's Factual and Legal Analysis attached to the report dated October 21, 1985.

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

Attest:

10-30-85

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL
FROM: MARJORIE W. EMMONS/ CHERYL A. FLEMING *CAF*
DATE: OCTOBER 23, 1985
SUBJECT: OBJECTION - RAD Ref. 85L-26: First General
Counsel's Report

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

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

Commissioner Aikens	<u> X </u>
Commissioner Elliott	<u> </u>
Commissioner Harris	<u> </u>
Commissioner Josefiak	<u> </u>
Commissioner McDonald	<u> </u>
Commissioner McGarry	<u> </u>

This matter will be placed on the Executive Session agenda for Tuesday, October 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 *rd*
DATE: October 22, 1985
SUBJECT: RAD Ref. 85L-26: First General Counsel's Rpt.

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

CIRCULATIONS		DISTRIBUTION	
48 Hour Tally Vote	<input checked="" type="checkbox"/>	Compliance	<input checked="" type="checkbox"/>
Sensitive	<input checked="" type="checkbox"/>	Audit Matters	<input type="checkbox"/>
Non-Sensitive	<input type="checkbox"/>	Litigation	<input type="checkbox"/>
24 Hour No Objection	<input type="checkbox"/>	Closed MUR Letters	<input type="checkbox"/>
Sensitive	<input type="checkbox"/>	Status Sheets	<input type="checkbox"/>
Non-Sensitive	<input type="checkbox"/>	Advisory Opinions	<input type="checkbox"/>
Information	<input type="checkbox"/>	Other (see distribution below)	<input type="checkbox"/>
Sensitive	<input type="checkbox"/>		
Non-Sensitive	<input type="checkbox"/>		
Other	<input type="checkbox"/>		
_____		_____	
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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 RAD# 85L-26
STAFF MEMBER: Snyder

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

RESPONDENTS' NAMES: Tennessee Bankers Association Federal
Political Action Committee and
John B. Hardcastle, as treasurer

RELEVANT STATUTES: 2 U.S.C. § 441b
11 C.F.R. § 102.5(a)

INTERNAL REPORTS CHECKED: T.B.A. Federal Political Action
Committee Reports

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

The Reports Analysis Division ("RAD") referred this inquiry to the Office of the General Counsel on the grounds that the Tennessee Bankers Association Federal Political Action Committee and John B. Hardcastle, as treasurer, may have accepted contributions solicited not in accordance with 2 U.S.C. § 441b(b)(4)(D).

SUMMARY OF ALLEGATIONS

The Tennessee Bankers Association ("TBA") has established two separate segregated funds: the TBA Federal Political Action Committee ("FED PAC") and the TBA State Political Action Committee ("State PAC"). FED PAC's 1984 October Quarterly Report revealed receipt of a \$6,177 contribution from State PAC. RAD advised the treasurer of FED PAC that this transfer violated 11 C.F.R. § 102.5(a)(1)(i). RAD recommended that FED PAC return

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REC'D
GENERAL COUNSEL
OFFICE

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the contribution, or that State PAC register and report as a political committee. TBA's counsel chose the first option. FED PAC issued a check to State PAC in the amount of \$5,000, and pledged to repay the rest as soon as possible, and, in the meanwhile, to list as a debt on its reports the remaining obligation to State PAC.

RAD made the foregoing recommendation because State PAC, by transferring funds to a federal committee, itself became a political committee under the Act. AO 1983-3. Rather than complying with the registration and reporting requirements of the Act, State PAC had the option of receiving a full refund from FED PAC. AO 1982-46. TBA's counsel chose to make the refund, rather than to file reports concerning all of State PAC's transactions during the preceding two and one-half years. Thus TBA acted in accordance with RAD's suggestion that State PAC could "avoid the registration and reporting requirements of the Act" by rescinding the transaction that had given rise to its status as a political committee. See AO 1982-46.

FACTUAL AND LEGAL ANALYSIS

FED PAC, as a political committee, may not accept any contributions prohibited by the Federal Election Campaign Act, 2 U.S.C. § 431 et seq. ("the Act"). State PAC, on the other hand, was set up to contribute funds to candidates running for state office in Tennessee, and, in connection with such activity, would be subject only to the restrictions imposed by the law of

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the State of Tennessee. Tennessee law would in fact permit State PAC to accept contributions from some of the sources (e.g. unions, but not corporations or banks) that would be prohibited to a political committee under the Act.

That fact notwithstanding, TBA's counsel stated in a letter to RAD dated May 7, 1985:

[C]ontributions to the state PAC are collected only from officers and directors of our member banks in a solicitation for PAC funds only through the chief executive officer of each bank. No direct solicitation is made to the officers of the banks nor is solicitation made to the employees of the bank. All contributions are voluntary. Contributions are made with the clear understanding that, unless otherwise designated, they may be deposited in either the state or federal PAC.... At no time are contributions received from the banks themselves or other corporations.

(See Attachment 1).

It would appear, therefore, that FED PAC did not receive from State PAC any funds that originated with sources prohibited by 2 U.S.C. § 441b(a). There remains, however, an apparent violation of 11 C.F.R. § 102.5. The pertinent regulation states that, where an organization has established a separate account for use in connection with Federal elections, "No transfers may be made to such federal account from any other account(s) maintained by such organization for the purpose of financing activity in connection with non-federal elections." 11 C.F.R. § 102.5(a)(1)(i). The transfer that gave rise to the present

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inquiry directly violates that regulation. Section 102.5 provides a mechanism for the segregation of funds in order to prevent the commingling of contributions which may be lawful for state candidates but unlawful for federal candidates under the prohibitions of 2 U.S.C. § 441b. In addition, the maintenance of a separate political committee for federal activity which is prohibited from receiving transfers from the non-federal account fosters compliance with the statutory recordkeeping and disclosure requirements.

However, as stated, the transfer in question in this matter did not contain prohibited funds. Thus, we are recommending that there is reason to believe that 11 C.F.R. § 102.5(a) was violated consistent with the Commission's handling of MUR 1479. In that case, a transfer occurred between a non-federal account and the federal account in a state where corporate and labor contributions were prohibited and the Commission found a violation of § 102.5 although prohibited funds were not contained in the transferred monies. The Office of the General Counsel recommends, therefore, that the Commission find reason to believe respondents violated 11 C.F.R. § 102.5. See MUR 1479^{*}/

^{*}/ RAD also raised the issue whether respondents violated 2 U.S.C. § 441b(b)(4)(D) in the solicitation of funds. A review of the referral indicates, however, that there is no basis for finding respondents violated that statutory provision.

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RECOMMENDATION

1. Open a MUR.
2. Find reason to believe that the Tennessee Bankers Association Federal Political Action Committee and John B. Hardcastle, as treasurer, violated 11 C.F.R. § 102.5(a)(1)(i).
3. Approve and send the attached letter and General Counsel's Factual and Legal Analysis.

Charles N. Steele
General Counsel

October 21, 1980
Date

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

Attachments

1. Referral
2. Proposed letter to respondent
3. General Counsel's Factual and Legal Analysis

CS #1

26040561412



Attachment 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

26 June 1985

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA *15/*
STAFF DIRECTOR

FROM: JOHN D. GIBSON *gls.*
ASSISTANT STAFF DIRECTOR
REPORTS ANALYSIS DIVISION

SUBJECT: REFERRAL OF THE TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE

This is a referral of the Tennessee Bankers Association Federal Political Action Committee ("the Federal PAC") for receiving funds from its non-Federal account ("the State PAC") during 1984.

In an attempt to clarify the source of funds received from the State PAC, the Association's General Counsel has stated that the contributions were collected only from officers and directors of the member banks. It is not clear, however, if solicitations were conducted in accordance with 2 U.S.C. §441b(b)(4)(D).

For further information regarding this matter, please contact Edward Ryan or Michael Filler at 523-4048.

Attachment

85040361413

REPORTS ANALYSIS REFERRAL
TO
OFFICE OF GENERAL COUNSEL

DATE: 26 June 1985

ANALYST: Edward Ryan

I. COMMITTEE: Tennessee Bankers Association Federal
Political Action Committee (C00114447)
John B. Hardcastle, Treasurer
(December 31, 1984 - present)
John E. Southwood, Treasurer
(January 1, 1983 - December 31, 1984)
Life and Casualty Tower, 21st Floor
Nashville, TN 37219

II. RELEVANT REFERENCE: 11 CFR 102.5(a)

III. BACKGROUND:

Receipt of Funds From a Non-Federal Account

The 1984 October Quarterly Report filed by the Tennessee Bankers Association Federal Political Action Committee ("the Federal PAC") disclosed the receipt of a \$6,177 transfer from the Tennessee Bankers Association State Political Action Committee ("the State PAC") on September 28, 1984 (Attachment 2).

