



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF TAP # 2162

Date Filmed 1/29/87 Camera No. --- 2

Cameraman AS

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Assignment memorandum, routing slips, blue routing cards,

Internal documents, improper complaint correspondences

12 day report and comments

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

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

Signed Lance E. Tolley
date January 20, 1987

*1000
1/27/87*

FEC 9-21-77

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Neighbors for Epperson, and) MUR 2162
Stephen C. Mathis, as treasurer)
et al.)

CORRECTED CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on December 11, 1986, the Commission decided by a vote of 6-0 to take the following actions in MUR 2162:

1. Find reason to believe that Stuart W. Epperson violated 2 U.S.C. § 432(e)(1), but take no further action on this issue.
2. Find no reason to believe that Stuart W. Epperson violated 2 U.S.C. § 441b(a).
3. Find no reason to believe that Salem Media of North Carolina, Inc. violated 2 U.S.C. § 441b(a).
4. Find no reason to believe that Neighbors for Epperson and Stephen C. Mathis, as treasurer, violated 2 U.S.C. § 441b(a).
5. Find no reason to believe that Salem Pregnancy Support, Inc. violated 2 U.S.C. § 441b(a).
6. Find no reason to believe that the Crafted with Pride in U.S.A. Council, Inc. violated 2 U.S.C. § 441b(a).
7. Approve and send the Factual and Legal Analysis, as recommended in the General Counsel's Report signed December 4, 1986.

(continued)

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8. Approve and send the letters, as recommended in the General Counsel's Report signed December 4, 1986.

9. Close the file.

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

Attest:

12-18-86
Date

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

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Received in Office of Commission Secretary:	Fri.,	12-5-86,	11:15
Circulated on 48 hour tally basis:	Fri.,	12-5-86,	2:00
Deadline for vote:	Tues.,	12-9-86,	4:00



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 19, 1986

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

P. Lynn Ellis
1174 S. Hawthorne RD
Winston-Salem, NC 27103

RE: MUR 2162

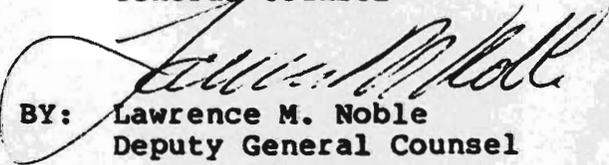
Dear Ms. Ellis:

The Federal Election Commission has reviewed the allegations of your complaint dated March 31, 1986 and determined that, on the basis of the information provided in your complaint and information provided by the Respondents, there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended, has been committed. Accordingly, the Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Should additional information come to your attention which you believe establishes a violation of the Act, you may file a complaint pursuant to the requirements set forth in 2 U.S.C. § 437g(a)(1) and 11 C.F.R. 114.4.

Sincerely,

Charles N. Steele
General Counsel


BY: Lawrence M. Noble
Deputy General Counsel

Enclosure
General Counsel's Report

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 19, 1986

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

William E. Wright, Chairman of the Board
Salem Pregnancy Support, Inc.
1001 W. 4th ST
Winston-Salem, NC 27101

RE: MUR 2162
Salem Pregnancy Support, Inc.

Dear Mr. Wright:

On April 21, 1986, the Commission notified you of a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended.

The Commission, on December 11, 1986, determined that on the basis of the information in the complaint, and information provided by you, there is no reason to believe that Salem Pregnancy Support, Inc. violated 2 U.S.C. § 441b(a).

Accordingly, the Commission closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

Lawrence M. Noble
BY: Lawrence M. Noble
Deputy General Counsel

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 19, 1986

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Eugene F. Mullin, Esquire
Mullin, Rhyne, Emmons, and Topel, P.C.
1000 Connecticut Ave, N.W. #500
Washington, DC 20036

RE: MUR 2162
Salem Media of North
Carolina, Inc.

Dear Mr. Mullin:

On May 19, 1986, the Commission notified your client of a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended .

The Commission, on December 11, 1986, determined that on the basis of the information in the complaint, and information provided by your clients, there is no reason to believe that your clients violated 2 U.S.C. § 441b(a).

Accordingly, the Commission closed its file in this matter. This matter will become part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

Lawrence M. Noble
BY: Lawrence M. Noble
Deputy General Counsel

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 19, 1986

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

William J. Olson, Esquire
Smiley, Olson, Gilman, and Pangia
1815 H Street, N.W.
Washington, DC 20006-3604

RE: MUR 2162
Neighbors for Epperson
Committee and
Stephen C. Mathis, as
treasurer

Dear Mr. Olson:

On April 21, 1986, the Commission notified your client of a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended.

The Commission, on December 11, 1986, determined that on the basis of the information in the complaint, and information provided by your clients, there is no reason to believe that your clients violated 2 U.S.C. § 441b(a).

Accordingly, the Commission closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

Lawrence M. Noble
BY: Lawrence M. Noble
Deputy General Counsel

cc: Stuart W. Epperson

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 19, 1986

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Paul E. Sullivan, Esquire
Wunder, Thelen & Forgotson
1615 L ST, N.W. # 720
Washington, DC 20036

RE: MUR 2162
Crafted with Pride in
U.S.A. Council, Inc.

Dear Mr. Sullivan:

On August 27, 1986, the Commission notified your client of a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended.

The Commission, on December 11, 1986, determined that on the basis of the information in the complaint, and information provided by your clients, there is no reason to believe that your clients violated 2 U.S.C. § 441b(a).

Accordingly, the Commission closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: Lawrence M. Noble
Deputy General Counsel

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Allen



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 19, 1986

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Stuart W. Epperson
3780 Will Scarlet RD
Winston-Salem, NC 27106

RE: MUR 2162
Stuart W. Epperson

Dear Mr. Epperson:

On April 21, 1986, the Commission notified you and your campaign committee, Neighbors for Epperson, of a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

On December 11, 1986, the Commission determined that on the basis of the information in the complaint, and information provided by you and your campaign committee, there is no reason to believe that you violated 2 U.S.C. § 441b(a) as alleged by the complainant.

However, on December 11, 1986, the Commission found reason to believe that you violated 2 U.S.C. § 432 (e) (1), another provision of the Act, by failing to file your statement of candidacy in a timely manner. However, after considering the circumstances of this matter, on December 11, 1986, the Commission determined to take no further action and closed its file. The General Counsel's Factual and Legal Analysis which formed a basis for the Commission's finding is attached for your information.

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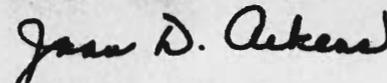
Stuart W. Epperson

Page Two

The file in this matter will be made part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within 10 days.

If you have any questions, please direct them to Laurence E. Tobey, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,



Joan D. Aikens
Chairman

Enclosure
Factual & Legal Analysis

cc: William J. Olson, Esquire
Smiley, Olson, Gilman, & Pangia
1815 H. Street, N.W.
Washington, DC 2006-3604

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SENSITIVE
RECEIVED
OFFICE OF THE FEC
COMMISSION SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Neighbors for Epperson, and)
Stephen C. Mathis, as treasurer, et al.)

MUR 2162 86 DEC 5 11:15

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On April 7, 1986, the Office of General Counsel received a letter dated March 31, 1986 from P. Lynn Ellis of Winston-Salem, North Carolina. This letter consisted of a written, signed, and notarized affirmance of the contents of two other letters and a newspaper article^{1/} submitted earlier by Ms. Ellis. Taken together, the three letters and the newspaper article constitute a complaint (hereinafter, "the complaint") against WTOB Radio of Winston-Salem, North Carolina; Stuart W. Epperson, a candidate for the United States House of Representatives from the Fifth District of North Carolina; Epperson's campaign committee, "Neighbors for Epperson"; the "Salem Pregnancy Clinic" [sic]; and an entity identified only as "Crafted With Pride."

The complaint was based on the cited newspaper article, but Ms. Ellis' letters also referred to television news stories broadcast locally in February, 1986. The complaint was circulated to the Commission on April 8, 1986, and the matter was designated MUR 2162.

On May 21, 1986, this Office circulated a First General Counsel's Report which listed the potential respondents named in

1/ Robinson, WTOB Employees Say Epperson Used Them to Track Neal, Winston-Salem Journal, February 21, 1986, at 1, col 1.

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the complaint and stated that this Office would make a full report to the Commission when it had received their responses.^{2/}

II. LEGAL ANALYSIS

This report will consider the allegations of the complaint and the answers received from each respondent. The essence of the complaint is that employees of WTOB Radio performed services for Stuart W. Epperson's congressional campaign while being paid by WTOB. Complainant's letters also allege that Epperson "used his connections" with two other organizations, the "Salem Pregnancy Clinic" and "Crafted With Pride" to further his campaign.

The Federal Election Campaign Act of 1971, as amended, (hereinafter, "the Act") provides that a "contribution" includes the payment by any person of the compensation for the personal services of another person which are rendered to a political committee without charge for any purpose. 2 U.S.C. § 431 (8)(A)(ii). It is unlawful for any corporation whatever to make a contribution in connection with a federal election. 2 U.S.C. § 441b(a).

A. WTOB Radio and Salem Media of North Carolina, Inc.

On behalf of WTOB, Salem Media of North Carolina, Inc. (hereinafter, "Salem Media") filed a response through counsel

^{2/}. This Office was unable to circulate a report earlier because Complainant did not provide any address for Crafted With Pride in the U.S.A. Council in the complaint. Crafted With Pride's address was obtained in August, 1986, and it filed an answer on September 17, 1986.

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which was received on June 16, 1986. Attachment I. The response stated that WTOB is owned by Salem Media. Stuart W. Epperson filed an affidavit as part of Salem Media's response which stated that he is the "owner, president, and director" of Salem Media. See Epperson Affidavit, Attachment I-B.^{3/} Therefore, a connection has been established between Epperson, WTOB, and Salem Media.

1. Threshold Matters

a). Personal Knowledge

Counsel for Salem Media first attacked the sufficiency of the complaint. Counsel noted that Complainant has no personal knowledge of the facts which are the basis of the allegations. However, Commission practice has been to accept complaints based on newspaper articles. See Agenda Document #79-299, now Commission Memorandum No. 633. This memorandum states that complaints based on newspaper articles will be accepted

...so long as a complaint ... satisfies 2 U.S.C. § 437g(a)(1), by including a sworn statement that the complainant believes the facts to be true as alleged and satisfies 11 C.F.R. § 111.2 [now 111.4] in that the news article on which the complaint is based must be substantive in its facts...

Memorandum No. 663 at 3; see also MUR 1741. Therefore, personal knowledge is not indispensable to a valid complaint where, as here, the complaint meets the mandatory requirements of being in

3/. Epperson submitted two affidavits, one as part of the response from Salem Media, Attachment I-B, and one as part of the response for Neighbors for Epperson, Attachment II-B.

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writing, being sworn to, and being notarized as required by 2 U.S.C. § 437g (a) (1). Accordingly, as to Salem Media and WTOB, the Commission may consider that this complaint has met the requirement of being based on a newspaper article which is "substantive in its facts."

b). Lack of Allegations Against Salem Media

Counsel next states that the complaint alleges no charges against Salem Media or WTOB Radio. It is literally true that the complaint does not expressly name Salem Media. However, the complaint refers repeatedly to WTOB, and WTOB is owned by Salem Media of North Carolina, Inc., which is a North Carolina corporation.

The Act expressly prohibits a corporation from making contributions or expenditures in connection with a federal election. 2 U.S.C. § 441b. The complaint expresses the belief that WTOB Radio paid its employees for time spent working on Epperson's campaign. Even though there is no express allegation that WTOB violated the Act, facts are stated which, if true, could constitute violations by Salem Media, the parent corporation of WTOB.

Therefore, it is necessary to consider Salem Media as a respondent because it may have made prohibited corporate contributions. In light of the apparent close identity between WTOB, Salem Media, and Stuart Epperson, it is proper for the

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Commission to consider Salem Media as a respondent in this matter.

c). Lack of Clear and Concise Recitation of Facts

Counsel next alleges that the complaint is insufficient because it does not contain a "clear and concise recitation of the facts which describe a violation" as required by 11 C.F.R. 111.4 (d)(3). However, nothing in the Act or regulations requires a complainant to be exact in every detail. This Office does not believe that the Commission should hold the public to rigid standards of draftsmanship in preparing complaints. Therefore, the Commission may consider the complaint even though it may not be drafted with great clarity or conciseness, and need not dismiss the complaint as Salem Media's counsel has argued.

2. Salem Media's Response to the Substance of the Complaint

The complaint alleges that "[e]mployees of radio station WTOB were asked by station owner Stuart W. Epperson and others to pose as WTOB news reporters to gather information for Epperson's congressional campaign." Tapes made by these individuals were allegedly not broadcast by WTOB but were turned over to Epperson's campaign and used for campaign purposes.

Salem Media states generally that no WTOB employee was ever assigned to cover news conferences while on company time for any purpose other than for use by WTOB. Specific denials of the allegations are given by Epperson and by David R. Plyler, the

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general manager of WTOB. Epperson stated in his affidavit that Plyler had the day-to-day responsibility for assigning staff to duties at the station, and that Epperson had never directed any employee to do the acts alleged. Attachment I-B. Plyler stated in his affidavit that he had never assigned any WTOB employee to cover news conferences for any purpose other than for use by WTOB. See Attachment I-A. Plyler and Epperson also specifically denied giving any tapes to the Epperson campaign.

a). Epperson Radio Announcement

The complaint next alleged that part of a speech by Representative Stephen L. Neal which had been taped by a WTOB employee was being used in an Epperson radio announcement. The speech was made in August 1985 by Representative Neal to the local Lions Club (hereinafter, "Lions Club speech"). Plyler stated in his affidavit that in early 1986, the Neighbors for Epperson committee rented the WTOB studio at the standard rental fee plus costs. Plyler noted in his affidavit that this amount was promptly paid.^{4/} When Plyler's statements are combined with the statements submitted by Scott Gregory, the former Program Director at WTOB, it appears that the use of the Lions Club speech segment did not represent a contribution to Neighbors for Epperson.

4/.The affidavit submitted by Scott Gregory as part of the Neighbors for Epperson committee's response makes clear that the tape which was used in the Epperson commercial is the same tape referred to by Plyler in his affidavit. Gregory noted that the charges of \$81.00 were promptly paid, and were reported by the Committee on its 1986 April Quarterly report. This report had not been filed at the time the newspaper article on which the complaint was based was written. See infra, at 14.

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b). Alleged In-Kind Contribution of Tapes

The complaint states that various employees of WTOB taped news conferences by Representative Neal and that these tapes were not broadcast by WTOB. Complainant implies that because such tapes were not used on WTOB's news programs, they were given to the Epperson committee, thus constituting in-kind contributions.

Salem Media and Plyler each stated that WTOB is a small organization, and that all employees are expected to perform a variety of jobs, including covering news events as reporters when needed. In explaining why particular tapes may not have been broadcast by WTOB, Plyler stated that WTOB produces only one regularly scheduled news program per day, and that this contains less than two minutes of news. Salem Media stated that "it is simply not possible for WTOB to broadcast every tape of news events made by WTOB employees." Further, Salem Media argued that it "is understandable that poor quality recordings made by employees who were unfamiliar with recording equipment but sent, out of necessity, to cover a news event, would not be broadcast on WTOB." Thus, Respondents argue that no inference should be drawn from the fact that certain tapes were not broadcast by WTOB.

c). Allegations by Former Employees

The newspaper article on which the complaint was based

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reported that several former employees (Henry Heidtmann, Morely Trust, and several anonymous employees) alleged that WTOB employees performed services for the Epperson campaign while being paid by WTOB. The complaint related that Henry Heidtmann (an advertising salesman who left WTOB in January, 1986) said that in November, 1985, Heidtmann was asked by station manager Scott Gregory to tape a speech by Representative Neal at the Ramada Inn in Clemmons, N.C. ("the Ramada Inn Speech"). Heidtmann allegedly stated that he was given \$25 to tape the speech and that he was told to claim that he was a reporter for WTOB. Heidtmann was quoted in the newspaper article as saying that he was supposed to give the speech to Gregory so that Gregory could transcribe and use it, but that the tape was never broadcast by WTOB. Heidtmann was further quoted as saying that he did tape the speech and that he did give the tape to Scott Gregory.

Salem Media adopted the denials contained in the Epperson and Plyler affidavits. Although Epperson and Plyler did not mention Heidtmann or Trust by name, Epperson and Plyler each denied the allegations that they had ever assigned any WTOB employee to cover news conferences for any purpose other than use by WTOB. Epperson and Plyler also denied that they had turned over any WTOB tapes to any political campaign.

As to Heidtmann's allegation that he had been given money to

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tape a speech by Representative Neal when he was not a news reporter but a salesman, Plyler stated that because WTOB is a small organization (six full-time and four part-time employees), all employees are expected to perform a variety of jobs, including covering news events. Plyler stated that at the time of the alleged violations, and also at the time the affidavits were prepared, WTOB had no full-time news reporters and no news director. Thus, the suggested inference that Heidtmann was sent to cover Representative Neal's speech for use by the Epperson campaign instead of by WTOB does not appear valid.^{5/}

d). Conclusion

Salem Media's response adequately addresses the allegations contained in the complaint. The corporation, and two of its principal personnel (Epperson and Plyler), have denied the allegations, and have given reasonable explanations of circumstances from which Complainant sought to raise inferences of improper conduct. Therefore, this Office recommends that the Commission find no reason to believe that Salem Media of North Carolina, Inc. violated 2 U.S.C. § 441b(a) by making corporate contributions to a candidate's committee.

^{5/}. See also Scott Gregory's affidavit and discussion infra, at 13.

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B. Neighbors for Epperson

Neighbors for Epperson and Stephen C. Mathis, as treasurer, filed their response through counsel which was received on May 29, 1986. See Attachment II. This response included affidavits by R. Scott Gregory (formerly Public Affairs Director at WTOB, and currently Epperson's campaign manager), Attachment II-A, and Stuart W. Epperson, Attachment II-B.

1. Threshold Matters

a). Personal Knowledge

Counsel initially attacks the complaint because it is not based on Complainant's personal knowledge. The same argument was made by counsel for Salem Media. It should be rejected for the reasons set forth at 3-4, supra.

b). Television Reports

Counsel for Neighbors for Epperson also notes that the complaint refers to news stories broadcast on Channel 8, a local television station. The complaint makes only vague references to these stories, and no transcripts of them or other documentation were provided by Complainant. It is unclear what the television reports may have said, whether they in fact support the allegations made by Complainant, and whether the facts asserted in the broadcasts (if any) are true. Counsel appears to argue that the Commission should not consider any issue based on the television reports. However, because the complaint met the minimum requirements of Commission regulations, the Commission

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may consider all relevant information, including Complainant's references to television reports.

c). Identity of the Complainant

Counsel further argues that "[i]f Lynn Ellis had been encouraged or requested to file this complaint by someone else, the actual complaintant [sic] should be identified." Because the complaint has met the requirements of 11 C.F.R. 111.4(b) by providing the full name and address of the complainant, and has been sworn to and notarized, this Office sees no need to inquire into whether anyone encouraged this Complainant to file the complaint.

d). Confidentiality

Counsel asserts that Complainant P. Lynn Ellis may have violated the confidentiality provisions of 2 U.S.C. § 437g (a)(12)(A) and 11 C.F.R. 111.21 (a) by appearing on two television news broadcasts to discuss the complaint in this matter. Counsel enclosed a transcript of two news broadcasts on a local television station (WGHP) on March 7, 1986. According to the transcripts, Complainant acknowledged the fact that she had filed a complaint with the Commission and made a vague reference to her allegation that Epperson had been using his employees for his campaign.

Counsel argues that "such possible abuses of the FEC complaint process and the confidentiality provisions should not be permitted."

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The Act provides that:

any notification or investigation made under this section [2 U.S.C. § 437g] shall not be made public by the Commission or by any person without the written consent of the person receiving such notification or the person with respect to whom such investigation is made.

2 U.S.C. § 437g (a) (12) (A). Commission regulations appear to extend the confidentiality requirements to complaints by stating that

no complaint filed with the Commission, nor any notification sent by the Commission, nor any investigation conducted by the Commission, nor any findings made by the Commission shall be made public by the Commission or by any person or entity without the written consent of the respondent with respect to whom the complaint is filed, the notification sent, the investigation conducted, or the finding made.

11 C.F.R. 111.21 (a).

The Commission has previously considered the issue of the publication of complaints by complainants. The Commission has consistently held that the confidentiality provisions of the Act do not prevent a complainant from making public the fact that he or she has filed a complaint and the substance of that complaint. The Act only prohibits persons from making public a Commission notification or investigation. MUR 1607; see also: MURs 2142, 1506, 1275, 1266, 1251, and 1244. Although complainant here acknowledged in her statement on television that she had filed a complaint, and referred to its substance, it does not appear that she made public a Commission notice or investigation. Therefore,

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Complainant's statements appear to be permissible under prior Commission decisions.

2. Neighbors for Epperson's Response to the Substance of the Complaint

The complaint alleges that "[e]mployees of Radio Station WTOB were asked by station owner Stuart W. Epperson and others to pose as WTOB news reporters to get information for Epperson's congressional campaign..." The Committee's counsel relies on denials contained in affidavits filed by Gregory and Epperson. Gregory states that "[a]t no time did I (or anyone else associated with WTOB, to my knowledge) direct any employee of WTOB to assume the role of a reporter to question Congressman Steve Neal for political purposes." Gregory also states that "[a]t no time did I (or anyone else associated with WTOB, to my knowledge) direct any employee of WTOB to tape record any speech made by Mr. Neal for use by any campaign or any partisan political purpose." Epperson also denied the same allegations in his affidavit.

a). Epperson Radio Announcement

As discussed in connection with Salem Media's response, the complaint alleged that part of a speech by Representative Neal was taped by a WTOB employee and was later used in an Epperson radio announcement aired on local radio stations during February

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1986. Gregory stated that a tape of this speech ("the Lions Club speech", supra) was in fact made by a WTOB employee, and that Gregory had listened to it shortly after it was made. Gregory stated that after he left WTOB and joined Neighbors for Epperson, he remembered certain statements made by Neal and that he requested WTOB rent its facilities to Neighbors for Epperson to copy the tape. A brief portion of this tape was later used in a radio announcement sponsored by Neighbors for Epperson. See Attachment II-A. Gregory stated that WTOB was compensated for studio time and costs for copying the tape. Counsel for Neighbors for Epperson stated that the payment was reflected on the Committee's 1986 April 15 quarterly report to the Commission.^{6/} This radio announcement was aired during February, 1986. Counsel states that payment to WTOB was made on February 19, 1986, which reflected prompt payment of the charges. Counsel further stated that the Commission had approved similar transactions in Advisory Opinion 1978-60.

6/. Neighbors for Epperson's 1986 April Quarterly Report shows a payment to WTOB on February 19, 1986 for \$81.00 for "studio time" as stated by Gregory. Because the April Quarterly Report was not due until April 15, 1986, the fact that Neighbors for Epperson would be obliged to report the transaction to the Commission (and would in fact do so) could not have been known to Complainant or the newspaper reporter, who wrote that the Epperson committee's reports showed no disbursements for studio time to WTOB. Thus, no inference should be drawn that WTOB made a contribution of its services to Neighbors for Epperson by copying the tape because the transaction was paid for at the normal rate and properly reported to the Commission.

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b). Allegations by Former Employees

As discussed above in connection with Salem Media, the complaint also related that Henry Heidtmann (an advertising salesman who left WTOB in January, 1986) said that in November, 1985, Heidtmann was asked by Gregory to tape a speech by Representative Neal at the Ramada Inn in Clemmons, N.C. ("the Ramada Inn Speech").

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Scott Gregory stated in his affidavit that if Heidtmann had actually claimed that Gregory asked Heidtmann to tape the speech, this was false. Gregory stated that Plyler, the General Manager had asked Heidtmann to tape the speech. Gregory did state, however, that Heidtmann had asked Gregory for questions to ask Representative Neal, and that Gregory "gave him his thoughts." Gregory admitted that Heidtmann gave him the tape, but says that he never listened to it because it was recorded at the wrong speed. Gregory stated that he did not transcribe this tape or use it in any way, and doubted that the tape was of broadcast quality. In reply to Heidtmann's comment that Heidtmann "was a salesman, not a reporter", Gregory stated that salesmen at WTOB were required to perform duties other than sales because at that time, WTOB did not have any news reporters.

The complaint related that another former employee of WTOB, Morley Trust, confirmed what Heidtmann said. Trust was quoted as saying: "What he (Heidtmann) said is true. They did the same

things while I was there. He (Gregory) asked (another employee) to do the same thing, and I know he did the same things ... It was in the guise of reporting[.]”

Gregory stated in his affidavit that Trust could not possibly confirm that Heidtmann taped the Ramada Inn speech because that speech took place in November, 1985, and Trust had left WTOB in August. Gregory also stated that Trust could not be accurate in stating that Gregory asked another employee to cover a press conference because Trust had already left WTOB before Gregory joined it. Gregory stated that their periods of employment did not overlap, and that he had not even met Trust.

Respondent's counsel also draws attention to a statement in the newspaper article that both Heidtmann and Trust said that they left WTOB because of disputes over pay.

The complaint also refers to allegations by anonymous employees. The first anonymous employee (hereinafter, "Anonymous I") stated that Gregory wrote out questions for Anonymous I to ask Representative Neal. Anonymous I allegedly interviewed Neal by telephone, taped the interview, and gave the tape to Gregory. Gregory states that this happened on only one occasion, that he was not provided with a copy of the tape, and that he saw nothing unusual in the fact that a WTOB employee interviewed a public official. The second anonymous employee (hereinafter,

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"Anonymous II") stated that he was asked to stuff envelopes for Epperson fundraising events while working at WTOB. Gregory noted that Anonymous II did not say who asked him to do this. Gregory stated that he did not ask any employee at WTOB to stuff envelopes or otherwise to work for the campaign, nor did he know anyone else at WTOB who made such requests.

With respect to a statement in the complaint by one of the anonymous employees that he or she felt pressured to do volunteer work at nights and to attend campaign functions, Gregory stated that "no WTOB employee was ever pressured or coerced in any way to do volunteer work or to attend a campaign event by me, or by anyone else to my knowledge."

c). Conclusion

The Committee's use of WTOB's tape for the Epperson radio announcement appears to be permissible because the standard fee was paid. Gregory has persuasively denied the allegations by Heidtmann and Trust. Given that the statements by the anonymous employees are hearsay within hearsay, their reliability is not great. Therefore, the denials under oath by Gregory and Epperson should be given greater weight. Thus, it appears that Neighbors for Epperson did not accept prohibited corporate contributions from Salem Media or WTOB. Therefore, this Office recommends that the Commission find no reason to believe that Neighbors for Epperson and Stephen C. Mathis, as treasurer, violated 2 U.S.C. § 441b(a).

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C. Stuart W. Epperson

1. Response to Substance of the Complaint

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The complaint alleges that Stuart W. Epperson personally participated in the acts complained of. The newspaper article on which the complaint was based stated that "[e]mployees of radio station WTOB were asked by station owner Stuart W. Epperson and others to pose as WTOB news reporters to get information for Epperson's congressional campaign..." The article also states that Epperson allegedly took a tape of a news conference which was never broadcast by WTOB, implying that the tape was instead given to the Epperson campaign. An anonymous employee allegedly also stated that Epperson had asked him to cover a news conference by Representative Neal and that the interview was never broadcast by WTOB, again implying that the tape was given to the Epperson campaign. The article noted that Epperson denied these charges.

The Act specifically prohibits candidates (as well as their political committees) from accepting contributions from corporations. 2 U.S.C. § 441b(a). Because both the letters and the newspaper article on which the complaint was based referred to Epperson personally, it is necessary to consider Epperson's role in the alleged violations.

Stuart W. Epperson filed two affidavits in this matter,

Attachments I-B and II-B. Epperson admitted that he is the President of Salem Media (which owns WTOB) and that he is a candidate for the U. S. House of Representatives. In the affidavit filed as part of the response by Salem Media, Epperson specifically stated that he had never assigned any WTOB employee to cover a news conference for any purpose other than use by WTOB. He also stated that he had never turned over any WTOB tape to any political campaign. He further denied that he had ever pressured any WTOB employee to volunteer for any political campaign. He further stated that no WTOB employee had been used for political purposes, and that to his knowledge, no one at WTOB had taken part in the alleged activities.

Epperson's other affidavit, filed as part of the response for Neighbors for Epperson, also contained these statements. In addition, Epperson specifically responded to Morely Trust's assertion that Epperson had personally taken a tape of a press conference. Trust appeared to imply that Epperson gave the tape to his campaign committee. Epperson stated that he never asked any employee to tape an event for political purposes, and that he never turned over any tapes to any political campaign.

Epperson's denials adequately address the issues raised by the complaint. In addition, the allegations by Trust are unsubstantiated hearsay, and the allegations purportedly made by the anonymous employees are hearsay within hearsay. Given that these statements are inherently unreliable, this Office believes

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that the denials given by Epperson deserve greater weight. Therefore, this Office recommends that the Commission find no reason to believe that Stuart W. Epperson violated 2 U.S.C. § 441b(a).

2. Late Filing of Statement of Candidacy

The Act provides that each candidate for Federal office shall file a Statement of Candidacy within 15 days of meeting the statutory definition of a candidate set forth in the Act.

2 U.S.C. § 432(e)(1). In attempting to argue that the acts complained of occurred prior to Epperson's candidacy, counsel for Neighbors for Epperson admits that Epperson failed to file his "statement of organization" [sic] within the required time period.^{7/} Counsel stated that Epperson met the statutory definition of candidate on December 7, 1985. Counsel then stated that Epperson's statement of organization was not filed until January 2, 1986.