A Request for Additional Information ("RFAI") was sent to the Federal PAC on March 27, 1985, asking the committee to clarify whether the transfer was from an account maintained for non-Federal activity. The Federal PAC was advised that such activity is prohibited by 11 CFR 102.5, and the full amount of the transfer should be returned to the non-Federal account (Attachment 3).

A response was received on April 11, 1985 from Timothy L. Amos, General Counsel of the Tennessee Bankers Association. In that letter, Mr. Amos said that based on an April 1, 1985 telephone conversation with an analyst at the Commission, it was his understanding "...that transfers from an account maintained by the same association are permissible as long as such funds are subject to the prohibitions and limitations of the federal act."*/ Mr.

*/ There is no written record of this telephone conversation.

TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE
REPORTS ANALYSIS OGC REFERRAL
PAGE 2

Amos also explained that "[s]ince all funds solicited by the Tennessee Bankers Association for political activity are from individuals permitted by the federal act and within the amount limitations,..." he believed that no restrictions existed on the amounts transferred (Attachment 4).

A Second Notice was sent to the Federal PAC on April 18, 1985, which reiterated the prohibition on receiving funds from a non-Federal account (Attachment 5). This notice informed the Federal PAC that the Commission had stated in Advisory Opinion 1983-3 that such a transfer would be permissible only if the State PAC were to register with, and report to, the Commission as a political committee. The Federal PAC was advised that the State PAC would also be required to comply with all of the requirements regarding contributions and solicitations set forth at 11 CFR 102.5 and 114.5. The notification included a copy of the Advisory Opinion and forms to be used for registering and reporting the activity of the State PAC. Finally, the notice recommended that the Federal PAC either return the full amount of the transfer to the State PAC or register the State PAC with the Commission and file all required reports retroactively.

On April 29, 1985, a representative of the American Bankers Association ("ABA") telephoned the Chief of the Party/Non-Party Branch concerning a notice that had been received by one of the State Bank Association PACs (Attachment 6). Although the caller did not identify the committee in question, based upon the information provided, it appears that the discussion related to the political accounts of the Tennessee Bankers Association. The ABA representative stated that the Federal account of a State Bank Association had received funds from its non-Federal account. The ABA representative wished to discuss the options of registering the non-Federal account versus returning the non-Federal funds.

With respect to the option of returning the funds to the non-Federal account, the ABA representative indicated that the Federal account did not have sufficient funds on hand. The Chief of the Party/Non-Party Branch stated that, if this option were chosen, the Federal account should disclose a debt owed to the non-Federal account, and attempt to repay the funds as soon as possible.

The option of registering the non-Federal account as a political committee also had certain complications. The ABA representative indicated that it may not be possible to

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TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE
REPORTS ANALYSIS OGC REFERRAL
PAGE 3

prove that the funds in the non-Federal account were solicited in accordance with the Act and regulations. The Chief of the Party/Non-Party Branch explained that if the non-Federal account registered and only a portion of the funds was permissible, those funds which were not permissible would have to be transferred to an account not used to influence Federal elections. Regardless of the option selected, the Branch Chief advised the ABA representative to fully research the matter, in order to determine the permissibility of funds received by the Federal account.

Mr. Amos called the Reports Analysis Division ("RAD") analyst on May 3, 1985 and stated that it would be "too much trouble" to register the State PAC and disclose 2-1/2 years worth of activity. Instead, the Federal PAC would transfer the funds back to the State PAC. Since the Federal PAC did not have sufficient funds to accomplish the entire transfer-out, the RAD analyst advised Mr. Amos to list the outstanding amount as a debt owed by the Federal PAC on its next report (Attachment 7).

On May 8, 1985, a letter of explanation and a summary of the State PAC's receipts (covering 1980 through 1984) were received (Attachment 8). According to the response, the Tennessee Bankers Association believed that the transfers from the State PAC to the Federal PAC were permissible, because the contributions to the State PAC were collected only from officers and directors of the member banks in a solicitation made through the chief executive officer of each bank. The letter stated:

No direct solicitation is made to the officers of the banks nor is solicitation made to the employees of the bank. All contributions are voluntary. Contributions are made with the clear understanding that, unless otherwise designated, they may be deposited in either the state or federal PAC.

The response also indicated that contributions from the chief executive officers of the banks are deposited into the Federal PAC, while those received from all other individuals are deposited into the State PAC. Furthermore, no contributions are received from banks or other corporations. Finally, the letter stated that, although Mr. Amos believed that the collection of contributions "would comply with the federal regulations, demonstrating such compliance would be burdensome and time consuming." Thus, in lieu of

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TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE
REPORTS ANALYSIS OGC REFERRAL
PAGE 4

registering the State PAC, the Federal PAC intends to transfer \$5,000 to the State PAC immediately, and to transfer the remaining amount as soon as the funds become available.

Mr. Amos called on May 16, 1985 to inform the RAD analyst that he was about to make a partial transfer-out to the State PAC. A photocopy of the check would be sent to the Commission, and the balance owed would be disclosed as a debt on the Federal PAC's next report (Attachment 9).

On May 21, 1985, a letter and a copy of a \$5,000 check (dated May 17, 1985) were received (Attachment 10). The letter indicated that the Tennessee Bankers Association plans to begin its "...fundraising earlier than normal this year to accomodate the remaining transfer." The need to raise funds for the Federal PAC would also be discussed at the association's convention scheduled for May of this year.

IV. OTHER PENDING MATTERS INITIATED BY RAD:

None.

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 FEDERAL ELECTION COMMISSION
 COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C) (83-84)

DATE 19JUN85
 PAGE 1

NON-PARTY RELATED

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	TYPE OF FILER COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
TENNESSEE BANKERS ASSOCIATION FEDERAL POLITICAL ACTION COMMITTEE CONNECTED ORGANIZATION: BANKERS ASS'N; AMERICAN				NON-PARTY QUALIFIED		ID #C00114447
1983	MID-YEAR REPORT	3,553	7,420	1JAN83 -30JUN83	5	83FEC/270/3440
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN83 -30JUN83	1	85FEC/372/0002
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN83 -30JUN83	4	85FEC/372/0041
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN83 -30JUN83	3	85FEC/374/3897
	REQUEST FOR ADDITIONAL INFORMATION			1JAN83 -30JUN83	3	85FEC/369/0950
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JAN83 -30JUN83	2	85FEC/371/1633
	YEAR-END	10,652	10,520	1JUL83 -31DEC83	5	84FEC/296/0288
1984	APRIL QUARTERLY	53	0	1JAN84 -31MAR84	3	84FEC/307/2948
	JULY QUARTERLY	1	50	1APR84 -30JUN84	3	84FEC/320/357
	OCTOBER QUARTERLY	11,305	11,377	1JUL84 -30SEP84	5	84FEC/337/0087
	OCTOBER QUARTERLY - AMENDMENT	-	-	1JUL84 -30SEP84	2	85FEC/370/1404
	OCTOBER QUARTERLY - AMENDMENT	-	-	1JUL84 -30SEP84	1	85FEC/373/0352
	OCTOBER QUARTERLY - AMENDMENT	-	-	1JUL84 -30SEP84	1	85FEC/374/3003
	REQUEST FOR ADDITIONAL INFORMATION			1JUL84 -30SEP84	3	85FEC/369/0946
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JUL84 -30SEP84	1	85FEC/371/5448
	POST-GENERAL	4,959	0	1OCT84 -26NOV84	5	84FEC/354/0676
	YEAR-END	300	500	27NOV84 -31DEC84	4	85FEC/358/3298
	TOTAL	30,823	0	29,867	0	51 TOTAL PAGES

All reports have been reviewed.

Cash on hand as of 12/31/84 - \$5005

Debts - \$0

Attachment 1
(page 1 of 2)

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 FEDERAL ELECTION COMMISSION
 COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C) (85-86)

DATE 19JUN85
 PAGE 1

NON-PARTY RELATED

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	TYPE OF FILER COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
TENNESSEE BANKERS ASSOCIATION FEDERAL POLITICAL ACTION COMMITTEE				NON-PARTY QUALIFIED		ID #C00114447
CONNECTED ORGANIZATION: BANKERS ASS'N; AMERICAN						
	1985 STATEMENT OF ORGANIZATION - AMENDMENT			10JAN85	2	85FEC/359/1241
	TOTAL	0	0	0	2	TOTAL PAGES

SCHEDULE A

ITEMIZED RECEIPTS

1984 OCTOBER QUARTERLY

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)

Tennessee Bankers Association Federal Political Action Committee

8403579931
 86040301420

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Tennessee Bankers Association State Political Action Committee 21st Floor, Life & Casualty Tower Nashville, TN 37219			
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation PAC	9/28/84	6,177.00
Aggregate Year-to-Date-\$ 6,177.00			
B. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
Aggregate Year-to-Date-\$			
C. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
Aggregate Year-to-Date-\$			
D. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
Aggregate Year-to-Date-\$			
E. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
Aggregate Year-to-Date-\$			
F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
Aggregate Year-to-Date-\$			
G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify):	Occupation		
Aggregate Year-to-Date-\$			
SUBTOTAL of Receipts This Page (optional)			6,177.00
TOTAL This Period (last page this line number only)			6,177.00



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

EO-2

John B. Hardcastle, Treasurer
Tennessee Bankers Association
Federal Political Action
Committee
Life & Casualty Tower, 21st Floor
Nashville, TN 37219

MAR 27 1985

Identification Number: C00114467

Reference: October Quarterly Report (7/1/84-9/30/84)

Dear Mr. Hardcastle:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Schedule A of your report discloses a receipt of \$6,177 from the Tennessee Bankers Association State Political Action Committee (pertinent portion attached). Please clarify whether this transfer is from an account maintained by your committee for non-Federal activity. If so, be advised that such transfer is prohibited by 11 CFR 102.5(a)(1)(i) and the full amount of the transfer should be returned to the non-Federal account. Please inform the Commission immediately in writing and provide a photocopy of your check for the transfer-out. In addition, the transfer-out should be disclosed on a supporting Schedule B for Line 27 of your next report.