Assuming it is true that Epperson in fact met the definition of candidate on December 7, 1985, then his statement of candidacy would have been due on December 22, 1985. Counsel admits (and Commission records confirm) that Epperson filed his statement of candidacy on January 2, 1986. Therefore, the statement of candidacy was 11 days late.

The Act also requires the authorized committee of a

7/. Counsel appears to confuse the statement of candidacy, which must be filed by a candidate, with the statement of organization, which must be filed by the candidate's political committee.

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candidate to file a statement of organization no later than ten days after designation by the candidate. 2 U.S.C. § 433(a). Neighbors for Epperson (the candidate's authorized committee) filed its statement of organization on January 2, 1986, the same date on which Epperson filed his statement of candidacy. Therefore, Neighbors for Epperson complied with 2 U.S.C. § 433(a) because the statement of organization was filed within ten days of designation by the candidate.

Because counsel has admitted that Epperson filed his statement of candidacy late, this Office recommends that the Commission find reason to believe that Stuart W. Epperson violated 2 U.S.C. § 432 (e)(1). However, given that the statement was filed eleven (11) days late, this Office also recommends that the Commission take no further action on this issue.

D. Salem Pregnancy Support, Inc.

Salem Pregnancy Support, Inc. (hereinafter "Salem Pregnancy") is a North Carolina corporation. The sole reference to Salem Pregnancy in the complaint is as follows:

In addition, these stories [television reports on local station Channel 8] also suggest that Mr. Epperson used his connections with ...Salem Pregnancy Clinic to do the same [use employees for his congressional campaign while on company time.]

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This statement appears in Complainant's March 3, 1986 letter, and is repeated verbatim in Complainant's March 17, 1986 letter. These are the only references to Salem Pregnancy in the complaint. The newspaper article which forms the basis of the complaint does not mention Salem Pregnancy.

Salem Pregnancy Clinic filed a response on May 27, 1986 which stated that it is a non-profit corporation which is supported exclusively by voluntary contributions. Attachment III. Stuart W. Epperson is a member of its board of directors. Salem Pregnancy denied making any contributions to Epperson's campaign, and specifically stated that no employees worked on Epperson's campaign while on company time. Salem Pregnancy stated that it had only two paid employees at the time mentioned by the complaint. Jacqueline Bohenskiel, the Executive Director of Salem Pregnancy, resigned on September 27, 1985, and subsequently became employed by Neighbors for Epperson. Ms. Bohenskiel submitted an affidavit stating that she never performed any services for Epperson's campaign while employed by Salem Pregnancy. The other employees, Lisa Miller and Roberta S. Meyer (who replaced Ms. Bohenskiel) also filed affidavits stating that they never worked for Epperson's campaign while employed by Salem Pregnancy.

In light of the fact that Complainant's allegations against Salem Pregnancy were vague and non-specific, and that Respondents

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have submitted a denial which fully addresses any allegations made by Complainant, this Office recommends that the Commission find no reason to believe that the Salem Pregnancy Clinic, Inc. violated 2 U.S.C. § 441b(a).

E. Crafted With Pride in U.S.A. Council, Inc.

Crafted With Pride in U.S.A. Council, Inc. is a Delaware corporation. The complaint did not initially provide enough information to determine the identity of Crafted With Pride. This Office did not learn of Crafted With Pride's address until August, 1986. At that time, a copy of the complaint was mailed to its headquarters in New York.

The sole reference to Crafted With Pride in the complaint is as follows:

In addition, these stories [television reports on local station channel 8] also suggest that Mr. Epperson used his connections with "Crafted with Pride" ...to do the same....In addition, stories aired on Channel 8 suggest that Mr. Epperson also used people on his payroll at "Crafted with Pride" to do campaign work.

This statement appears in Complainant's March 17 letter, and also appears in slightly different form in Complainant's March 3 letter.

These are the only references to Crafted With Pride in the complaint. The newspaper article on which the complaint is based does not mention Crafted With Pride.

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Crafted With Pride filed a response on September 17, 1986. Attachment IV. In addition to arguing that Complainant failed to allege a factual basis for the allegations, Crafted With Pride stated that it is a non-profit, tax-exempt corporation the purpose of which is to convince consumers, retailers and apparel manufacturers of the value of of purchasing and promoting products made in the United States. Crafted With Pride further stated that Stuart W. Epperson had volunteered to coordinate a project involving radio stations in the United States. The radio stations were asked to donate air time during which Crafted With Pride's message would be broadcast. Crafted With Pride stated that Epperson's activities were purely voluntary, and were unrelated to his congressional campaign. Robert E. Swift, the Executive Director of Crafted With Pride, submitted an affidavit which stated that at no time were employees of Crafted With Pride used to assist or benefit Epperson's campaign, nor had Crafted With Pride paid or reimbursed individuals for the benefit of Epperson's campaign.

In light of the fact that Complainant's allegations against Crafted With Pride are vague and unspecific, and are not supported by evidence, and given the complete denial filed by Crafted With Pride, this Office recommends that the Commission find no reason to believe that the Crafted With Pride In U.S.A. Council, Inc. violated 2 U.S.C. § 441b(a).

III. RECOMMENDATIONS

1. Find reason to believe that Stuart W. Epperson violated 2 U.S.C. § 432 (e)(1), but take no further action on this issue.
2. Find no reason to believe that Stuart W. Epperson violated 2 U.S.C. § 441b(a).
3. Find no reason to believe that Salem Media of North Carolina, Inc. violated 2 U.S.C. § 441b(a).
4. Find no reason to believe that Neighbors for Epperson and Stephen C. Mathis, as treasurer, violated 2 U.S.C. § 441b(a).
5. Find no reason to believe that Salem Pregnancy Support, Inc. violated 2 U.S.C. § 441b(a).
6. Find no reason to believe that the Crafted with Pride in U.S.A. Council, Inc. violated 2 U.S.C. § 441b(a).
7. Approve and send the attached Factual and Legal Analysis.
8. Approve and send the attached letters.
9. Close the file.

Charles N. Steele
General Counsel

12-4-86
Date

BY: Lawrence M. Noble (47)
Lawrence M. Noble
Deputy General Counsel

Attachments

- I. Response submitted by Salem Media
- II. Response submitted by Neighbors for Epperson
- III. Response submitted by Salem Pregnancy
- IV. Response submitted by Crafted With Pride
- V. Proposed Factual and Legal Analysis (1)
- VI. Proposed letters to respondents (5)
- VII. Proposed letter to complainant (1)

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June 13, 1986

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Charles W. Steele, General Counsel
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Attention: Laurence Tobey, Esq.

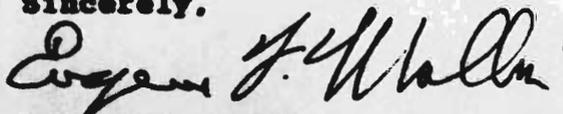
Re: MUR 2162

Dear Mr. Steele:

On behalf of Salem Media of North Carolina, Inc., I hereby submit the attached "Statement of Salem Media of North Carolina, Inc.," and accompanying affidavits of David R. Plyler and Stuart W. Epperson, demonstrating that no action should be taken against Salem Media or Radio Station WTOB in this matter.

I would be pleased to respond to any questions regarding these documents, or any further questions the Commission might have.

Sincerely,



Eugene F. Mullin
Counsel for Salem Media of
North Carolina, Inc.

KFM/jt
Enclosures

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Before the
FEDERAL ELECTION COMMISSION

In the Matter of)
Salem Media of North Carolina, Inc.) NUR 2162

STATEMENT OF
SALEM MEDIA OF
NORTH CAROLINA, INC.

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Salem Media of North Carolina, Inc. ("Salem Media"), licensee of Radio Station WTOB(AM), Winston-Salem, North Carolina, hereby responds, by its attorneys, to the allegations regarding WTOB made by P. Lynn Ellis in letters to the Federal Election Commission ("FEC") dated March 17 and 31, 1986. Salem Media submits that not only is neither Salem Media nor WTOB properly the subject of a complaint before the FEC, but also there is no reason to believe that either Salem Media or WTOB has committed or is about to commit any violation of the Federal Election Campaign Act ("FECA"). Accordingly, no action should be taken against Salem Media or WTOB in this matter.

1. In her letter of March 17, 1986, Ms. Ellis requested that the FEC investigate the campaign of Stuart W. Epperson for possible violations of the federal election laws by Mr. Epperson and/or the campaign. In her letter of March

31, 1986, she asserted that, to the best of her knowledge, her March 17 letter was true. However, she has no personal knowledge. The only basis for her allegations is a newspaper article that appeared in the Winston-Salem Journal on February 21, 1986. Apparently the two Ellis letters together constitute the complaint in this matter under review, because neither one alone meets the FEC requirements for filing a complaint set forth in 11 CFR §111.4(d).

2. Even taken together, the letters allege no charges against Salem Media or WTOB. Under 11 CFR §111.4(d), a complaint to the FEC

(1) ... should clearly identify as a respondent each person or entity who is alleged to have committed a violation of a statute or regulation over which the Commission has jurisdiction;

The only persons or entities clearly identified in the Ellis complaint as respondents who are alleged to have committed any violation are Stuart W. Epperson and Mr. Epperson's campaign.

3. The lack of a charge against Salem Media or WTOB in the Ellis complaint notwithstanding, by a letter of May 19, 1986, the FEC notified Salem Media that it had received a complaint alleging that WTOB may have violated certain provisions of the FECA. Accordingly, Salem Media submits this Statement, and accompanying affidavits of WTOB General

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Manager David R. Plyler and Salem Media President Stuart W. Epperson, demonstrating that neither Salem Media nor WTOB has violated any provision of the FECA, and, accordingly, that no action should be taken against Salem Media or WTOB in this matter.

4. Salem Media notes that the Ellis complaint fails to comply with the basic requirements for complaints set forth in the FEC regulations. 11 CFR §111.4(d)(3) provides that the complaint

(3) ... should contain a clear and concise recitation of the facts which describe a violation of a statute or regulation over which the Commission has jurisdiction;

The Ellis complaint fails to provide such a recitation of the facts. The complaint alleges generally and vaguely that at issue is whether Mr. Epperson violated FEC laws by using WTOB employees for political purposes to either contribute to or fund his campaign for Congress. The complaint does not allege that Salem Media or WTOB has violated any provision of FEC laws, and, quite simply, neither has.

5. The complainant states that, as she understands federal election laws, an employee of a corporation cannot work for a campaign unless the work is volunteered or the corporation is reimbursed by the candidate. The complainant is correct in her understanding, but makes no allegation that

any corporation has violated this provision. However, the complaint does contain three specific factual allegations that concern WTOB. First, it alleges that four WTOB employees said that they were asked to cover news conferences for the Epperson campaign while on company time. Second, it alleges that the tapes of these news conferences were not aired on WTOB but were turned over to the campaign. Third, it alleges that one employee stated that he felt pressured by the campaign to volunteer his time to work for the campaign.

6. Because Salem Media believes that the three specific allegations, together with the general allegation that the Epperson campaign used WTOB employees for political purposes, are the only matters raised in the complaint that concern Salem Media or WTOB, Salem Media has confined its response to addressing those allegations. Should the FEC be disposed to consider other matters involving Salem Media or WTOB, then Salem Media requests that it be advised of those matters and given an opportunity to respond.

7. No action should be taken against Salem Media or WTOB in this matter because there is no reason to believe that Salem Media or WTOB has committed or is about to commit any violation of the FECA. The allegations concerning WTOB are based on flimsy hearsay gleaned from an unverified newspaper account, and none is true.

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8. WTOB is a small, understaffed radio station in Winston-Salem, North Carolina. Each of its few employees perform numerous duties, and, because of the small staff, do not have well-defined, specific job responsibilities. (See Plyler Affidavit, ¶¶5-6.) Because the station has no news reporters or news director, any employee might be assigned to cover a news conference or other newsworthy event for the station. (See Plyler Affidavit, ¶¶7-8.) However, according to the sworn statements of the station's General Manager and the president of Salem Media, no WTOB employee has ever been assigned or asked to cover a news conference while on company time for any purpose other than for use by WTOB. (See Plyler Affidavit, ¶18, Epperson Affidavit, ¶5.)

9. Like any other radio station, WTOB does not air every tape of events that it records. WTOB produces only one regularly scheduled news program per day, which contains less than two minutes of news. The program is repeated once during the day. (Plyler Affidavit, ¶7.) Thus it is simply not possible for WTOB to broadcast every tape of news events made by WTOB employees. Moreover, the reporting efforts of WTOB employees do not always result in broadcast quality tapes. It is understandable that the poor quality recordings made by an employee who was unfamiliar with recording equipment but sent, out of necessity, to cover a news event, would not be broadcast on WTOB. (See Plyler Affidavit,

¶15.) Furthermore, the suggestion that any tapes were turned over to any political campaign is entirely groundless. (See Plyler Affidavit, ¶19, Epperson Affidavit, ¶6.)

10. Finally, WTOB has exerted extraordinary efforts to ensure that the station fairly and equally covers all candidates in political races within the WTOB coverage area. For example, it has offered free air time to candidates. (See Plyler Affidavit, ¶¶10-14.) The station has acted fairly and impartially with respect to all of the political campaigns, and it has been independent of all of the campaigns. With regard to the unnamed WTOB employee who alleged to have felt "pressured" to volunteer to work for a campaign, there is simply no reason to believe that a severely short-staffed station would pressure its precious few employees to devote time to matters other than station-related activities. Indeed, neither the station's General Manager nor Salem Media's president has ever pressured any WTOB employee to volunteer to work for any political campaign. (See Plyler Affidavit, ¶20, Epperson Affidavit, ¶7.) Further, Salem Media has no knowledge of the activities of WTOB employees during non-working hours, nor has it any legitimate right to obtain such knowledge.

11. In conclusion, neither Salem Media nor WTOB is properly the subject of a complaint before the FEC because neither has been identified as a respondent who is alleged to

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have committed a violation of the FECA. Moreover, there is no reason to believe that Salem Media or WTOB has committed or is about to commit any violation of the FECA. Specifically, there is no reason to believe that any WTOB employee has been used for political purposes to either contribute to or fund any political campaign; there is no reason to believe that any WTOB employee was asked to cover news conferences for any political campaign while on company time; there is no reason to believe that tapes of news conferences were turned over to any political campaign; and, finally, there is no reason to believe that any WTOB employee was ever pressured to volunteer to work for any political campaign.

12. Accordingly, no action should be taken against Salem Media or WTOB in this matter.

Respectfully submitted,

SALEM MEDIA OF NORTH CAROLINA, INC.

By: Eugene F. Mullin
Eugene F. Mullin

By: Mary C. Lawless
Mary C. Lawless

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June 13, 1986

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999 E Street, N.W.--Room 657
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Attention: Laurence Tobey, Esq.