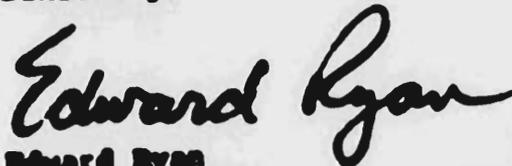
If, however, this transaction represents an "internal transfer" of funds from one Federal account to another, and the source(s) of such funds has been identified in previous reports of receipts and disbursements, please note that such transfers should not be itemized as doing so inflates total receipts and cash on hand. If this is the case, please amend your report accordingly.

Although the Commission may take further legal action regarding the acceptance of funds from a non-Federal account, your prompt transfer-out of the funds in question, or clarification of the transaction, will be taken into consideration.

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An amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 523-4048.

Sincerely,



Edward Ryan
Reports Analyst
Reports Analysis Division

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Tennessee Bankers Association

21st floor • life and casualty tower • nashville, tennessee 37210 • 615/266-4411 • robert m. graham, executive vice president

April 5, 1985

Mr. Edward Ryan
Reports Analyst
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: ID #C000H1236
1983 Mid-year Report
ID #C00114447
October (1984) Quarterly Report

Dear Mr. Ryan:

With regard to your letters of March 27, 1985 referenced above questioning transfers from the Tennessee Bankers Association State Pac to the Association's Federal Pac, I called your office on Monday, April 1, 1985 and discussed the transfer with an analyst who was taking your calls while you were out. I am sorry I did not get his name. It is my understanding from our conversation that transfers from an account maintained by the same association are permissible as long as such funds are subject to the prohibitions and limitations of the federal act.

Since all funds solicited by the Tennessee Bankers Association for political activity are from individuals permitted by the federal act and within the amount limitations, it is my understanding that there are no restrictions on the amount transferred.

I will be glad to furnish copies of our state filings showing listings and amounts of contributors or such other information you may require. Please advise me accordingly.

Sincerely,

Timothy L. Amos
General Counsel

TLA/pwt

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

NO-3

April 18, 1985

John B. Hardcastle, Treasurer
Tennessee Bankers Association
Federal Political Action
Committee
Life & Casualty Tower, 21st Floor
Nashville, TN 37219

Identification Number: C00041236

Reference: 1983 Mid-Year (1/1/83-6/30/83) and 1984 October
Quarterly (7/1/84-9/30/84) Reports

Dear Mr. Hardcastle:

On March 27, 1985 you were notified that a review of the above-referenced report(s) raised questions as to specific contributions and/or expenditures, and the reporting of certain information required by the Federal Election Campaign Act.

The Commission is in receipt of your letter dated April 5, 1985, in which you state that, with respect to the two (2) transfers from the Tennessee Bankers Association State PAC, "it is my understanding . . . that transfers from an account maintained by the same association are permissible . . . [and] that there are no restrictions on the amount transferred." Please be advised that Commission regulations prohibit transfers from a non-Federal account to a Federal account, even when both accounts are maintained by the same organization (11 CFR 102.5 (a)(1)(i)).

The Commission has, however, stated in Advisory Opinion 1983-3 (copy enclosed) that such transfers would be permissible if the non-Federal account registers with and reports to the Commission as a political committee. If this option is chosen, your State PAC would be required to file reports of receipts and disbursements disclosing all activity from January 21, 1983 (the date of the original transfer) to the present. The State PAC would also be required to disclose the source of all cash-on-hand as of January 21, 1983, and comply with all of the requirements regarding contributions and solicitations set forth at 11 CFR 102.5 and 114.5.

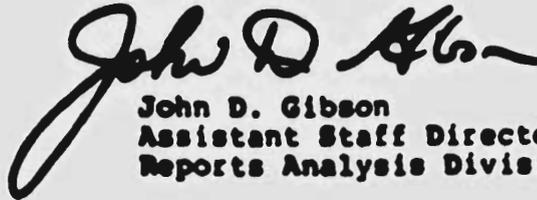
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The Commission recommends that your committee either register your non-Federal account with the Commission and file all required reports retroactive to January 21, 1983 (relevant forms enclosed) or, alternatively, return the full amount of the transfers to the non-Federal account. Please inform the Commission of your decision immediately in writing and, if appropriate, provide a copy of your check for the transfer-out. The transfer-out should also be disclosed on Schedule B for Line 27 of your next report.

Please be advised that if the information requested by the Commission is not received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Edward Ryan on our toll-free number (800) 424-9530 or our local number (202) 523-4048.

Sincerely,


John D. Gibson
Assistant Staff Director
Reports Analysis Division

Enclosures

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April 29, 1985

MEMORANDUM TO THE FILE

FROM : MICHAEL B. FILLER
COMMITTEE : STATE BANK ASSOCIATION PAC
SUBJECT : RECEIPT OF FUNDS FROM NON-FEDERAL ACCOUNT

John Byrne of the American Bankers Association called concerning a notice that had been received by one of the State Bank Association PACs. The Federal Account of this State Bank PAC (not identified by Mr. Byrne) had transferred in approximately \$10,000 from its Non-Federal Account.

Mr. Byrne had received a call from the State Bank PAC's counsel, who wanted to know how to resolve the problem. It was Mr. Byrne's understanding that the State PAC could either transfer-out the funds received from its Non-Federal Account, or the Non-Federal Account could register as a political committee. Each of these options, however, had certain complications.

1. The State PAC's Federal Account did not have sufficient funds on hand to repay the Non-Federal Account. Mr. Byrne was not sure how long it might take to raise the money necessary to accomplish the transfer-out.
2. If the Non-Federal Account registered as a political committee, it may not be able to prove that the funds were solicited in accordance with Federal law (i.e., pursuant to the prior authorization requirement).

I informed Mr. Byrne that if option 1 were pursued, the Federal Account should disclose a debt owed to the Non-Federal Account in the event that the full amount could not be repaid immediately. In examining the feasibility of option 2, I advised Mr. Byrne to review the records maintained by the Non-Federal Account in order to determine whether the prior authorization requirement had been met. In addition, I notified Mr. Byrne that the source of the \$10,000 transfer could only be comprised of permissible funds, and that the limitations of Section 441a must be applied to the individuals who contributed to the Federal and Non-Federal Accounts.

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MEMORANDUM TO THE FILE
PAGE TWO
RECEIPT OF FUNDS FROM NON-FEDERAL ACCOUNT

Mr. Byrne asked what should be done if the Non-Federal Account registered as a political committee, but could not ascertain the permissibility of all funds transferred to the Federal Account. I suggested, for example, that if only \$7,000 of the \$10,000 was solicited in accordance with Federal law, the Federal Account should transfer-out the difference (\$3,000) to an account not used to influence Federal elections.

• Regardless of the option selected, I advised Mr. Byrne to fully research the matter, in order to determine the source of funds used to make the transfer. In addition, I suggested that the financial status of the Federal Account at the time of the transfer be analyzed, to find out whether the funds were used to make contributions to Federal candidates.

Mr. Byrne said that he would have the counsel for the State PAC call me if there were any questions.

86040351427

TELECON**ANALYST: ED RYAN****CONVERSATION WITH: MR. TIMOTHY L. AMOS, GENERAL COUNSEL****COMMITTEE: TENNESSEE BANKERS ASSOCIATION FEDERAL POLITICAL ACTION COMMITTEE****DATE: 5/3/85****SUBJECT(S): NOTICES SENT FOR RECEIPT OF NON-FEDERAL FUNDS.**

I received a telephone call from Mr. Timothy Amos, General Counsel of the Tennessee Bankers Association concerning notices sent for 1983 Mid Year and 1984 October Quarterly reports. The notices were sent because the committee had received transfers from the Association's unregistered State PAC. Mr. Amos said that when these transfers took place they understood that no restriction applied because all funds received were permissible under the Act and regulations.