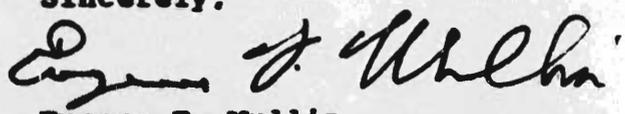
Re: MUR 2162

Dear Mr. Steele:

Enclosed are the signed original affidavits of David R. Plyler and Stuart W. Epperson. These affidavits replace the conformed copies submitted by Salem Media of North Carolina, Inc., on July 13, 1986.

I would be pleased to respond to any questions concerning this matter.

Sincerely,



Eugene F. Mullin
Counsel for Salem Media of
North Carolina, Inc.

EFM/jt
Enclosures

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BEFORE THE
FEDERAL ELECTION COMMISSION

In the Matter of)
Salem Media of North Carolina, Inc.)

MUR 2162

AFFIDAVIT OF
DAVID R. PLYLER

David R. Plyler, being duly sworn, deposes and says as follows:

1. My name is David R. Plyler. I have been employed as General Manager at Radio Station WTOB(AM) since 1983. Prior to coming to WTOB, I served for four years as News Director at the radio and television station that was the NBC network affiliate in Winston-Salem, and for 10 years as Public Affairs Director of the NBC television affiliate in Winston-Salem. Among my responsibilities as Public Affairs Director was ensuring that the station was in compliance with the Federal Communications Commission rules and regulations, the Federal Election Campaign Act and all other rules and regulations applicable to broadcast stations. Consequently, I am acutely aware of broadcast stations' responsibilities to cover fairly political issues and political campaigns and the responsibility of broadcast stations to serve the public interest.

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2. I began working as General Manager of WTOB in September, 1983, and was so employed when Salem Media acquired the station in March, 1985. At that time, WTOB was ranked 30th of the 42 stations in the Winston-Salem market. The previous year, the station had been ranked 39th. Currently, WTOB is ranked 18th of the 42 stations in the market.

3. At present WTOB operates with a very small staff of six full-time and four part-time employees. In past years, WTOB employed a staff of up to 20 people, but, for budgetary reasons, the station was forced to dismiss 16 people prior to Salem Media's acquisition of the station.

4. In addition to the president of Salem Media, the six full-time employees at WTOB include a General Manager, an Operations/Business Manager, a Program Director, a Control Operator, an Account Executive (that is, salesman), and a Receptionist/Administrative Assistant. The four part-time employees include two control operators and two air personalities.

5. Because WTOB has such a small staff, WTOB employees perform numerous functions. Although I am General Manager, I also perform tasks that at a larger station are handled by a news director. Additionally, I perform the tasks of a sales manager and serve as a salesman for the station.

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6. WTOB is not unlike other small radio stations in that job titles do not indicate fully the employees' job responsibilities. For example, the WTOB Operations Manager and salesman occasionally perform the tasks of news reporters. The salesman is also a weekend Control Operator and frequently writes copy and produces spots. The Program Director does most of the on-air broadcasts, and the General Manager acts as Production Director when necessary. Employees performing multiple functions has been station practice throughout the period that Salem Media has owned WTOB.

7. WTOB does not employ a news director, nor does it employ any news reporters. WTOB employees perform those functions as necessary. WTOB broadcasts a regularly scheduled news program daily at 7:30 a.m. and repeats it at 8:20 a.m. The program contains less than two minutes of news and lasts under four minutes in its entirety.

8. Because WTOB has no news director or news reporters, and because we are so short-staffed, when I determine that an event is newsworthy and ought to be covered by the station I assign any available employee to cover the event. When I make assignments, it is on an informal and unstructured basis; WTOB maintains no "daily assignment log." For example, I assigned the WTOB salesman to cover the locally held Bing Crosby golf

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tournament on June 5-8, 1986. On occasion, I myself have covered news events for the station. For example, I recently covered the gala opening of the new Winston-Salem Hyatt and a local school bus accident involving 32 children.

9. When Salem Media acquired WTOB, it instituted an aggressive effort to better serve the public interest and increase the station's listening audience. Twenty years ago, WTOB was a popular radio station with a large audience, but in more recent years the station had declined and had fallen dramatically in the ratings. In an effort to restore the good name and popularity of WTOB, Salem Media launched a campaign using the slogan "WTOB 1380, We Care About Our Community."

10. One of the ways that WTOB shows that it cares about its community is by covering community events and matters of public interest. Among the more significant community events that have occurred since Salem Media's acquisition of WTOB (and the launching of the community-service campaign) are the numerous political elections and campaigns in the WTOB coverage area. To demonstrate WTOB's sincere interest in serving the community, in early 1986 I sent letters offering free air time on WTOB to all registered candidates for elective office in the WTOB broadcast coverage area. I offered free air time to the candidates for United States Senate, United

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States House of Representatives in North Carolina's Fifth Congressional District, District Attorney, County Commissioner, Sheriff, and the State legislature from districts within WTOB's coverage area. See Exhibits 1 and 2.

11. In addition, in the fall of 1985 WTOB offered free air time to the candidates for the Winston-Salem Board of Aldermen and the Winston-Salem - Forsythe County School Board. To the best of my knowledge, WTOB was the only broadcast facility (radio or television) to offer free broadcast time to political candidates in 1985 and 1986.

12. Salem Media's president and owner declared himself a candidate for the United States Congress in December, 1985. I was determined to bend over backwards to show that WTOB is fair to all candidates for elective office and does not give special treatment to any candidate or political party. I actively sought to demonstrate to the public that WTOB is an impartial media outlet, so that no one could possibly raise an inference of partiality based upon the fact that Salem Media's president is a candidate for elective office.

13. For example, I was aware that there were two Republican candidates, but only one Democratic candidate, registered in the Fifth Congressional District race. To ensure complete fairness, I offered free time to the Demo-

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cratic candidate on the Tuesday and Thursday editions of an "Election '86" program, and time on the Monday, Wednesday and Friday editions to the Republican candidates, with the Republican candidates alternating on those days. See Exhibit 2.

14. The Democratic candidate, Stephen L. Neal, declined the offer of free time. (See Exhibit 3). Likewise, neither of the Republican candidates, Lyons Gray and Stuart W. Epperson, took advantage of the offer. However, there were candidates for other offices that did accept the offer of free air time and broadcast messages or interviews to their voters on WTOB. See Exhibit 4.

15. To further emphasize that, although owned by a candidate for elective office, WTOB remains an independent broadcast station that provides equal time to all candidates, I decided that WTOB would cover all the speeches in which the Democratic and Republican candidates for Congress announced their candidacy. At the time, WTOB employed an Assistant Public Affairs Director who was assigned to cover the speeches. Unfortunately, she did not produce broadcast quality tapes of the speeches because she did not know how to use the recording equipment properly. As a result, those tapes were not broadcast on WTOB.

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16. During election periods, it is common practice for candidates to rent broadcast facilities to produce campaign spots. The WTOB facilities are available to any candidate for office who wishes to rent them. For example, in early 1986 the "Neighbors for Epperson" campaign rented the studio for the standard studio rental fee, plus costs, totalling \$81.00. (See Exhibit 5). The campaign made prompt payment in that amount to WTOB.

17. WTOB strives to serve the Winston-Salem community as an impartial outlet for the communication of matters of public interest. As General Manager of the station, I am determined to ensure fair coverage of all issues, including political campaigns and elections.

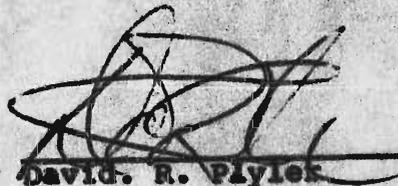
18. I have never, and to the best of my knowledge no one at WTOB has ever, assigned any WTOB employee to cover news conferences for any purpose other than for use by WTOB.

19. I have never, and to the best of my knowledge no one at WTOB has ever, turned over any WTOB tapes to any political campaign.

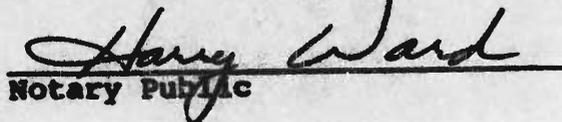
20. I have never, and to the best of my knowledge no one at WTOB has ever, pressured any WTOB employee to volunteer for any political campaign.

R 7 0 4 0 5 2 4 2 3 7

21. To the best of my knowledge, WIOB employees have not been used for political purposes, to either contribute to or fund any political campaigns, in the course of their employment at WIOB.


David. R. Plyler

Subscribed and sworn to this 13th day of June, 1986.


Notary Public

My Commission Expires: August 12, 1992

8
7
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3
8

EXHIBIT 1

**Plyler Letters Offering Free Air Time On WTOB
To Candidates For U.S. Senate, District Attorney,
County Commissioner, Sheriff, and
North Carolina State Legislature**

87040624239

WTOB
am
stereo
1380

April 10, 1986

Ms. Kathy Doherty
Fountain Odom for U.S. Senate
P.O. Box 36804
Charlotte, N.C. 28236-6804

Dear Ms. Doherty:

We are delighted to have received your news releases, and we look forward to continuing use of them.

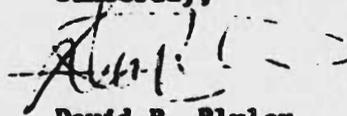
We are very interested in obtaining an advertising schedule for Mr. Odom for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Odom with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,



David R. Plyler
General Manager

DRP/ba

87040524240

WTOB
am
stereo
1380

April 10, 1986

Mr. Palmer Sugg
Funderburk for U.S. Senate
P.O. Box 25234
Raleigh, NC 27611

Dear Mr. Sugg:

We are delighted to have received your news releases, and we look forward to continuing use of them.

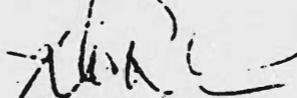
We are very interested in obtaining an advertising schedule for Mr. Funderburk for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Funderburk with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Plyler
General Manager

DRP/ba

WTOB
am
stereo
1380

April 10, 1986

Mr. Bob Morgan
Broyhill for Senate
P.O. Box 29537
Greensboro, NC 27429

Dear Mr. Morgan:

We are delighted to have received your news releases, and we look forward to continuing use of them.

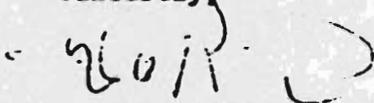
We are very interested in obtaining an advertising schedule for Mr. Broyhill for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Broyhill with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Flyler
General Manager

DRP/ba

87040324242

WTOB
am
stereo
1380

April 10, 1986

Ms. Joyce Chandler
John Ingram for U.S. Senate
919 Kildaire Farm Road
Cary, N.C. 27511

Dear Ms. Chandler:

We are delighted to have received your news releases, and we look forward to continuing use of them.

We are very interested in obtaining an advertising schedule for Mr. Ingram for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Ingram with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,



David R. Plyler
General Manager

DRP/ba

WTOB
am
stereo
1380

April 10, 1986

Mr. Tom Lawton
Terry Sanford for U.S. Senate
P.O. Box 3539
Durham, N.C. 27702-3539

Dear Mr. Lawton:

We are delighted to have received your news releases, and we look forward to continuing use of them.

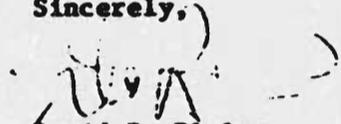
We are very interested in obtaining an advertising schedule for Mr. Sanford for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Sanford with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Plyler
General Manager

DRP/ba

87040524244

WTOB
am
stereo
1380

April 10, 1986

Milton Croom for U.S. Senate
5100 Lacey Street
Raleigh, NC 27609

Dear Mr. Croom:

We are delighted to have received your news releases, and we look forward to continuing use of them.

We are very interested in obtaining an advertising schedule from you for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide you with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Plyler
General Manager

DRP/ba



March 27, 1986

The attached letter is being sent to the following candidates:

District Attorney:

- Joseph Gatto (Rep)
- Dwight Nelson (Rep)
- Mickey Andrews (Rep)
- Don Tisdale (Dem)
- Warrent Sparrow (Dem)

County Commissioner

- B. W. Atkinson (Dem)
- Wayne Willard (Dem)
- Mazie Woodruff (Dem)
- John S. Holleman (Dem)
- Harris A. Crowell (Dem)
- Roger Swisher (Rep)
- David Drummond (Rep)
- W. R. "Bill" Dowe (Rep)
- Betty L. Crouse (Rep)
- Willie Ed Smith (Rep)
- Jim Warren (Rep)

Sheriff

- R. N. "Ron" Barker (Dem)
- Harry L. Joyner (Dem)
- Preston Oldham (Dem)

67TH House District

- Logan Burke (Dem)
- John D. Clark (Dem)

87040524246



March 27, 1986

Dear

I want to welcome you to use the WTOB facilities as the May 6th Primary approaches. I encourage you to advertise your candidacy on WTOB as the May 6th Primary approaches. Our lowest unit rate is:

- Thirty second spot..... \$10.00
- Sixty second spot..... \$15.00
- Use of WTOB's production facilities..... \$25.00 per hour
\$12.50 per half hour (minimum)

In an effort to provide the voters of the WTOB listening audience with as much information regarding the candidates and the issues as possible, we are going to provide five minutes free time at 8:35 A.M. each morning on WTOB. You may do the interview live with our program director, Mike Payne, or you may choose to pre-tape your five minutes and say anything you wish to say. We have arranged the appearances on WTOB in alphabetical order and the time you have been scheduled for is

Hope to hear from you as soon as possible.

Sincerely,

David R. Plyler
General Manager

DRP/rws

87040524247

87040624248

EXHIBIT 2

**Plyler Letters Offering Free Air Time on WTOB
To Candidates For U.S. House of Representatives**

WTOB
am
stereo
1380

January 16, 1986

Congressman Steve Neal
421 Federal Building
Winston-Salem, N. C. 27101-3993

Dear Congressman Neal:

In an effort to inform our listeners, WTOB, as in the past, is embarking once again on a series of programs to allow each candidate the opportunity to discuss the issues in the current congressional campaign. "Election 86" will be broadcast every day, Monday through Friday at 12:50 P.M. following Paul Harvey News and Comment, one of the more popular programs in our radio market. The program will begin February 3 and will be broadcast every day, Monday through Friday, until April 30.

Since there is a Republican primary, we will schedule the Republican portion of the program Monday, Wednesday, and Friday with the candidates alternating on these days.

Congressman Neal, since you have no democratic opposition at this writing, we are going to provide you with broadcast time on Tuesdays and Thursdays. If democratic opposition should develop, we will extend the broadcast to Saturday to allow for the opposing view.

If you desire to take advantage of this opportunity, I would appreciate hearing from you as soon as possible. If, for some reason, you cannot take advantage of the program, the program will not be broadcast. The program can be produced wherever the candidate wishes to produce it...we will do it at WTOB, if desired. The candidate may say anything he or she wishes. We will not edit the program, however, we would appreciate holding the program content to about 4½ minutes.

I hope to hear from you soon.

Sincerely,

David R. Plyler
General Manager
WTOB

DRP/rvs

CBS RADIO
WTOB

28

WTOB
am
stereo
1380

January 16, 1986

Mr. Stuart Epperson
3069 Trenwest Drive
Winston-Salem, N. C. 27103

Dear Stu:

In an effort to inform our listeners, WTOB, as in the past, is embarking once again on a series of programs to allow each candidate the opportunity to discuss the issues in the current congressional campaign. "Election 86" will be broadcast every day, Monday through Friday at 12:50 P.M. following Paul Harvey News and Comment, one of the more popular programs in our radio market. The program will begin February 3 and will be broadcast every day, Monday through Friday, until April 30.

Since there is a Republican primary, we will schedule the Republican portion of the program Monday, Wednesday, and Friday with the candidates alternating on these days. Congressman Neal has no democratic opposition at this writing, therefore, we are going to provide Congressman Neal with broadcast time on Tuesdays and Thursdays. If democratic opposition should develop, we will extend the broadcast to Saturday to allow for the opposing view.

If you desire to take advantage of this opportunity, I would appreciate hearing from you as soon as possible. If, for some reason, you cannot take advantage of the program, the program will not be broadcast. The program can be produced wherever the candidate wishes to produce it...we will do it at WTOB, if desired. The candidate may say anything he or she wishes. We will not edit the program, however, we would appreciate holding the program content to about 4½ minutes.

I hope to hear from you soon.

Sincerely,

David R. Plyler
General Manager
WTOB

DRP/rvs

CBS RADIO
AM 1380

29



January 16, 1986

Mr. Lyons Gray
5199-B Country Club Road
Winston-Salem, N. C. 27104

Dear Lyons:

In an effort to inform our listeners, WTOB, as in the past, is embarking once again on a series of programs to allow each candidate the opportunity to discuss the issues in the current congressional campaign. "Election 86" will be broadcast every day, Monday through Friday at 12:50 P.M. following Paul Harvey News and Comment, one of the more popular programs in our radio market. The program will begin February 3 and will be broadcast every day, Monday through Friday, until April 30.

Since there is a Republican primary, we will schedule the Republican portion of the program Monday, Wednesday, and Friday with the candidates alternating on these days. Congressman Neal has no democratic opposition at this writing, therefore, we are going to provide Congressman Neal with broadcast time on Tuesdays and Thursdays. If democratic opposition should develop, we will extend the broadcast to Saturday to allow for the opposing view.

If you desire to take advantage of this opportunity, I would appreciate hearing from you as soon as possible. If, for some reason, you cannot take advantage of the program, the program will not be broadcast. The program can be produced wherever the candidate wishes to produce it...we will do it at WTOB, if desired. The candidate may say anything he or she wishes. We will not edit the program, however, we would appreciate holding the program content to about 4½ minutes.

I hope to hear from you soon.

Sincerely,

David R. Plyler
General Manager
WTOB

DRP/rws

CBS RADIO
1380

30

87040524251

87040524252

EXHIBIT 3

**Neal Response to Plyler Letter
Offering Free Air Time on WTOB**



**Congress of the United States
House of Representatives**

STEVE NEAL
9th District, NORTH CAROLINA

January 23, 1986

**Mr. David R. Plyler
General Manager
Radio Station WTOB
P.O. Box 5129
Winston-Salem, N.C. 27103**

Dear Dave:

Thank you for your letter of January 16 and for the invitation to participate in the "Election '86" series on WTOB.

As you know, this are busy times for Congress. We are still faced with mammoth deficits, problems with our textile, tobacco and furniture industries, national defense, the environment, and many other pressing problems. Moreover, we are for the first time heading into the uncharted waters of Gramm-Rudman-Hollings, which shows no promise of clear sailing.

There is every indication, as a matter of fact, that the Second Session of the 99th Congress will be the most tumultuous in recent times. Under these circumstances, I simply do not have time for campaigning and must, therefore, decline your invitation.

Best wishes,

**STEPHEN L. NEAL
U.S. Congressman**

SLN:jt

87040524253

87040624254

EXHIBIT 4

- Plyler Memo of April 24, 1986
- Odom Letter Thanking Plyler for
Free On-Air Interview

WTOB
am
stereo
1380

April 24, 1986

MEMO

Warren Sparrow, Mr. Tisdale's opponent in the democratic primary, called today and asked if he could come to the radio station to practice his script for his appearance tomorrow morning at 8:35 and I told him we'd be delighted to have him do it, but he needed to call Brian Lewis before coming up so Brian could open the door for him.



David R. Plyler
General Manager WTOB

DRP/rvs.

87040524255

Fountain
ODOM
U.S. Senate

File

March 28, 1986

Mr. Dave Plyer
Station Manager
WTOB
8025 North Point Boulevard
Winston Salem, North Carolina

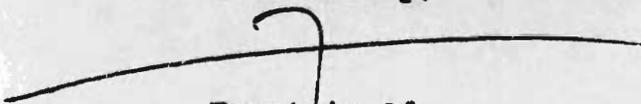
Dear Dave:

I enjoyed meeting you on Wednesday and appreciate very much the live interview. I am sure your switch board was flooded with calls thereafter.

The next time I know I am going to be there I will give you a call.

Please consider the possibility of doing some type of live call-in show one afternoon or perhaps even one evening. I would love to give that a try if it would work out with you.

Yours truly,



Fountain Odom

TLO/ag

*214-358-2210
Print Phillips
3446 Whitehall Dr
Dallas, TX 75224
PA Ad Media 6803
125*

87040524256

87040524257

EXHIBIT 5

**WTOB Broadcast Order
2/18/86**

BROADCAST ORDER

WTOO 1380

Winston - Salem, N. C.

114

NUM CODE ALPHA CODE

625 A

SPONSOR **Neighbors for Epperson** LOCAL LOG AS **TODAY'S DATE** **2/18/86**

BUYER & PHONE NO. **Scott Gregory 768-8700** RATE CARD NO. SALESMAN OFFICE **10** START **Wed 2/19**

END **Tues 2/25**

NEW CONTRACT
 CANCELLATION - ENTIRE CONTRACT (LAST DATE _____)
 CHANGE ORDER

SCHEDULE DETAILS (W/AD POSITION, ETC.)

CLASS	TIME PERIOD	LENGTH	MON	TUE	WED	THU	FRI	SAT	SUN	PER WK	RATE	AMOUNT PER WEEK	FREQ	FLIGHT DATES OR CHANGE ORDER DETAIL	BLANK	AVAIL	LOG	
	ROS	:30			10	10	10			30	10	\$300		2/19, 20, 21				
	ROS	:30	10	10						20	10	200		2/24, 25				
TOTALS											AMT. PER WEEK	NO. WKS	TOTAL ANNOUNCEMENTS	TOTAL				
											\$ 500	1	50	\$ 500.00				

870405-24258

BILLING INSTRUCTIONS:

AFFIDAVIT REQUIRED

EXACT TIMES REQUIRED

*LIST ALL PRODUCTS TO BE ADVERTISED IF MORE THAN ONE (VARIOUS)

Contract Year **1986** Agency Commission

OTHER SPECIAL INSTRUCTIONS **ADDITIONAL CHARGES**

Studio Time: 3 Hours @ \$25.00 per hour = \$75.00

Large reel tape (1) = 3.00

Small reel tape (2) @ \$1.50 ea. = 3.00

\$81.00

ACCEPTED FOR AGENCY _____ Date _____ ACCEPTED FOR STATION _____ Date _____

ORDERED BY _____ APPROVED BY _____ COORDINATED BY _____

JAN	
FEB	500.00
MAR	
APR	
MAY	
JUN	
JUL	
AUG	
SEPT	
OCT	
NOV	
DEC	

Overdue accounts are subject to a service charge of 1 and 1/2% a month. Should it become necessary to refer this account for collections the advertiser and agency agree to pay a minimum fee of 15 percent of the outstanding balance.

**BEFORE THE
FEDERAL ELECTION COMMISSION**

In the Matter of)
Salem Media of North Carolina, Inc.)

MUR 2162

**AFFIDAVIT OF
STUART W. EPPERSON**

Stuart W. Epperson, being duly sworn, deposes and says
as follows:

1. My name is Stuart W. Epperson. I am the owner, president, and director of Salem Media of North Carolina, Inc., licensee of Radio Station WTOB(AM), Winston-Salem, North Carolina. I have been in the broadcasting business for more than twenty years, and, in addition to WTOB, currently have ownership interests in the following stations:

KCFO (AM) -- Tulsa, OK
KCFO (FM) -- Tulsa, OK
WEZE (AM) -- Boston, MA
KSLR (AM) -- San Antonio, TX
WNYM (AM) -- New York, NY
WRFD (AM) -- Columbus-Worthington, OH
KGBA (FM) -- Holtville, CA
KFAX (AM) -- San Francisco, CA
WBJZ (AM) -- Knoxville, TN

2. Salem Media acquired WTOB in March, 1985. As president of Salem Media I occasionally ask station employees

87040524259

to cover newsworthy events. However, the station's General Manager, David Plyler, is responsible for day-to-day management and operation of the station.

3. I am currently a candidate for the United States Congress from the Fifth Congressional District of North Carolina. On May 6, 1986, I won the Republican Party nomination to Congress, winning a primary election in the District.

4. I am acutely aware of the responsibilities of a broadcast station to serve the public interest and to address issues of public concern, including political campaigns and elections, fairly. I have never directed any employee of WTOB to interview or tape speeches of political candidates for use by any campaign or for any partisan political purpose.

5. I have never, and to the best of my knowledge no one at WTOB has ever, assigned any WTOB employee to cover news conferences for any purpose other than for use by WTOB.

6. I have never, and to the best of my knowledge no one at WTOB has ever, turned over any WTOB tapes to any political campaign.

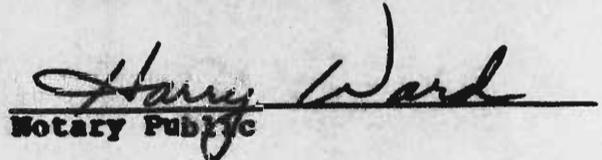
7. I have never, and to the best of my knowledge no one at WTOB has ever, pressured any WTOB employee to volunteer for any political campaign.

97040524260

8. To the best of my knowledge, WTOB employees have not been used for political purposes, to either contribute to or fund any political campaigns, in the course of their employment at WTOB.


Stuart W. Epperson

Subscribed and sworn to this 13th day of June, 1986.


Notary Public

My Commission Expires: August 12, 1992

87040524261

SMILEY, OLSON, GILMAN & PANGIA

ATTORNEYS AT LAW

1815 H STREET, NORTHWEST

WASHINGTON, D.C. 20006-3804

(202) 462-2100

TELEX WU 84174 ROGER

TELECOPIER (202) 463-8233

ROBERT R. SMILEY III, P. C. (DC)
WILLIAM J. OLSON, P. C. (DC, VA)
NICHOLAS GILMAN, P. C. (DC, MD, PA)
MICHAEL J. PANGIA (DC, NY)
JOHN J. CARLINO (NY)
ROBERT A. MINEO (NC)
WILLIAM P. HARPER, JR. (NC)

DANIEL F. HAYES (DC, NY)
PAUL E. ZANN (PA, NY)
NANCY A. CHILES (DC)
ROBERT R. WARCHOLA, JR. (FL)

OF COUNSEL

GUY O. FARLEY, JR. (VA)

SUITE 310
1088 JUDICIAL DRIVE
FAIRFAX, VIRGINIA 22030
(703) 581-8800

150 BROADWAY
NEW YORK, NEW YORK 10038
(212) 405-8848

SUITE 800
1420 WALNUT STREET
PHILADELPHIA, PENNSYLVANIA 19102
(215) 548-1430

530 NORTH BLOUNT STREET
RALEIGH, NORTH CAROLINA 27604
(919) 834-8888

39 BROAD STREET
P.O. BOX 87, ZIP 29408
CHARLESTON, SOUTH CAROLINA 29401
(803) 723-2323

May 29, 1986

HAND DELIVER

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attention: Laurence Tobey, Esq.

Re: MUR 2162

Dear Mr. Gross:

We represent Neighbors for Epperson, the principal campaign committee of Stuart W. Epperson, candidate for United States Congress from the Fifth Congressional District of North Carolina. Our executed Statement of Designation of Counsel is on file with your office.

Our client received a letter dated April 21, 1985 from your office about the above-referenced newly-opened MUR. An extension of time within which to file our response was granted by your office and confirmed by our letter of May 16, 1986.

This MUR arises exclusively out of a complaint received by the FEC from P. Lynn Ellis originally dated March 3, 1986. The original complaint was not sworn to or notarized. Lynn Ellis submitted a somewhat different letter dated March 17, 1986. This complaint was notarized, but not sworn to.

Although the correspondence that we received does not explain how, a supplemental document was apparently obtained by the Commission from Lynn Ellis, dated March 31, 1986. This

87040524262

11:19 AM
5/29/86

document references only the March 17, 1986 letter, is notarized, and is sworn to. This March 31, 1986 curative letter from Lynn Ellis containing the verification required by FEC regulations clearly states that "[t]he allegations against Mr. Epperson are based on the attached newspaper article from the Winston-Salem Journal dated February 21, 1986." (Attachment 1). Two important consequences flow from this statement.

First, Lynn Ellis admits that not a single allegation contained in the complaint is based on her "personal knowledge", but rather the complaint is exclusively based upon "information and belief". The implicit "belief" of Lynn Ellis in this case is that a newspaper always prints the truth. This is a complaint based totally on a source of information not possessing the type of reliability that should be necessary to institute a MUR based on a complaint. (In the instant case, this source is an article written by a single reporter in a newspaper that opposed the candidate about whom the article was written, Gregory Affidavit, paragraph 23). There are none of the inherent protections that come from having only FEC officials or state or federal agencies initiate internally generated matters under 11 C.F.R. section 111.8. based on information ascertained by the Commission from sources including newspaper reports.

Statutes or rules requiring affidavits occasionally allow for affidavits to be made upon "information and belief" rather than "personal knowledge" for certain purposes. Nevertheless, we do not believe that the inclusion of this phrase in 11 C.F.R. section 111.4(c) makes it possible for a complaint to be properly "sworn to" pursuant to 11 C.F.R. section 111.4(b)(2) exclusively upon "information and belief", particularly when the information comes from a single newspaper story. Allowing a complainant to swear to the fact that an article appeared in a newspaper, rather than requiring that a complainant swear to the truth of the underlying facts, makes the requirement that the complaint be made under "penalty of perjury" (2 U.S.C. section 437g(a)(1)) meaningless. It allows the reporter's unverified accusations to be "bootstrapped" into a verified complaint. If an article in a newspaper is accepted for such purposes, would an article in a political party newsletter be likewise accepted? See generally Star Motor Imports, Inc. v. Superior Court of Santa Clara County, 88 Cal.App.3d 201, 151 Cal.Rptr. 721 (1979); Vermillion Corp. v. Vaughn, 397 So.2d 490 (La. 1981). We believe that the FEC should reject the filing of this complaint on a nunc pro tunc basis.