I explained to Mr. Amos that State committees are subject to State disclosure laws and may allow activity expressly prohibited by the Act and regulations. Therefore, transfers from State committees are always questioned. Transfers from Federal to State committees, however, are all right because there is no prohibition in doing so. The only way the State PAC could transfer money to a Federal PAC is if it registers with the Commission and begins filing reports subject to the prohibitions and limitations of the Act. At that point Mr. Amos said he now understood this and concluded it would be more trouble to register the State PAC and report two and half years of activity than refund the money. His problem was the Federal PAC did not have enough funds to make the entire transfer and asked if he could postpone making the refund until a solicitation for more money was completed. I told him that in situations like this the Commission wants to see a quick remedy, but since the matter is complicated by the lack of funds I advised him to do the following:

- 1.) Make a transfer-out in what ever amount possible now.
- 2.) Submit a photocopy of the check to the Commission.
- 3.) On the next report show the transfer-out on Schedule B for line 27.
- 4.) List the outstanding balance as a debt owed to the State PAC on Schedule D for Line 10.

He said he would do this and have a letter in the mail some time next week.

35040301428

HAND DELIVERED

85 MAY 8 AM 11:31



Tennessee Bankers Association

21st floor • life and casualty tower • nashville, tennessee 37219 • (615) 266-6171 • robert m. gibson, executive vice-president

May 7, 1985

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

Re: Identification Number: C00041236
Reference: 1983 Mid-Year and 1984 October Quarterly Reports

Dear Mr. Gibson:

In response to the correspondence I have recently had with your office and in response to the conversation I had with Mr. Ryan on Friday, May 3, 1985, I am submitting the following background and proposal for your consideration.

The Tennessee Bankers Association operates both federal (FEC registered) and state (non-FEC registered) political action committees. In January 1983 there was a transfer of \$3,550.00 from the state PAC to the federal PAC and a like transfer in September 1984 of \$6,177. In your correspondence of March 27, 1985 you advised us that such transfers from state (non-FEC registered) to federal (FEC registered) political action committees was not permissible.

It was the belief of the Tennessee Bankers Association at the time the transfers were made that such transfers were permissible. This belief is based on the facts that contributions to the state PAC are collected only from officers and directors of our member banks in a solicitation for PAC funds only through the chief executive officer of each bank. No direct solicitation is made to the officers of the banks nor is solicitation made to the employees of the bank. All contributions are voluntary. Contributions are made with the clear understanding that, unless otherwise designated, they may be deposited in either the state or federal PAC. As a practical matter, in order to limit the number of individuals included in the federal contributions, contributions from a bank's CEO are deposited in the federal PAC and those from all other individuals are deposited in the State PAC. At no time are contributions received from the banks themselves or other corporations.

In my last correspondence and conversation with your office I indicated the limitations on our contributions and offered to furnish copies of our state reports showing the contributions collected. In your letter of April 18, 1985 you indicated that this was insufficient but that in lieu of transferring out the funds it would be permissible to register the state PAC and to file the appropriate reports.

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Mr. John D. Gibson
May 7, 1985
Page 2

Although I believe that collection of our funds would comply with the federal regulations demonstrating such compliance would be burdensome and time consuming since reports for approximately two and a half years would be required.

I have enclosed a chart showing the collection figures from our state reports to give you some indication of the sizeable amount of contributions.

Instead of registering the state PAC with the FEC, we would prefer to make the transfer out. However, the federal PAC has insufficient funds at this time to make a complete transfer. To accommodate this I would propose to transfer the total funds in this account, less an amount required by the bank to maintain the account (I would expect the transfer amount to be approximately \$5,000) and to transfer the remaining amount as soon as it becomes available. Although contributions to both the federal and state PACs are not normally collected until late fall in non-election years such as this, we are prepared to immediately contact the chief executive officers of member banks to begin early collection this year.

I would hope that a sufficient amount to complete the transfer out could be collected within six to eight weeks, however, I can give no guarantee as to the actual time that might be required.

If this proposal is acceptable to you, please advise me accordingly. We will make the partial transfer out immediately and send you a copy of the check. You may telephone me at (615) 244-4871 and we will make the transfer out the same day. If this proposal is not acceptable, please advise me of the appropriate action that should be taken.

Sincerely,


Timothy L. Amos
General Counsel

TIA/pvt

Enclosure

35731142
35740361430

Mr. John D. Gibson
May 7, 1985
Page 3

TENNESSEE BANKERS ASSOCIATION

STATE BANKPAC

Summary of State Reports

1979

Organized October of 1979 — no report until 1980

1980

	<u>Contributions of \$100 or less</u>	<u>Contributions of over \$100* (#)</u>	<u>Contributions from other PACs (#)</u>	<u>TOTAL</u>
10/79- 6/80	23,351	1,377 (8)	-0-	24,728
7/80	2,590	-0-	-0-	2,590
8/80- 9/80	11,369	200 (1)	300 (1)	11,869
10/80	4,800	200 (1)	-0-	5,000
11/80-12/80	<u>2,681</u>	<u>-0-</u>	<u>1,000</u> (2)	<u>3,681</u>
TOTAL	<u>44,791</u>	<u>1,770</u>	<u>1,300</u>	<u>47,861</u>

1981

1/81- 3/81	-0-	-0-	-0-	-0-
4/81- 6/81	-0-	-0-	-0-	-0-
7/81- 9/81	-0-	-0-	-0-	-0-
10/81-12/81	<u>13,681</u>	<u>400</u> (2)	<u>400</u> (1)	<u>14,481</u>
TOTAL	<u>13,681</u>	<u>400</u>	<u>400</u>	<u>14,481</u>

1982

1/82- 3/82	3,054	-0-	100	3,154
4/82- 6/82	699	-0-	-0-	699
7/82	675	-0-	-0-	675
8/82- 9/82	8,915	500 (4)	1,000 (2)	10,415
10/82	3,535	500 (2)	-0-	4,635
11/82-12/82	<u>2,210</u>	<u>-0-</u>	<u>-0-</u>	<u>2,210</u>
TOTAL	<u>19,086</u>	<u>1,000</u>	<u>1,100</u>	<u>21,186</u>

1983

1/83- 3/83	-0-	300 *	-0-	300
3/83- 6/83	-0-	-0-	-0-	-0-
7/83- 9/83	13,062	500 (3)	-0-	13,562
10/83-12/83	<u>12,232</u>	<u>200</u> (1)	<u>1,000</u>	<u>13,432</u>
TOTAL	<u>25,294</u>	<u>1,000</u>	<u>1,000</u>	<u>27,294</u>

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Mr. John D. Gibson
 May 7, 1985
 Page 4

		<u>1984</u>			
1/84- 3/84	350	-0-	750	(1)	1,100
4/84- 6/84	75	-0-	-0-		
7/84	-0-	-0-	-0-		-0-
8/84- 9/84	16,519.50	782.50	1,450	(2)	18,752
10/84	4,655	-0-	-0-		4,655
11/84-12/84	<u>4,634</u>	-0-	-0-		<u>4,634</u>
TOTAL	26,433.50	<u>782.50</u>	<u>2,200</u>		<u>29,416</u>

		<u>1985</u>		
1/85- 3/85	450	-0-	-0-	450
"				

- *No individual contribution exceeds \$250
- *Returned expenditure (\$300; \$200)

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 75033751044

TELECON**ANALYST: ED RYAN****CONVERSATION WITH: TIMOTHY AMOS, GENERAL COUNSEL****COMMITTEE: TENNESSEE BANKERS ASSOCIATION FEDERAL POLITICAL ACTION COMMITTEE****DATE: 5/16/85****SUBJECT(S): TRANSFER OUT TO THE STATE PAC**

Mr. Amos called to say that he was about to issue a check to the State PAC and wanted to double check the way to report the transaction. He said he would make a photocopy of the check and send it to the Commission. On the next report he would list the initial transfer out on Schedule B for line 27 and list the remaining amount on Schedule D for line 10. He said he hoped a solicitation would bring in enough money to complete the transfer as quickly as possible.

36040761433

RECEIVED: THE FEC

Tennessee Bankers Association

One floor - 10 and county tower - Nashville, Tennessee 37203 - (615) 259-6371 - Robert M. Gilliam, Executive Vice-President

May 17, 1985

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

Identification Number: 000041236
Reference: 1983 Mid-Year and 1984 October Quarterly Reports

Dear Mr. Ryan:

In my letter of May 7, 1985 I proposed to make an out transfer of funds improperly transferred from the Tennessee Bankers Association State PAC (non-FEC registered) to our Federal PAC (FEC registered). As I indicated in my earlier letter, there are insufficient funds to make the complete transfer. Based on my conversation with you on May 16, 1985 I am enclosing a photocopy of the check for the partial transfer out and will make the remainder transfer as soon as funds are available.