Second, although the letter of March 17, 1986 also references a news report on Channel 8 Television, the verification furnished by Lynn Ellis, even in its limited form as to "information and belief", does not reach or refer to these television reports. The verification is limited to the newspaper article. Since this portion of Lynn Ellis' original letter complaint of March 17 is not sworn to, it is our view that any

matter contained in the Channel 8 Television reports, and not in the newspaper article, are not properly before the Commission. 11 C.F.R. section 111.4(b)(2). Additionally, as to the Channel 8 television reports, the complaint is defective as it includes no clear and concise recitation of the facts, and no documentation supporting the facts. 11 C.F.R. section 111.4(b)(3) and (4). This makes it virtually impossible to fashion a response. Therefore, since allegations about the corporate entities Crafted With Pride in U.S.A. Council and the Salem Pregnancy Crisis Center were not mentioned in the story, they are not properly before the Commission. There should be no inference of culpability drawn from a desire to have all citizens comply with FEC law and regulations. The FEC should use the same procedures regarding these allegations that it would use if a complaint had never been verified at all. If the FEC disagrees with this legal analysis, the campaign will prepare the best response that it can relative to the vague, unverified allegations about these two entities.

3 7 0 4 0 5 2 4 2 6 4
 In a case such as this one, where the charges are totally and demonstrably baseless, there is a temptation to waive these important jurisdictional issues to show the Commission the complete facts of the case so that the complaint will be dismissed on the merits, once and for all. Nevertheless, to insure proper administration of the FECA, we feel compelled to raise these threshold issues and ask that the complaint be rejected for the reasons stated. Campaigns should not be subject to this type of harassing complaint and the substantial loss of time and cost of response that is incurred. These threshold issues involve the integrity of the FECA just as much as the charges themselves. This MUR presents the Commission with a clear opportunity to rule that it will not accept complaints from individuals with no personal knowledge of any facts whatsoever relevant to a violation of the FECA, made solely based on the appearance of a single newspaper story. Nevertheless, in the alternative, we have provided two affidavits, with attachments, that refute all charges of violations of the FECA. (Affidavit of R. Scott Gregory, Attachment 2; Affidavit of Stuart W. Epperson, Attachment 3).

We also note that at the time of the matters alleged in the article, Mr. Epperson was not a candidate under the Federal Election Campaign Act. As a result of the 1979 Amendments to the FECA:

[a]n individual does not become a candidate until he or she has received \$5,000 or spent \$5,000 or a person authorized by the individual receives \$5,000 or spends \$5,000 on behalf of the individual. [H.R. Rep. No. 422, 96th Cong., 1st Sess. 5 (1979)].

Under this test, Mr. Epperson met the statutory definition of a candidate on December 7, 1985. (Due to an administrative oversight, the Statement of Organization for Neighbors for Epperson was not filed with the FEC until January 2, 1986.) It is not at all clear that the FECA extends to investigations into activities that allegedly took place prior to the date that the respondent committee came into existence. See e.g. Federal Election Commission v. Florida for Kennedy Committee, 681 F.2d 1281 (11th Cir. 1982) with respect to draft committees. If the FECA does not reach these alleged activities, the complaint must be dismissed against Neighbors for Epperson.

We note that your letter of April 21 was not the first that our client had heard of this complaint. Lynn Ellis' March 3 complaint was the subject of prime time television coverage in the Winston-Salem area. Enclosed are copies of transcripts of the March 7, 1986 6:00 p.m. and 11:00 p.m. WGHP, Channel 8 news broadcasts when Lynn Ellis was interviewed about her complaint against the Epperson campaign. (Attachment 4). The Epperson campaign had been given an "advance copy" of the complaint shortly before the 6:00 p.m. broadcast on March 7. The copy of Lynn Ellis' March 3 complaint enclosed with your letter has two date/time stamps of receipt by the FEC's Office of General Counsel, both in the late afternoon of March 7, 1986. Obviously, the FEC and Mr. Epperson received Lynn Ellis' complaint at approximately the same time on the same date, both well after it had been given to Channel 8's reporter Gary Doyens. If the confidentiality requirements of 11 C.F.R. section 111.21 attach to such a complaint upon mailing to the FEC, and if Lynn Ellis mailed her complaint to the FEC, there may have been a violation of 2 U.S.C. section 437g(a)(12). The matter would be even more clear if Lynn Ellis spoke with the press on the late afternoon of March 7, after the receipt of the complaint in the Office of General Counsel. Depending on what an investigation would show, such possible abuses of the FEC complaint process and the confidentiality provisions should not be permitted.

The transcript of the March 7, 11:00 p.m. shows that Lynn Ellis admitted a total lack of familiarity with FEC compliance procedures, but decided to file a complaint apparently after learning from someone that it was required. If Lynn Ellis had been encouraged or requested to file this complaint by someone else, the actual complainant should be identified. 2 U.S.C. section 437g(a)(1) and 11 C.F.R. section 111.4(b)(1).

One legal observation about a matter discussed in one of the affidavits is significant. The August 1985 speech by Congressman Steve Neal at the Lion's Club meeting is discussed in the Gregory Affidavit, paragraph 12. Neighbors for Epperson did use a cut from a tape made by WTOB of Mr. Neal's comments in a radio commercial. Payment for this use is reflected on the 1986 April 15th Quarterly Report of Neighbors for Epperson, page 6, Schedule

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B, expenditures for Line 17, WTOB, \$81.00 for "studio time". The commercial was aired in February 1986. (Attachment 5). The payment to WTOB on February 19, 1986 reflects prompt payment of the charges.

The Commission has sanctioned campaigns purchasing such material from media organizations in FEC Advisory Opinion 1978-60.

You could, however, use the film in campaign related activities if you pay NBC the usual and normal charge for the film so that it would not be an in-kind contribution in connection with a Federal election.

In conclusion, we further draw the Commission's attention to one statement in the article:

Both Heidtmann and Trust said that they left WTOB because of disputes over pay.

See also Gregory affidavit, paragraph 11 regarding letter from Morley Trust to Stuart Epperson regarding his leaving the station.

For the reasons stated above, we believe that the complaint is not in compliance with the FECA, and the FECA's jurisdiction is in doubt, and therefore the complaint should be rejected. If the Commission disagrees on this threshold issue, Neighbors for Epperson has furnished affidavits and documents which fully substantiate a finding of No Reason To Believe that the Federal Election Campaign Act has been violated by Neighbors for Epperson or other persons as alleged in the single newspaper story on which the complaint is totally based. If any further questions arise, we will be pleased to respond fully.

Sincerely yours


William J. Olson

Enclosures

1. Article, Winston-Salem Journal, February 21, 1986.
2. Affidavit of R. Scott Gregory.
3. Affidavit of Stuart W. Epperson.
4. Transcripts of Channel 8 television March 7, 1986 6:00 p.m. and 11:00 p.m. news broadcasts.
5. Transcript of Neighbors for Epperson 30-Second Commercial using cut from speech made by Congressman Neal.

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SPORTS

MARYLAND BEATS CAROLINA 77-72

SPORTS UPSET — PAGE 15



STATE/LOCAL

WF STUDENTS PETITION, RALLY OVER PLAN TO RAISE TUITION

TRUSTEES TO DECIDE TODAY — PAGE 14



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CLASSIFIED: A 40 percent increase of rates. High, 60¢ per line, 60¢ per space, page 2.

WINSTON-SALEM JOURNAL

FRIDAY, FEBRUARY 21, 1968

89TH YEAR No. 328

WINSTON-SALEM, N.C.

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WTOB Employees Say Epperson Used Them to Track Neal

By **Beryl S. Robinson**
JOURNAL REPORTER

Employees of radio station WTOB were asked by station owner Stuart W. Epperson and others to act as WTOB news reporters to get information for Epperson's congressional campaign, four current or former employees told the Journal.

The employees said that the tapes they were asked to make of telephone conversations and news conferences they attended were never broadcast over WTOB news, but instead were turned over to Epperson's campaign.

Epperson and his campaign workers deny the allegations, saying that everything they've done is legal and that they have gone out of their way to be fair to other candidates in the 14th District congressional race.

Federal election laws say that an employee of a corporation cannot work for a campaign unless the work is volunteered or the corporation is reimbursed by the candidate for the employee's work, according to Karen Fluzan, a public affairs specialist with the Federal Election Commission.

Part of a speech by Rep. Stephen L. Neal that was taped by a WTOB employee is being used in an

Epperson advertisement that has aired this week on local radio stations.

The 30-second ad attacks Neal's stand on taxes and was a comment he made last August in a speech to a Lion's Club here.

"That tape came from a speech that was taped by someone at WTOB," said Scott Gregory, Epperson's campaign manager. "I don't know who taped it. Yes, it was retrieved from WTOB, but I don't see anything wrong with that. I don't know that there is any law against that."

Henry Holtzman, an advertising salesman who left WTOB in January, said that in November he

was asked to tape a speech that Rep. Stephen L. Neal was giving at the Ramada Inn in Clemmons.

Epperson will face Neal, the incumbent Democrat, if he beats fellow Republican Lyons Gray in the May primary.

Holtzman said that Gregory asked him to tape the speech. At the time Gregory was public affairs director at WTOB.

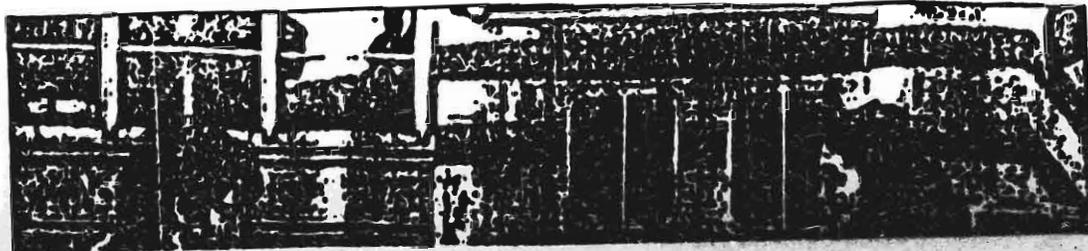
"I was given \$10 to go out and tape Steve Neal's address saying I was part of the press of WTOB. I was supposed to give that tape to Scott so he could transcribe it and use it. ... It never went on the See Epperson, Page 4



STUART W. EPPERSON

R Wants Become R Nabisco

— Chance Will Take



Marcos' Support Crumbled

Attachment

Epperson

Continued From Page 1

air," Heitmann said in a telephone interview Wednesday night from Atlanta, where he now lives.

"I went out and did it and gave the tape back to Brett, and he kept it on file. Why was I going out there? Because I was told that they wanted to have some things that they could bring up when it came time for the campaign," he said. "I wasn't a reporter. I was a salesman."

Merley Trust, a former WTOS talk show host who left the station last August, confirmed what Heitmann said.

"What he is saying is true. They did the same things while I was there. He (Gregory) asked (another employee) to do the same thing, and I know he did the same thing. ... It was in the guise of reporting," said Trust, who now works as a marketing consultant.

"The results of that press conference were never broadcast over that station," Trust said. "So Epperson took it."

Both Heitmann and Trust said that they left WTOS because of disputes over pay.

Two other WTOS employees, one current and one former, spoke to the Journal on the condition that they not be identified. They said that they, too, were asked to do similar tasks since last fall while working on WTOS time.

"On a couple of occasions he (Gregory) wrote out questions that he wanted me to ask Congressman Neal," one current employee said. "I called him (Neal) up on the phone. ... I would actually tape the conversations and return the tapes to Scott Gregory."

The employee, who said that Epperson also had asked him to cover a Neal news conference, said that some of the taped interviews with Neal were broadcast over WTOS news.

Another former WTOS employee said that he was asked to stuff envelopes for Epperson fund-

raisers while at work. "Yes, yes, yes, it's true," he said. "By no means was it in line with the job I was supposed to do."

The employee also said that he felt pressured by Epperson campaign people to volunteer his time at nights to do campaign work and attend functions.

"Even though I was getting paid by WTOS, they reported me as an employee to be there," he said. "I was hired to work for WTOS solely, and being expected to be involved in politics was not anticipated when I was hired, or I wouldn't have taken the job."

Miss Fineman said that the activities described by the WTOS employees are legally questionable.

"If they were doing this on their own time, that is OK," she said. "If they were doing it on company time, and the company was paying for that, it would be questionable. I can't say that it is absolutely wrong ... but I can say it would raise a question."

A candidate can contract with an employee of a corporation for work, if he discloses it on his financial reports. And a candidate can also make incidental use of certain facilities of the corporation, such as telephones, if he reimburses the corporation.

Epperson's financial reports show no payments to WTOS for use of its employees for any campaign work.

Miss Fineman said that a person is considered a candidate by law if he shows an intent to run for office or raises or spends \$1,000 on behalf of his candidacy.

It is unclear exactly when Epperson organized his campaign group, called Neighbors For Epperson, but at least one campaign worker began work last November.

No complaints have been lodged with the FEC against Epperson's campaign, Miss Fineman said. Investigations are conducted only if a complaint is filed by an individual or by a member of the commission, or if misinformation is found on a financial report.

In response to the allegations, Epperson said

yesterday: "We never have used this radio station for a political campaign. I understand there is a thin line there, but we are going to maintain that posture."

Epperson said that WTOS employees were sent to cover news conferences because "we have an obligation to cover newsworthy events and to record them."

He said that people with no reporting experience were sent to cover the events because WTOS has a small staff and his employees are expected to do many jobs.

"And I suppose there is nothing wrong with telling them what questions to ask if they are in the public interest. The lack of experience on someone's part as a reporter is a very good reason to give them questions to ask," he said.

When asked why the tapes were not used on the air, Epperson said: "If they were not on the air, then I would just have to assume that it was not newsworthy or just not recorded properly. Believe me ... there is nothing hidden in this thing."

Epperson said that the meetings in question were public and that if he wanted to get information for his campaign he could have sent a campaign worker.

He said that if WTOS employees were asked to do campaign work on company time then WTOS was reimbursed for their work. "If we did not reimburse, then it was done on a volunteer basis."

He said that the employees misunderstood what they were being asked to do.

"I think perhaps the root is that they are misinterpreting our efforts to cover fully all the candidates and to show a total impartiality toward candidates. They are looking at that as some sort of political ploy," he said.

Gregory also denied the allegations that he asked WTOS employees to tape news events for Epperson's campaign. Gregory said that he asked Heitmann to cover only one of Neal's speeches at the request of David Flyter, the station's general manager.

Gregory also said that Heitmann asked him

for help with questions to ask Neal at that speech. "The only reason I ever suggested things to people about questions to ask were times when they asked me to suggest questions," he said.