We will begin our fundraising earlier than normal this year to accommodate the remaining transfer. Since our Association's convention is this week, it will give us a good opportunity to discuss the necessity of an early campaign with the board and make plans to meet the transfer needs.

In the interim, I understand that we should show the remaining funds as an obligation to the State PAC and file a Schedule D with our 1985 mid-year report.

Please contact me if there is any other action that we need to take at this time.

Sincerely,



Timothy L. Amos
General Counsel

TLA/pvt

Enclosure

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**TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE**

21ST FLOOR 4TH & CHURCH ST
L & C TOWER
NASHVILLE, TN 37219

516

May 17, 1985

87-4
500

PAY TO THE ORDER OF Tennessee Bankers Association State Political Action Committee \$ 5,000.00

DOLLARS

TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE



Nashville, Tennessee 37244

FOR Transfer

William P. Anderson

⑆000516⑆ ⑆064000046⑆ 778 731 100

3503374189

Attachment 2



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

John B. Hardcastle, Treasurer
Tennessee Bankers Association
Federal Political Action Committee
Life & Casualty Tower, 21st Floor
Nashville, Tenn. 37219

RE: MUR
Tennessee Bankers Association
Federal Political Action Committee and
John B. Hardcastle, as treasurer

Dear Mr. Hardcastle:

On _____, 1985, the Federal Election Commission determined that there is reason to believe the Tennessee Bankers Association Federal Political Action Committee and you, as treasurer, violated 11 C.F.R. § 102.5(a)(1)(i), a provision of the Commission's regulations. 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 and the committee. 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 answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against you your committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or

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John B. Hardcasetle, Treasurer
Page 2

recommending declining that pre-probable casue conciliation be pursued. The Office of General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of General Counsel is not authorized to give extensions beyond 20 days.

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 Charles Snyder, the attorney assigned to this matter, at (202) 523-4000.

Sincerely,

John Warren McGarry
Chairman

CS #1

36040701437

GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Tennessee Bankers Association Federal
Political Action Committee and John B.
Hardcastle, as treasurer

SUMMARY OF ALLEGATIONS

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The Tennessee Bankers Association ("TBA") has established two separate segregated funds: the TBA Federal Political Action Committee ("FED PAC") and the TBA State Political Action Committee ("State PAC"). FED PAC's 1984 October Quarterly Report revealed receipt of a \$6,177 contribution from State PAC. RAD advised the treasurer of FED PAC that this transfer violated 11 C.F.R. § 102.5(a)(1)(i). RAD recommended that FED PAC return the contribution, or that State PAC register and report as a political committee. TBA's counsel chose the first option. FED PAC issued a check to State PAC in the amount of \$5,000, and pledged to repay the rest as soon as possible, and, in the meanwhile, to list as a debt on its reports the remaining obligation to State PAC.

RAD made the foregoing recommendation because State PAC, by transferring funds to a federal committee, itself became a political committee under the Act. AO 1983-3. Rather than complying with the registration and reporting requirements of the Act, State PAC had the option of receiving a full refund from FED PAC. AO 1982-46. TBA's counsel chose to make the refund, rather than to file reports concerning all of State PAC's transactions during the preceding two and one-half years. Thus TBA acted in accordance with RAD's suggestion that State PAC could "avoid the

registration and reporting requirements of the Act" by rescinding the transaction that had given rise to its status as a political committee. See AO 1982-46.

FACTUAL AND LEGAL ANALYSIS

FED PAC, as a political committee, may not accept any contributions prohibited by the Federal Election Campaign Act, 2 U.S.C. § 431 et seq. ("the Act"). State PAC, on the other hand, was set up to contribute funds to candidates running for state office in Tennessee, and, in connection with such activity, would be subject only to the restrictions imposed by the law of the State of Tennessee. Tennessee law would in fact permit State PAC to accept contributions from some of the sources (e.g. unions, but not corporations or banks) that would be prohibited to a political committee under the Act.

That fact notwithstanding, TBA's counsel stated in a letter to RAD dated May 7, 1985:

[C]ontributions to the state PAC are collected only from officers and directors of our member banks in a solicitation for PAC funds only through the chief executive officer of each bank. No direct solicitation is made to the officers of the banks nor is solicitation made to the employees of the bank. All contributions are voluntary. Contributions are made with the clear understanding that, unless otherwise designated, they may be deposited in either the state or federal PAC.... At no time are contributions received from the banks themselves or other corporations.

It would appear, therefore, that FED PAC did not receive from State PAC any funds that originated with sources prohibited

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by 2 U.S.C. § 441b(a). There remains, however, an apparent violation of 11 C.F.R. § 102.5. The pertinent regulation states that, where an organization has established a separate account for use in connection with Federal elections, "No transfers may be made to such federal account from any other account(s) maintained by such organization for the purpose of financing activity in connection with non-federal elections." 11 C.F.R. § 102.5(a)(1)(i). The transfer that gave rise to the present inquiry directly violates that regulation. The Office of the General Counsel recommends, therefore, that the Commission find reason to believe respondents violated 11 C.F.R. § 102.5(a)(1)(i).

CS #1

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

26 June 1985

MEMORANDUM

TO: CHARLES N. STEELE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA *JCS*
STAFF DIRECTOR

FROM: JOHN D. GIBSON *JDG*
ASSISTANT STAFF DIRECTOR
REPORTS ANALYSIS DIVISION

SUBJECT: REFERRAL OF THE TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE

This is a referral of the Tennessee Bankers Association Federal Political Action Committee ("the Federal PAC") for receiving funds from its non-Federal account ("the State PAC") during 1984.

In an attempt to clarify the source of funds received from the State PAC, the Association's General Counsel has stated that the contributions were collected only from officers and directors of the member banks. It is not clear, however, if solicitations were conducted in accordance with 2 U.S.C. §441b(b)(4)(D).

For further information regarding this matter, please contact Edward Ryan or Michael Filler at 523-4048.

Attachment

85040361441

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: 26 June 1985

ANALYST: Edward Ryan

I. COMMITTEE: Tennessee Bankers Association Federal
Political Action Committee (C00114447)
John B. Hardcastle, Treasurer
(December 31, 1984 - present)
John E. Southwood, Treasurer
(January 1, 1983 - December 31, 1984)
Life and Casualty Tower, 21st Floor
Nashville, TN 37219

II. RELEVANT REFERENCE: 11 CFR 102.5(a)

III. BACKGROUND:

Receipt of Funds From a Non-Federal Account

The 1984 October Quarterly Report filed by the Tennessee Bankers Association Federal Political Action Committee ("the Federal PAC") disclosed the receipt of a \$6,177 transfer from the Tennessee Bankers Association State Political Action Committee ("the State PAC") on September 28, 1984 (Attachment 2).

A Request for Additional Information ("RFAI") was sent to the Federal PAC on March 27, 1985, asking the committee to clarify whether the transfer was from an account maintained for non-Federal activity. The Federal PAC was advised that such activity is prohibited by 11 CFR 102.5, and the full amount of the transfer should be returned to the non-Federal account (Attachment 3).

A response was received on April 11, 1985 from Timothy L. Amos, General Counsel of the Tennessee Bankers Association. In that letter, Mr. Amos said that based on an April 1, 1985 telephone conversation with an analyst at the Commission, it was his understanding "...that transfers from an account maintained by the same association are permissible as long as such funds are subject to the prohibitions and limitations of the federal act."*/ Mr.

*/ There is no written record of this telephone conversation.

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TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE
REPORTS ANALYSIS OGC REFERRAL
PAGE 2

Amos also explained that "[s]ince all funds solicited by the Tennessee Bankers Association for political activity are from individuals permitted by the federal act and within the amount limitations,..." he believed that no restrictions existed on the amounts transferred (Attachment 4).

A Second Notice was sent to the Federal PAC on April 18, 1985, which reiterated the prohibition on receiving funds from a non-Federal account (Attachment 5). This notice informed the Federal PAC that the Commission had stated in Advisory Opinion 1983-3 that such a transfer would be permissible only if the State PAC were to register with, and report to, the Commission as a political committee. The Federal PAC was advised that the State PAC would also be required to comply with all of the requirements regarding contributions and solicitations set forth at 11 CFR 102.5 and 114.5. The notification included a copy of the Advisory Opinion and forms to be used for registering and reporting the activity of the State PAC. Finally, the notice recommended that the Federal PAC either return the full amount of the transfer to the State PAC or register the State PAC with the Commission and file all required reports retroactively.

On April 29, 1985, a representative of the American Bankers Association ("ABA") telephoned the Chief of the Party/Non-Party Branch concerning a notice that had been received by one of the State Bank Association PACs (Attachment 6). Although the caller did not identify the committee in question, based upon the information provided, it appears that the discussion related to the political accounts of the Tennessee Bankers Association. The ABA representative stated that the Federal account of a State Bank Association had received funds from its non-Federal account. The ABA representative wished to discuss the options of registering the non-Federal account versus returning the non-Federal funds.

With respect to the option of returning the funds to the non-Federal account, the ABA representative indicated that the Federal account did not have sufficient funds on hand. The Chief of the Party/Non-Party Branch stated that, if this option were chosen, the Federal account should disclose a debt owed to the non-Federal account, and attempt to repay the funds as soon as possible.

The option of registering the non-Federal account as a political committee also had certain complications. The ABA representative indicated that it may not be possible to

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TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE
REPORTS ANALYSIS OGC REFERRAL
PAGE 3

prove that the funds in the non-Federal account were solicited in accordance with the Act and regulations. The Chief of the Party/Non-Party Branch explained that if the non-Federal account registered and only a portion of the funds was permissible, those funds which were not permissible would have to be transferred to an account not used to influence Federal elections. Regardless of the option selected, the Branch Chief advised the ABA representative to fully research the matter, in order to determine the permissibility of funds received by the Federal account.

Mr. Amos called the Reports Analysis Division ("RAD") analyst on May 3, 1985 and stated that it would be "too much trouble" to register the State PAC and disclose 2-1/2 years worth of activity. Instead, the Federal PAC would transfer the funds back to the State PAC. Since the Federal PAC did not have sufficient funds to accomplish the entire transfer-out, the RAD analyst advised Mr. Amos to list the outstanding amount as a debt owed by the Federal PAC on its next report (Attachment 7).

On May 8, 1985, a letter of explanation and a summary of the State PAC's receipts (covering 1980 through 1984) were received (Attachment 8). According to the response, the Tennessee Bankers Association believed that the transfers from the State PAC to the Federal PAC were permissible, because the contributions to the State PAC were collected only from officers and directors of the member banks in a solicitation made through the chief executive officer of each bank. The letter stated:

No direct solicitation is made to the officers of the banks nor is solicitation made to the employees of the bank. All contributions are voluntary. Contributions are made with the clear understanding that, unless otherwise designated, they may be deposited in either the state or federal PAC.

The response also indicated that contributions from the chief executive officers of the banks are deposited into the Federal PAC, while those received from all other individuals are deposited into the State PAC. Furthermore, no contributions are received from banks or other corporations. Finally, the letter stated that, although Mr. Amos believed that the collection of contributions "would comply with the federal regulations, demonstrating such compliance would be burdensome and time consuming." Thus, in lieu of

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TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE
REPORTS ANALYSIS OGC REFERRAL
PAGE 4

registering the State PAC, the Federal PAC intends to transfer \$5,000 to the State PAC immediately, and to transfer the remaining amount as soon as the funds become available.

Mr. Amos called on May 16, 1985 to inform the RAD analyst that he was about to make a partial transfer-out to the State PAC. A photocopy of the check would be sent to the Commission, and the balance owed would be disclosed as a debt on the Federal PAC's next report (Attachment 9).

On May 21, 1985, a letter and a copy of a \$5,000 check (dated May 17, 1985) were received (Attachment 10). The letter indicated that the Tennessee Bankers Association plans to begin its "...fundraising earlier than normal this year to accomodate the remaining transfer." The need to raise funds for the Federal PAC would also be discussed at the association's convention scheduled for May of this year.

IV. OTHER PENDING MATTERS INITIATED BY RAD:

None.

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 FEDERAL ELECTION COMMISSION
 COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C) (83-84)

DATE 19JUN85
 PAGE 1

NON-PARTY RELATED

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	TYPE OF FILER COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
TENNESSEE BANKERS ASSOCIATION FEDERAL POLITICAL ACTION COMMITTEE				NON-PARTY QUALIFIED		ID #C00114447
CONNECTED ORGANIZATION: BANKERS ASS'N; AMERICAN						
1983	MID-YEAR REPORT	3,553	7,420	1JAN83 -30JUN83	5	83FEC/278/3440
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN83 -30JUN83	1	85FEC/372/0432
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN83 -30JUN83	4	85FEC/373/0241
	MID-YEAR REPORT - AMENDMENT	-	-	1JAN83 -30JUN83	3	85FEC/374/1897
	REQUEST FOR ADDITIONAL INFORMATION			1JAN83 -30JUN83	3	85FEC/369/0950
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JAN83 -30JUN83	2	85FEC/371/1637
	YEAR-END	10,652	10,520	1JUL83 -31DEC83	5	84FEC/296/028
1984	APRIL QUARTERLY	53	0	1JAN84 -31MAR84	3	84FEC/307/2948
	JULY QUARTERLY	1	50	1APR84 -30JUN84	3	84FEC/320/35
	OCTOBER QUARTERLY	11,305	11,377	1JUL84 -30SEP84	5	84FEC/337/0087
	OCTOBER QUARTERLY - AMENDMENT	-	-	1JUL84 -30SEP84	2	85FEC/370/1404
	OCTOBER QUARTERLY - AMENDMENT	-	-	1JUL84 -30SEP84	1	85FEC/373/0352
	OCTOBER QUARTERLY - AMENDMENT	-	-	1JUL84 -30SEP84	1	85FEC/374/3003
	REQUEST FOR ADDITIONAL INFORMATION			1JUL84 -30SEP84	3	85FEC/369/0946
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JUL84 -30SEP84	1	85FEC/371/5448
	POST-GENERAL	4,959	0	1OCT84 -26NOV84	5	84FEC/354/0676
	YEAR-END	300	500	27NOV84 -31DEC84	4	85FEC/358/3298
	TOTAL	30,823	0	0	51	TOTAL PAGES

All reports have been reviewed.

Cash on hand as of 12/31/84 - \$5005

Debts - \$0

Attachment 1
 Page 1 of 2

8 5 0 4 0 5 3 1 4 4 7
 FEDERAL ELECTION COMMISSION
 COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C) (05-86)

DATE 19JUN85
 PAGE 1

NON-PARTY RELATED

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	TYPE OF FILER COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
TENNESSEE BANKERS ASSOCIATION FEDERAL POLITICAL ACTION COMMITTEE				NON-PARTY QUALIFIED		ID #C00114447
CONNECTED ORGANIZATION: BANKERS ASS'N; AMERICAN						
	1985 STATEMENT OF ORGANIZATION - AMENDMENT			10JAN85		2 85FEC/359/1241
	TOTAL	0	0	0	0	2 TOTAL PAGES

Attachment 1
 (page 2 of 2)

SCHEDULE A

ITEMIZED RECEIPTS

1984 OCTOBER QUARTERLY

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)

Tennessee Bankers Association Federal Political Action Committee

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Tennessee Bankers Association State Political Action Committee 21st Floor, Life & Casualty Tower Nashville, TN 37219 Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Occupation PAC Aggregate Year-to-Date-\$ 6,177.00	9/28/84	6,177.00
B. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Name of Employer Occupation Aggregate Year-to-Date-\$	Date (month, day, year)	Amount of Each Receipt This Period
C. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Name of Employer Occupation Aggregate Year-to-Date-\$	Date (month, day, year)	Amount of Each Receipt This Period
D. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Name of Employer Occupation Aggregate Year-to-Date-\$	Date (month, day, year)	Amount of Each Receipt This Period
E. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Name of Employer Occupation Aggregate Year-to-Date-\$	Date (month, day, year)	Amount of Each Receipt This Period
F. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Name of Employer Occupation Aggregate Year-to-Date-\$	Date (month, day, year)	Amount of Each Receipt This Period
G. Full Name, Mailing Address and ZIP Code Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)	Name of Employer Occupation Aggregate Year-to-Date-\$	Date (month, day, year)	Amount of Each Receipt This Period
SUBTOTAL of Receipts This Page (optional)			6,177.00
TOTAL This Period (last page this line number only)			6,177.00

840557031418



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

EO-2

John B. Hardcastle, Treasurer
Tennessee Bankers Association
Federal Political Action
Committee
Life & Casualty Tower, 21st Floor
Nashville, TN 37219

MAR 27 1985

Identification Number: C00114447

Reference: October Quarterly Report (7/1/84-9/30/84)

Dear Mr. Hardcastle:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Schedule A of your report discloses a receipt of \$6,177 from the Tennessee Bankers Association State Political Action Committee (pertinent portion attached). Please clarify whether this transfer is from an account maintained by your committee for non-Federal activity. If so, be advised that such transfer is prohibited by 11 CFR 102.5(a)(1)(i) and the full amount of the transfer should be returned to the non-Federal account. Please inform the Commission immediately in writing and provide a photocopy of your check for the transfer-out. In addition, the transfer-out should be disclosed on a supporting Schedule B for Line 27 of your next report.