Gregory did say that he accepted tapes of interviews and news conferences from the employees.

"Some people left the tapes with me. I don't know why they left the tapes with me. Maybe they had it in their minds that these were being done because they wanted it done. I don't know where the tapes came from," he said.

Gregory said that if anyone asked WTOS employees to cover news conferences it was Flyter.

But Flyter said yesterday that only twice did he ask a WTOS employee to cover news conferences. He said that he never saw any tapes from the news conferences that the other employees say that they were asked to cover.

"They haven't been asked by me. If it's been done, it's been done without my knowledge," he said.

Prior to Stuart's announcement as a bona fide candidate for political office, I did give Scott Gregory the latitude to do things like that," Flyter said, referring generally to assigning employees to tape interviews and news conferences. But, Flyter said, if the tapes were used for campaign purposes, "it was incorrect and should not have been done."

Local reporters have also raised questions about the role of another WTOS employee, Kathleen Lovell, who covered a Neal news conference in January.

The reporters say that Ms. Lovell identified herself at the news conference as being with WTOS, but later she, Gregory or Epperson tried to get copies of their tapes of Neal's comments for use in the Epperson campaign.

The reporters include Paul Brown, news director of WFAA in Miami Aky, which is owned by Epperson's brother, Ralph. "It crossed the height of impropriety to call me with that kind of request," Brown said.

representatives had hoped to hold a private meeting with Heitmann, the employee who argued against the lawsuit, but when the broker called,

Reynolds

Continued From Page 1

yesterday that the move is a planned strategy to put money into the tobacco and less on the as a tobacco company.

"Corporations change their primary for one reason or another beyond a perception of the industry said. "You hear a bit of that's just the idea. The one

bought a very large part of Reynolds' future outside of As an estate businessman of R.J. Reynolds, you would have negotiated to think that he was going to continue to be what he says been."

"I like the fact that dropping R.J.N." Curt. "They're making it not Nabors as a very good name."

Wilson said that the sub-R.J.N. will continue to operate their current name and the domestic and international companies will keep the full name of R.J. Reynolds Nabors. will continue to be the name food and beverage companies operating companies Hunt-Kentucky Fried (This has to keep their names

The shareholders will approve the new name of the company's annual meeting April 23 in Winston. Del Prey matters will be mailed to R.J.N. who in early March, will discuss the need to change the name.

In addition to the name change shareholders will be asked to prove an increase in the shareholders' share of R.J.N.'s cash from 200 million to 500 million and an increase of preferred stock from 20 million to 50 million.

the cooler also president in charge of the Martin Thibault division that makes the rocket launchers.

Martin Thibault's hand answered.

Challenger's 9 steps will be 20 degrees colder than those of the Shaver flight and they would not be as resistant, but that temperature data

after he was killed in an unrelated accident involving his time as an executive of General Dynamics. Shaver asked Gordon sharp questions and

Shuttle

Continued From Page 1

BEFORE THE
FEDERAL ELECTION COMMISSION

In the Matter of

Neighbors for Epperson

)
)
)
)
)
)
MUR 2162

AFFIDAVIT OF
R. SCOTT GREGORY

R. Scott Gregory, being duly sworn, deposes and says as follows:

1. My name is R. Scott Gregory. I have reviewed the complaint filed in the above-referenced matter and furnish this affidavit regarding the facts relevant thereto.

2. In August 1985 I was hired as Public Affairs Director for radio station WTOB, Winston-Salem, North Carolina. There, my superiors were Stuart Epperson, owner of WTOB and, secondarily, David Plyler, the general manager of the station.

3. As Public Affairs Director, my activities were varied. My activities included inviting school groups to tour the station; writing daily editorials to be aired on the station; informing civic groups in the Winston-Salem area of the availability of persons from WTOB to speak at functions; conducting two conferences on low income public housing; organizing a minority business conference; and many other matters. (Attachment A).

4. Additionally, between September 1985 and December 1985, as part of my responsibilities for the station, I worked many long hours with the Crafted With Pride in U.S.A. Council. This involvement actually began in late August with a trip to New York City to meet with Bob Swift of the Council. Working with Bob Swift, we developed a plan to encourage radio stations to air commercials promoting the purchase of products which were made in the USA. I spent many hours contacting stations to get their involvement. I worked with the Warwick Advertising Agency in New York to develop a radio spot for the Council. I worked on a media event for the Council at the North Carolina Broadcasters Convention in Winston-Salem on October 6, 1985. At that time a decision was made to create a national contest offering over \$50,000 in prizes to radio outlets that crafted the best local promotions for the cause, and my work became quite extensive. I hired Scott Sherman to assist me with this work. The documents attached reflect matters on which I worked. (Attachment B). The

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Council reimbursed the station for some of the time spent by Scott Sherman and myself.

5. At all times while on the payroll of WTOB, I worked 50 hours or more per week on station business, including the Crafted With Pride in U.S.A. Council. During the period of intensive activity with the Council, the hours were even longer.

6. At no time did I (or anyone else associated with WTOB, to my knowledge) direct any employee of WTOB to assume the role of a reporter to question Congressman Steve Neal for political purposes.

7. At no time did I (or anyone else associated with WTOB, to my knowledge) direct any employee of WTOB to tape record any speeches made by Mr. Neal for use by any campaign or any partisan political purpose.

8. The following sentence appears in the Winston-Salem Journal of February 21, 1986: "Heidtmann said that Gregory asked him to tape the speech [by Mr Neal at the Ramada Inn]." If Mr. Heidtmann actually said this, and I strongly doubt that he said this (note that no quotation marks are used for this statement in the story), it is totally false. To the best of my knowledge and recollection, Dave Plyler, WTOB general manager, asked Mr. Heidtmann to tape this speech.

9. The following sentences appear in the same article, and I have set out my comments:

a. "I [Heidtmann] was given \$25 to go out and tape Steve Neal's address saying I was part of the press of WTOB. I was supposed to give that tape to Scott so he could transcribe it and use it....It never went on the air."

Comment: Although not stated in the story, before leaving to cover the event, Mr. Heidtmann came to me and told me that he did not have any money for gas and to pay for his meal. I loaned him \$20 and I was later reimbursed by WTOB for this amount. At this same time, Mr. Heidtmann asked me for some suggestions about asking questions, and I gave him my thoughts. I do not know why Mr. Heidtmann says that he believed that he "was supposed to give that tape" to me, but this understanding did not come from me. Indeed, I did not transcribe it, or use it in any way. I do not know if it was aired by the station, but I doubt it was of broadcast quality as I remember Mr. Heidtmann remarking about the trouble he had in getting the tape recorder close enough to properly record Mr. Neal's remarks.

b. "I [Heidtmann] went out and did it and gave the tape

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back to Scott, and he kept it on file. Why was I going out there? Because I was told that they wanted to have some things that they could bring up when it came time for the campaign."

Comment: It is true that Mr. Heidtmann put the tape in my office the next day, but I do not know what happened to it subsequently. I did not keep it on file. Actually, I never even listened to the tape, because it was recorded on a slow speed. My tape recorder had only one speed, a faster speed than the tape recorder used to tape the speech. I did not tell Mr. Heidtmann what he claims to have been told by an unidentified person, and I do not know to whom he refers when he uses the ambiguous pronoun "they".

c. "I wasn't a reporter. I was a salesman."

Comment: Although I had no supervisory authority over Mr. Heidtmann, I can say that WTOB was a small AM station with a small staff. There were no news reporters at WTOB during this period. I do know that Mr. Heidtmann and other salesmen were often asked to, and did, perform duties not involving sales.

10. A gentlemen named Morley Trust is also named in the article as confirming these specific statements by Mr. Heidtmann ("What he is saying is true."). This is a peculiar source of confirmation, as even the article admits that Mr. Trust left WTOB in August, and the Ramada Inn taping occurred in November. It would be totally impossible for Mr. trust to "confirm" events that transpired at WTOB three months after he left the station.

11. Mr. Trust is further quoted as stating "They did the same things while I was there. He (Gregory) asked (another employee) to do the same thing, and I know he did the same things....It was in the guise of reporting...." This statement is clearly, totally, and demonstrably false. Mr. Trust alleges that "while [he] was [at WTOB]" I asked another unnamed employee to tape a speech. Unfortunately for Mr. Trust's memory or veracity, while he was at WTOB, I was not. Our periods of employment did not overlap whatsoever. Mr. Trust had left the station before I arrived in August 1985. In fact, to my knowledge, I have never even met Mr. Trust. The only knowledge I have about Mr. Trust is that I read a long letter that he had written to Stuart Epperson complaining about general manager Dave Plyler and complaining that he should have been named general manager when Mr. Epperson purchased the station. Quite obviously, one cannot trust all of Mr. Trust's statements. And beyond that, I never engaged in the activities that Mr. Trust alleges while I actually was at WTOB.

12. A tape of a speech made by Mr. Neal before a Lion's Club meeting was made by a WTOB employee, and I listened to it

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when it was given to me shortly after it was made. After I left WTOB and joined Neighbors for Epperson, I remembered certain statements made by Mr. Neal in that speech, and I requested that WTOB rent its facilities to Neighbors for Epperson to copy the tape for a radio commercial, and this was done. A brief portion of this tape was later used in a radio advertisement sponsored by Neighbors for Epperson. WTOB was compensated for studio time used during the copying of the tape.

13. I am not aware whether or not any tape recording made of the Ramada Inn speech, or the Lion's Club speech, or any other speech made by Mr. Neal was ever aired on the station. As Public Affairs Director my responsibilities did not involve decisions on what would or would not be aired, other than matters relating to editorials or public affairs spots and the like.

14. Two anonymous individuals are quoted as making accusations about my role at WTOB, which I have designated Anonymous-1 and Anonymous-2, for convenience.

15. Anonymous-1 states that: "On a couple of occasions he (Gregory) wrote out questions that he wanted me to ask Congressman Neal...I called him (Neal) upon the phone....I would actually tape the conversations and return the tapes to Scott Gregory." On one occasion, a station employee asked me for ideas prior to his telephone interview of Mr. Neal regarding a proposal in the House of Representatives to balance the federal budget and I suggested some questions, as requested. I find it unremarkable that the employee of a radio station would "actually tape" a conversation with an elected official. I was not provided with a copy of the tape.

16. Anonymous-2 states that he was asked to stuff envelopes for Epperson fundraisers while at work. The only quotation from the individual is: "Yes, yes, yes, it's [no antecedent in the quotation] true....By no means was it in line with the job I was supposed to do." Anonymous-2 does not say who asked him to do such work. I did not ask any employee at WTOB to stuff envelopes or otherwise do work on any campaign, nor do I know anyone else at WTOB who made such requests. Interestingly, Anonymous-2 does actually admit that his job as defined by WTOB was totally unrelated to any campaign whatsoever.

17. The article states that either Anonymous-1 or Anonymous-2 (probably Anonymous-2) "felt pressured" by Epperson campaign people to volunteer his time at nights to do campaign work and attend functions. "Even though I was getting paid by WTOB, they expected me as an employee to be there....I was hired to work for WTOB solely, and being expected to be involved in politics was not anticipated when I was hired, or I wouldn't have taken the job." I do not know why Anonymous-2 believed that an anonymous "they" expected any such thing of him. I can state

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unequivocally that no WTOB employee, was ever pressured or coerced in any way to do volunteer work or to attend a campaign event by me, or by anyone else to my knowledge. To the best of my knowledge, the only occasions when any WTOB employees other than myself even attended any campaign functions was Dave Plyler and his wife attended the evening event when Mr. Epperson announced his candidacy, and a part-time employee voluntarily helped to help blow up balloons at the evening event and a morning event the same day.

18. At no time while working at WTOB was I ever pressured or coerced into working for any campaign in any way by any one.

19. The article quotes Dave Plyler as stating that "Prior to Stuart's announcement as a bona fide candidate for political office, I did give Scott Gregory the latitude to do things like [assigning reporters to tape interviews and news conferences]." If actually stated by Mr. Plyler, I was unaware of being given this authority. Indeed, I never assumed this authority, nor did I ever exercise it.

20. The article references anonymous local reporters (except for one who is named) as the source of questions about the role of WTOB employee Kahilda Lovell. Although I had left the station by then, I understand that it is true that she covered the announcement press conference of Mr. Neal and was to tape record it for use on the air. Apparently her tape recorder malfunctioned and she did not get the tape recording. I am told that subsequent to the event, she telephoned other stations to get a copy of the press conference to use on the air. Apparently she called Paul Brown of WPAQ radio who took offense, somehow falsely believing that the tape was desired for campaign purposes. Dave Plyler apparently felt that it was important for WTOB to air this tape as it had previously aired tape of the Epperson announcement, and it did not want to be unfair. Indeed, the Epperson campaign sent an employee to observe this press conference of Mr. Neal and to hand out a press release. This employee could have taped the news conference if it had been desired. At no time did the Epperson campaign request a copy of this tape from WTOB or anyone else.

21. In December 1985 I became the campaign manager for Neighbors for Epperson, the principal campaign committee of Stuart Epperson, candidate for the United States Congress from North Carolina's Fifth Congressional District. Previous to that, I had freely volunteered to work on the Epperson campaign in my own time on a substantial basis.

22. At no time since I joined Neighbors for Epperson have I (or anyone else, to my knowledge from this campaign) asked anyone at WTOB to assume the role of a reporter or tape record speeches

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by Mr. Neal, nor were tapes of any such speeches provided to me or the campaign, other than the tape purchased, and described above in paragraph 12.

23. I note that in the recent Republican primary, the same newspaper that prominently carried these charges against WTOB and others on February 21, 1986 endorsed Mr. Epperson's opponent on May 3, 1986.

R. Scott Gregory
R. Scott Gregory

Subscribed and Sworn To
In My District

Amy H. Hower
Notary Public

OFFICIAL SEAL
AMY H. HOWER
NOTARY PUBLIC
Forsyth County, N. C.
My Commission Expires May 1, 1991

My Commission Expires: May 1, 1991

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8/27/85

POINT OF VIEW: PATH
Friedenberg/12 August

Recently I learned about an organization called PATH that is just getting started in Winston-Salem. PATH, which stands for People Are Treated Human, is concerned about the street people downtown. A survey last year showed that seventy-five percent of Winston-Salem residents consider street people a menace [problem]. PATH sees them as castoffs in dire need of a supporting hand to get off the streets. Of course, we all know that several organizations are already offering help to street people, but PATH is planning a program which focuses on them exclusively. It is a program that deserves consideration, and WTOB supports it.

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SAVE JOBS, PROTECT OUR ECONOMY, PROMOTE YOUR STATION

BY

STUART W. EFFERSON

As radio broadcasters we do make a difference everyday. Whether it is alerting commuters to traffic jams or announcing national events, we in the broadcast business serve the public in thousands of different ways. I want to let you know about another very important way we can make a difference.

I am currently serving as the National Chairman of Radio Broadcasters for *Crafted With Pride* in the U.S.A. This organization is a joint effort by textile, apparel, and fiber manufacturers and labor to save one of America's most important industries. I want you to join me in this effort.