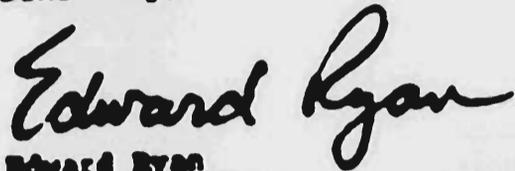
If, however, this transaction represents an "internal transfer" of funds from one Federal account to another, and the source(s) of such funds has been identified in previous reports of receipts and disbursements, please note that such transfers should not be itemized as doing so inflates total receipts and cash on hand. If this is the case, please amend your report accordingly.

Although the Commission may take further legal action regarding the acceptance of funds from a non-Federal account, your prompt transfer-out of the funds in question, or clarification of the transaction, will be taken into consideration.

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An amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 523-4048.

Sincerely,



Edward Ryan
Reports Analyst
Reports Analysis Division

95040531450

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Tennessee Bankers Association

21st floor • life and casualty tower • Nashville, Tennessee 37210 • 615/254-4111 • robert m. gilliam, executive vice president

April 5, 1985

Mr. Edward Ryan
Reports Analyst
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: ID #C000H1236
1983 Mid-year Report
ID #C00114447
October (198-) Quarterly Report

Dear Mr. Ryan:

With regard to your letters of March 27, 1985 referenced above questioning transfers from the Tennessee Bankers Association State Pac. to the Association's Federal Pac, I called your office on Monday, April 1, 1985 and discussed the transfer with an analyst who was taking your calls while you were out. I am sorry I did not get his name. It is my understanding from our conversation that transfers from an account maintained by the same association are permissible as long as such funds are subject to the prohibitions and limitations of the federal act.

Since all funds solicited by the Tennessee Bankers Association for political activity are from individuals permitted by the federal act and within the amount limitations, it is my understanding that there are no restrictions on the amount transferred.

I will be glad to furnish copies of our state filings showing listings and amounts of contributors or such other information you may require. Please advise me accordingly.

Sincerely,

Timothy L. Amos
General Counsel

TLA/pvt

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

EO-3

April 18, 1985

John B. Hardcastle, Treasurer
Tennessee Bankers Association
Federal Political Action
Committee
Life & Casualty Tower, 21st Floor
Nashville, TN 37219

Identification Number: C00041236

Reference: 1983 Mid-Year (1/1/83-6/30/83) and 1984 October
Quarterly (7/1/84-9/30/84) Reports

Dear Mr. Hardcastle:

On March 27, 1985 you were notified that a review of the above-referenced report(s) raised questions as to specific contributions and/or expenditures, and the reporting of certain information required by the Federal Election Campaign Act.

The Commission is in receipt of your letter dated April 5, 1985, in which you state that, with respect to the two (2) transfers from the Tennessee Banker Association State PAC, "it is my understanding . . . that transfers from an account maintained by the same association are permissible . . . [and] that there are no restrictions on the amount transferred." Please be advised that Commission regulations prohibit transfers from a non-Federal account to a Federal account, even when both accounts are maintained by the same organization (11 CFR 102.5 (a)(1)(i)).

The Commission has, however, stated in Advisory Opinion 1983-3 (copy enclosed) that such transfers would be permissible if the non-Federal account registers with and reports to the Commission as a political committee. If this option is chosen, your State PAC would be required to file reports of receipts and disbursements disclosing all activity from January 21, 1983 (the date of the original transfer) to the present. The State PAC would also be required to disclose the source of all cash-on-hand as of January 21, 1983, and comply with all of the requirements regarding contributions and solicitations set forth at 11 CFR 102.5 and 114.5.

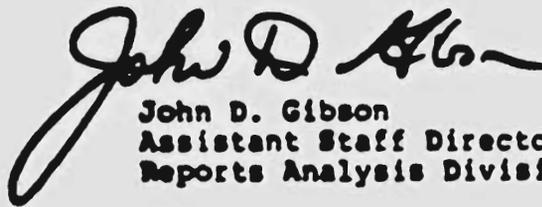
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The Commission recommends that your committee either register your non-Federal account with the Commission and file all required reports retroactive to January 21, 1983 (relevant forms enclosed) or, alternatively, return the full amount of the transfers to the non-Federal account. Please inform the Commission of your decision immediately in writing and, if appropriate, provide a copy of your check for the transfer-out. The transfer-out should also be disclosed on Schedule B for Line 27 of your next report.

Please be advised that if the information requested by the Commission is not received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Edward Ryan on our toll-free number (800) 424-9530 or our local number (202) 523-4048.

Sincerely,


John D. Gibson
Assistant Staff Director
Reports Analysis Division

Enclosures

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April 29, 1985

MEMORANDUM TO THE FILE

FROM : MICHAEL B. FILLER
COMMITTEE : STATE BANK ASSOCIATION PAC
SUBJECT : RECEIPT OF FUNDS FROM NON-FEDERAL ACCOUNT

John Byrne of the American Bankers Association called concerning a notice that had been received by one of the State Bank Association PACs. The Federal Account of this State Bank PAC (not identified by Mr. Byrne) had transferred in approximately \$10,000 from its Non-Federal Account.

Mr. Byrne had received a call from the State Bank PAC's counsel, who wanted to know how to resolve the problem. It was Mr. Byrne's understanding that the State PAC could either transfer-out the funds received from its Non-Federal Account, or the Non-Federal Account could register as a political committee. Each of these options, however, had certain complications.

1. The State PAC's Federal Account did not have sufficient funds on hand to repay the Non-Federal Account. Mr. Byrne was not sure how long it might take to raise the money necessary to accomplish the transfer-out.
2. If the Non-Federal Account registered as a political committee, it may not be able to prove that the funds were solicited in accordance with Federal law (i.e., pursuant to the prior authorization requirement).

I informed Mr. Byrne that if option 1 were pursued, the Federal Account should disclose a debt owed to the Non-Federal Account in the event that the full amount could not be repaid immediately. In examining the feasibility of option 2, I advised Mr. Byrne to review the records maintained by the Non-Federal Account in order to determine whether the prior authorization requirement had been met. In addition, I notified Mr. Byrne that the source of the \$10,000 transfer could only be comprised of permissible funds, and that the limitations of Section 441a must be applied to the individuals who contributed to the Federal and Non-Federal Accounts.

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MEMORANDUM TO THE FILE
PAGE TWO
RECEIPT OF FUNDS FROM NON-FEDERAL ACCOUNT

Mr. Byrne asked what should be done if the Non-Federal Account registered as a political committee, but could not ascertain the permissibility of all funds transferred to the Federal Account. I suggested, for example, that if only \$7,000 of the \$10,000 was solicited in accordance with Federal law, the Federal Account should transfer-out the difference (\$3,000) to an account not used to influence Federal elections.

Regardless of the option selected, I advised Mr. Byrne to fully research the matter, in order to determine the source of funds used to make the transfer. In addition, I suggested that the financial status of the Federal Account at the time of the transfer be analyzed, to find out whether the funds were used to make contributions to Federal candidates.

Mr. Byrne said that he would have the counsel for the State PAC call me if there were any questions.

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TELECON

ANALYST: ED RYAN

CONVERSATION WITH: MR. TIMOTHY L. AMOS, GENERAL COUNSEL

COMMITTEE: TENNESSEE BANKERS ASSOCIATION FEDERAL POLITICAL ACTION COMMITTEE

DATE: 5/3/85

SUBJECT(S): NOTICES SENT FOR RECEIPT OF NON-FEDERAL FUNDS.

I received a telephone call from Mr. Timothy Amos, General Counsel of the Tennessee Bankers Association concerning notices sent for 1983 Mid Year and 1984 October Quarterly reports. The notices were sent because the committee had received transfers from the Association's unregistered State PAC. Mr. Amos said that when these transfers took place they understood that no restriction applied because all funds received were permissible under the Act and regulations.

I explained to Mr. Amos that State committees are subject to State disclosure laws and may allow activity expressly prohibited by the Act and regulations. Therefore, transfers from State committees are always questioned. Transfers from Federal to State committees, however, are all right because there is no prohibition in doing so. The only way the State PAC could transfer money to a Federal PAC is if it registers with the Commission and begins filing reports subject to the prohibitions and limitations of the Act. At that point Mr. Amos said he now understood this and concluded it would be more trouble to register the State PAC and report two and half years of activity than refund the money. His problem was the Federal PAC did not have enough funds to make the entire transfer and asked if he could postpone making the refund until a solicitation for more money was completed. I told him that in situations like this the Commission wants to see a quick remedy, but since the matter is complicated by the lack of funds I advised him to do the following:

- 1.) Make a transfer-out in what ever amount possible now.
- 2.) Submit a photocopy of the check to the Commission.
- 3.) On the next report show the transfer-out on Schedule B for line 27.
- 4.) List the outstanding balance as a debt owed to the State PAC on Schedule D for Line 10.

He said he would do this and have a letter in the mail some time next week.

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HAND DELIVERED

85 MAY 8 AM 11:31



Tennessee Bankers Association

21st floor • life and casualty tower • nashville tennessee 37219 • (615) 264-6171 • robert m. gilbert, executive vice-president

May 7, 1985

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

Re: Identification Number: C00041236
Reference: 1983 Mid-Year and 1984 October Quarterly Reports

Dear Mr. Gibson:

In response to the correspondence I have recently had with your office and in response to the conversation I had with Mr. Ryan on Friday, May 3, 1985, I am submitting the following background and proposal for your consideration.

The Tennessee Bankers Association operates both federal (FEC registered) and state (non-FEC registered) political action committees. In January 1983 there was a transfer of \$3,550.00 from the state PAC to the federal PAC and a like transfer in September 1984 of \$6,177. In your correspondence of March 27, 1985 you advised us that such transfers from state (non-FEC registered) to federal (FEC registered) political action committees was not permissible.

It was the belief of the Tennessee Bankers Association at the time the transfers were made that such transfers were permissible. This belief is based on the facts that contributions to the state PAC are collected only from officers and directors of our member banks in a solicitation for PAC funds only through the chief executive officer of each bank. No direct solicitation is made to the officers of the banks nor is solicitation made to the employees of the bank. All contributions are voluntary. Contributions are made with the clear understanding that, unless otherwise designated, they may be deposited in either the state or federal PAC. As a practical matter, in order to limit the number of individuals included in the federal contributions, contributions from a bank's CEO are deposited in the federal PAC and those from all other individuals are deposited in the State PAC. At no time are contributions received from the banks themselves or other corporations.

In my last correspondence and conversation with your office I indicated the limitations on our contributions and offered to furnish copies of our state reports showing the contributions collected. In your letter of April 16, 1985 you indicated that this was insufficient but that in lieu of transferring out the funds it would be permissible to register the state PAC and to file the appropriate reports.

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Mr. John D. Gibson
May 7, 1985
Page 2

Although I believe that collection of our funds would comply with the federal regulations demonstrating such compliance would be burdensome and time consuming since reports for approximately two and a half years would be required.

I have enclosed a chart showing the collection figures from our state reports to give you some indication of the sizeable amount of contributions.

Instead of registering the state PAC with the FEC, we would prefer to make the transfer out. However, the federal PAC has insufficient funds at this time to make a complete transfer. To accommodate this I would propose to transfer the total funds in this account, less an amount required by the bank to maintain the account (I would expect the transfer amount to be approximately \$5,000) and to transfer the remaining amount as soon as it becomes available. Although contributions to both the federal and state PACs are not normally collected until late fall in non-election years such as this, we are prepared to immediately contact the chief executive officers of member banks to begin early collection this year.

I would hope that a sufficient amount to complete the transfer out could be collected within six to eight weeks, however, I can give no guarantee as to the actual time that might be required.

If this proposal is acceptable to you, please advise me accordingly. We will make the partial transfer out immediately and send you a copy of the check. You may telephone me at (615) 244-4871 and we will make the transfer out the same day. If this proposal is not acceptable, please advise me of the appropriate action that should be taken.

Sincerely,


Timothy L. Amos
General Counsel

TIA/pvt

Enclosure

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Mr. John D. Gibson
May 7, 1985
Page 3

TENNESSEE BANKERS ASSOCIATION
STATE BANKPAC
Summary of State Reports

1979

Organized October of 1979 — no report until 1980

1980

	<u>Contributions of \$100 or less</u>	<u>Contributions of over \$100* (#)</u>	<u>Contributions from other PACs (#)</u>	<u>TOTAL</u>
10/79- 6/80	23,351	1,377 (8)	-0-	24,728
7/80	2,590	-0-	-0-	2,590
8/80- 9/80	11,369	200 (1)	300 (1)	11,869
10/80	4,800	200 (1)	-0-	5,000
11/80-12/80	<u>2,681</u>	<u>-0-</u>	<u>1,000</u> (2)	<u>3,681</u>
TOTAL	<u>44,791</u>	<u>1,770</u>	<u>1,300</u>	<u>47,861</u>

1981

1/81- 3/81	-0-	-0-	-0-	-0-
4/81- 6/81	-0-	-0-	-0-	-0-
7/81- 9/81	-0-	-0-	-0-	-0-
10/81-12/81	<u>13,681</u>	<u>400</u> (2)	<u>400</u> (1)	<u>14,481</u>
TOTAL	<u>13,681</u>	<u>400</u>	<u>400</u>	<u>14,481</u>

1982

1/82- 3/82	3,054	-0-	100	3,154
4/82- 6/82	699	-0-	-0-	699
7/82	675	-0-	-0-	675
8/82- 9/82	8,915	500 (4)	1,000 (2)	10,415
10/82	3,535	500 (2)	-0-	4,035
11/82-12/82	<u>2,210</u>	<u>-0-</u>	<u>-0-</u>	<u>2,210</u>
TOTAL	<u>19,086</u>	<u>1,000</u>	<u>1,100</u>	<u>21,186</u>

1983

1/83- 3/83	-0-	300 *	-0-	300
3/83- 6/83	-0-	-0-	-0-	-0-
7/83- 9/83	13,062	500 (3)	-0-	13,562
10/83-12/83	<u>12,232</u>	<u>200</u> (1)	<u>1,000</u>	<u>13,432</u>
TOTAL	<u>25,294</u>	<u>1,000</u>	<u>1,000</u>	<u>27,294</u>

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Mr. John D. Gibson
 May 7, 1985
 Page 4

		<u>1984</u>			
1/84- 3/84	550	-0-	750	(1)	1,000
4/84- 6/84	75	-0-	-0-		
7/84	-0-	-0-	-0-		-0-
8/84- 9/84	16,519.50	782.50 (4)	1,450	(2)	18,752
10/84	4,655	-0-	-0-		4,655
11/84-12/84	4,634	-0-	-0-		4,634
TOTAL	<u>26,433.50</u>	<u>782.50</u>	<u>2,200</u>		<u>29,636</u>

		<u>1985</u>		
1/85- 3/85	450	-0-	-0-	450

*No individual contribution exceeds \$250
 *Returned expenditure (\$300; \$200)

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TELECON

ANALYST: ED RYAN

CONVERSATION WITH: TIMOTHY AMOS, GENERAL COUNSEL

COMMITTEE: TENNESSEE BANKERS ASSOCIATION FEDERAL POLITICAL ACTION COMMITTEE

DATE: 5/16/85

SUBJECT(S): TRANSFER OUT TO THE STATE PAC

Mr. Amos called to say that he was about to issue a check to the State PAC and wanted to double check the way to report the transaction. He said he would make a photocopy of the check and send it to the Commission. On the next report he would list the initial transfer out on Schedule B for line 27 and list the remaining amount on Schedule D for line 10. He said he hoped a solicitation would bring in enough money to complete the transfer as quickly as possible.

85040361461

RECEIVED: THE FEC



Tennessee Bankers Association

200 First • 10th and country tower • Nashville, Tennessee 37203 • (615) 254-6371 • Robert M. Gilliam, Executive Vice-President

May 17, 1985

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

Identification Number: C00041236
Reference: 1983 Mid-Year and 1984 October Quarterly Reports

Dear Mr. Ryan:

In my letter of May 7, 1985 I proposed to make an out transfer of funds improperly transferred from the Tennessee Bankers Association State PAC (non-FEC registered) to our Federal PAC (FEC registered). As I indicated in my earlier letter, there are insufficient funds to make the complete transfer. Based on my conversation with you on May 16, 1985 I am enclosing a photocopy of the check for the partial transfer out and will make the remainder transfer as soon as funds are available.

We will begin our fundraising earlier than normal this year to accommodate the remaining transfer. Since our Association's convention is this week, it will give us a good opportunity to discuss the necessity of an early campaign with the board and make plans to meet the transfer needs.

In the interim, I understand that we should show the remaining funds as an obligation to the State PAC and file a Schedule D with our 1985 mid-year report.

Please contact us if there is any other action that we need to take at this time.

Sincerely,

Timothy L. Amos
Timothy L. Amos
General Counsel

TLA/pvt

Enclosure

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TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE
21ST FLOOR 4TH & CHURCH ST
L & C TOWER
NASHVILLE, TN 37219

516

May 17, 1985

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PAY TO THE ORDER OF Tennessee Bankers Association State Political Action Committee \$ 5,000.00

DOLLARS



Nashville, Tennessee 37244

TENNESSEE BANKERS ASSOCIATION
FEDERAL POLITICAL ACTION COMMITTEE

FOR STADLER

William L. ...

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FEDERAL ELECTION COMMISSION

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

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THIS IS THE BEGINNING OF MUR # 2098

Date Filmed 5/7/86 Camera No. --- 2

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