Here are the facts. The flood of imports into this country are costing our people thousands and thousands of jobs in the textile/apparel industry. If the current trend continues, by 1990, over 947,000 jobs will be lost in the textile industry alone. 943,000 additional jobs will be lost in related industries. Over \$40 billion loss to the GNP and \$19 billion less in disposable income. I could give additional grim statistics, but I hope you get the picture.

The problems affecting this industry touch every aspect of our society in every state throughout the nation. This is why we must get involved.

How can we make a difference? We can air announcements promoting clothing made in America. Recent polls show that once made aware of this problem and the difference buying "American" can make, the average consumer will choose to buy an American made item.

We are not asking the consumer to give up anything. If you doubt this, go into any store, and compare labels, price, and quality. You will find the only sacrifice is the time to look at the labels and make sure the purchase was made in America.

Will this save jobs and protect our textile industry? You bet! Studies have shown that if every American would redirect just \$20 of what we have been spending on imported clothing to American made, this alone would save over 100,000 jobs. This is what I call a good buy.

This is reason enough to get involved but there is more. If we do not act, think of the consequences. By 1990, the costs of this suffering industry will mean a \$24 billion increase in the national debt and all of us know what this means to our economy.

The "ripple effect" in this industry is significant and will even affect the potential revenue of your radio station. Every 1,000 textile and apparel jobs in the community support 17 eating places, 13 food stores, 11 gas stations, 3 automobile dealerships, 2 drugstores, 17 doctors, 1 sports store and the list goes on and on.

R 7 0 4 0 5 2 4 2 7 6



November 14, 1985

W-S URBAN LEAGUE AND WTOB RADIO STATION

SPONSORS

A COMMUNITY MEETING ON RESIDENT MANAGEMENT CORPORATIONS

Dear Friend,

Once again, we are excited in announcing the follow-up from the Housing Seminar held October 25, 1985 on "Resident Management Corporations."

This meeting will be at 3:00 p.m., November 21st at the Urban League, 201 West 5th Street. The guest speaker is Kimi Gray, organizer of the tenants at Kenilworth Parkside Project in Washington, D.C. She has been a guest on the Phil Donahue Show and received attention in Jet Magazine. She is now consulting throughout the United States representing this concept for low-income housing residents.

In addition, Friday morning from 9-3:00 p.m., we will go to Happy Hill Gardens and canvass the community. The presentation will be given again by Kimi, November 22.

We do encourage residents to seriously consider this concept. W-S Urban League and WTOB Radio Station feel sure this information will be of vital importance to you and your future concerns to the questionable interest of Public Housing.

We invite you to attend these two (2) days of presentations, and if there are any questions, feel free to call Khalide Lovell, (919) 723-4353.

Hope to see you there.

Sincerely,


Stu Epperson

SE/k1

CBS RADIO

p.o. box 5129, winston-salem, n.c 27103. telephone (919) 723-4353

87040524277



MEDIA ALERT

November 15, 1985

Contact: Khalida Levell
Assistant Public Affairs Director
(919) 723-4353

FOR IMMEDIATE RELEASE

ANOTHER LOOK AT PUBLIC HOUSING

On November 21st, at the W-S Urban League, 201 West 5th Street, a Housing Seminar will be sponsored by W-S Urban League and WTOB Radio Station at 3:00 p.m.

The guest speaker will be Kimi Gray, organizer of the tenants at Kenilworth Parkside Project in N.E. Washington, D.C. Kimi has been a guest on the Phil Donahue Show and received attention in Jet Magazine. She is now consulting throughout the United States representing this concept. She is the master-mind of "Resident Management Corporations", which encourages self-reliance and independence from the residents. "Residents can manage their own community housing developments with proper information."

W-S Urban League and WTOB Radio Station has ascertained the need to provide pertinent information to low-income housing residents that could very well alter the direction for many families that possibly otherwise would be homeless in 1986.

We invite you to take Another Look At Public Housing, November 21st at the W-S Urban League, 201 West 5th Street--3:00 to 5:00 p.m.

Also, we will provide the same information at Happy Hill Gardens from 5:30 to 8:00 p.m., November 22 at 920 Mock Street--the Community Center.

Kimi Gray will be available to explain this concept and answer any questions for the press at 5:00p.m., at the W-S Urban League and 8:00 p.m., November 22 at Happy Hill Gardens

CBS RADIO

p.o. box 5129, winston-salem, n.c. 27103, telephone (919) 723-4353

87040324278



November 22, 1985

W-S URBAN LEAGUE AND WTOB RADIO STATION

SPONSORS

A COMMUNITY MEETING ON RESIDENT MANAGEMENT CORPORATIONS

ANOTHER LOOK AT PUBLIC HOUSING

INVOCATION- Evangelist Lee Faye Mack

WELCOME - Stu Epperson

INTRO - Mrs. Sara Webster-President of tenants association

SPEAKER - Kimi Gray

Questions & Answers

CONCLUSION- Stu Epperson

920 Mock St
Community Center
6:30-8:-- p.m.

CBS RADIO

p.o. box 5129, winston-salem, n.c. 27103, telephone (319) 723-4353

87040524279



A MINORITY BUSINESS REPORT

December 12, 1985
Noon.....2:00 p.m.

Guest Speaker

Mr. William Sonny Walker

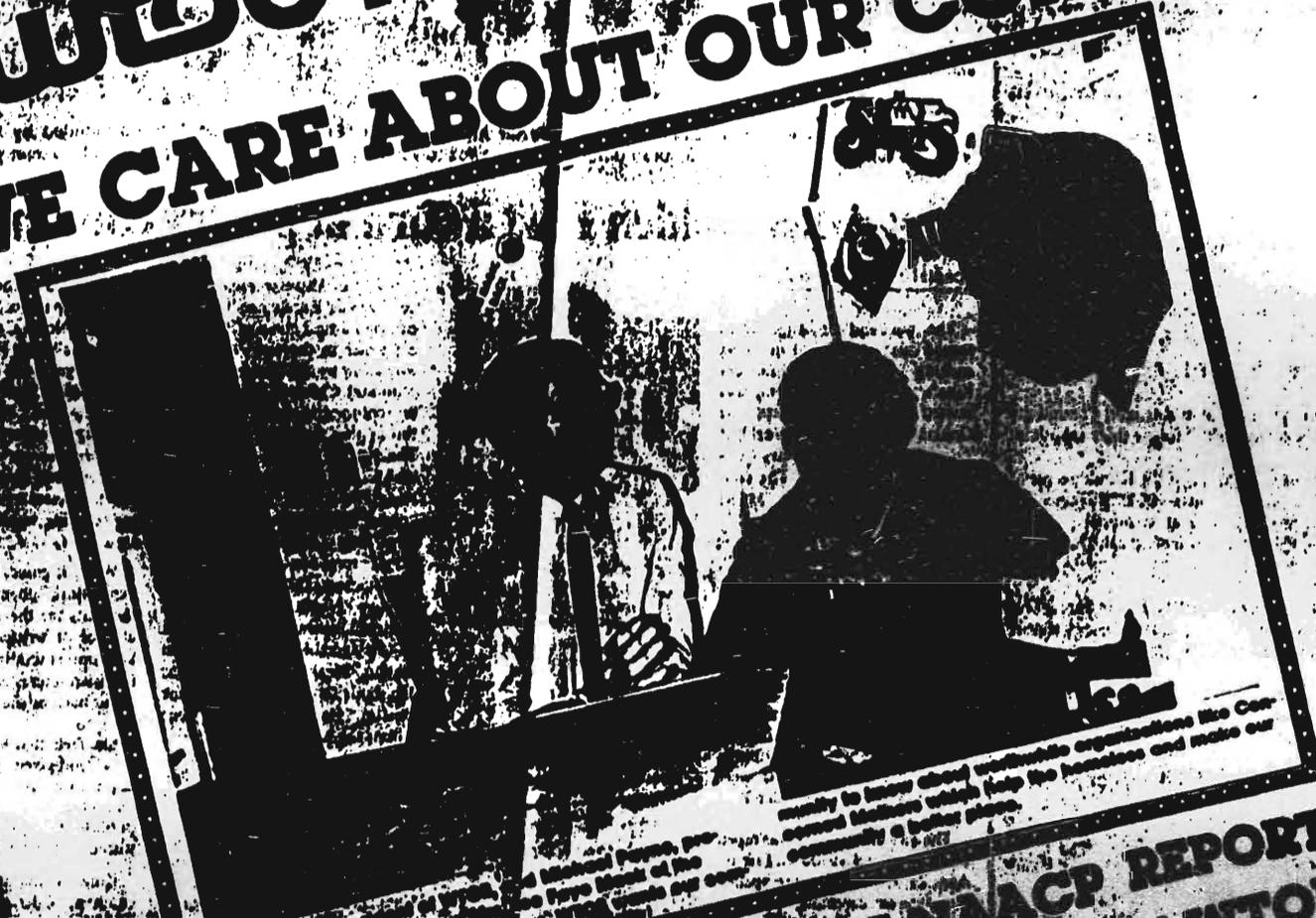
>Welcome.....	Stu Epperson WFOB Radio Station
Invocation.....	Rev. Carlton Beverly Dallastock Presbyterian
Introduction/Platform Guest.....	Attorney James Lanister Pres. Minority Business League
Presentation.....	Stu Epperson
Presentation of Award.....	Stu Epperson Business Man of the Year Thomas Trollinger Contract Furnishings
Music.....	The Healing Force Gail & Joe Anderson
Introduction of Speaker.....	Jim Leonard Leasing Manager-Twin City Chrysler-Plymouth
Keynote Speaker.....	William Sonny Walker Vice-President of National Alliance of Business
Closing Remarks.....	Charlie Webb Executive Vice-President of The Greater Winston- Salem Chamber of Commerce

This program is co-sponsored by the Minority Business League and The Greater Winston-Salem Chamber of Commerce Minority Business Council

p.o. box 5129, winston-salem, n.c. 27103, telephone (919) 723-4353

040624294

WTob 1380 WE CARE ABOUT OUR COMMUNITY



community to know about worthwhile organizations like Com-
 munity Mutuals which help the homeless and make our
 community a better place.

and Michael Payne, Pres-
 ident of the
 Community Mutuals

ACCP REPORT
 WTOb

Promotions

HOMEMADE AND

Crafted With Pride

Contact: Ann Pinkerton

You've seen Bob Hope and other celebrities touting American made fashions on the tv, and now it's time for the radio business to lend its weight to "Crafted With Pride In The U.S.A." It's a national effort to give the textile, fiber and apparel industries a shot in the arm by raising awareness and consumption of clothes and home furnishings with the "Made in U.S.A." label.

As an incentive to lure radio's involvement, the non-profit Crafted With Pride organization is offering over \$50,000 in prizes to outlets that craft the best local promotions for the cause. Four prizes are guaranteed in each market with participating outlets. The period for airing these Pride promotions is Jan. 1 through March 15, and the group has made provisions for over 200 stations to win.

Per CWP's specifications, individual station projects can include special events, listener contests and other elements. Entries must be submitted by March 20 and will be judged on creativity, community impact and response as determined by a panel of radio experts and CWP council members.

Any station that supports the Council's efforts to save American jobs by airing Crafted With Pride PSAs is eligible to enter the contest.

Like the tv messages, these announcements are voiced by the likes of Bob Hope, Linda Evans, Sammy Davis Jr., O.J. Simpson, Sally Struthers and other notables.

Stuart Epperson of WTOB Winston-Salem, N.C. is acting as national chairman of radio broadcasters for CWP. For more information, contact WTOB's Scott Gregory at (919) 723-4353, or Ann Pinkerton of Carl Byoir & Associates at (212) 966-6100.

BILLBOARD JANUARY 11, 1986

RR 10 15

MANAGEMENT & PROGRAMMING
CONVENTION
September 11-14, 1985 • Dallas, Texas

News

NRBA / NAB
NATIONAL RADIO BROADCASTERS ASSOCIATION
NATIONAL ASSOCIATION OF BROADCASTERS

FOR IMMEDIATE RELEASE

SEPTEMBER 12, 1985

CONTACT: STUART EPPERSON
ROOM 1116 Anatole
or (919) 723-4353

CRAFTED WITH PRIDE APPEALS TO RADIO BROADCASTERS

Newly appointed National Chairman of Radio Broadcasters for Crafted With Pride in the U.S.A., Stuart Epperson, is in Dallas at the National Radio Broadcasters Convention appealing to his colleagues to participate in the Crafted With Pride in the U.S.A. program. His goal for the four day convention is to leave with at least five million dollars worth of free advertising pledged for Crafted With Pride in the U.S.A.

In just one day, Epperson has received pledges from over 45 stations to run at least 1,000 spots each over the next year. Epperson says, "I knew my fellow radio broadcasters would accept this challenge, but the response I have received is incredible. I've only been here a day and have commitments for over 45,000 free radio spots." He values the pledges so far to be over one million dollars.

Epperson is the President of Salem Media, Inc. and has pledged to run one thousand spots on each of his twelve stations across the country. His challenge is to have other radio owners match his contribution to promote American made textiles and apparels. Epperson is from Winston-Salem, N.C., an area hard hit by the \$150 Billion trade deficit that has put many textile workers in N.C. off the job and onto the unemployment lines.

Says Epperson, "I am doing this because America has given so much to me. I'd just like to help American industry keep our people employed."

87040524283

I come from an area which is suffering a great deal from the problems being experienced by the textile industry and this is why I am involved. But before long, the consequences of this tragedy will affect your area and your station. Let us join forces now as radio broadcasters and make a difference. Agree to run these announcements on your station and make the public aware of what they can do. This is one opportunity we cannot afford to let pass.

In addition to promoting American made textiles, saving jobs, and making an investment in our future, your station will also reap several other immediate benefits. You can show your listeners that you care about their jobs. Prove to community leaders that your involved in local and national industries. You can also create very favorable free press for your station by announcing your participation in our program.

Recently I went to our NARB-NAB Convention in Dallas to talk with other station owners attending the convention. The response was overwhelming and we already have at least 45 stations in all parts of the nation (including all major media markets) who will be running our Crafted With Pride in the U.S.A. announcements. Why don't you join our effort today?

All you have to do is fill in the form below. We are asking that you run at least three a day between October 1 and September 30, 1986. We will send you the announcements and a press release for you to use anyway that you would like to let your community know of your involvement.

Yes, we can make a difference and we do everyday. Let us seize this opportunity now. American jobs and our economy are counting on us.

Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted with Pride in the U.S.A.
300 South Stratford Road
Winston-Salem, North Carolina 27103



Dear Stu,

Yes, I want to pledge my support to the Crafted with Pride in the U.S.A. radio campaign. We will run three (3) 30-second announcements per day on my station(s) between October 1, 1985 and September 30, 1986.

	_____	_____
	signature	date
(Please print)	_____	_____
	(name)	(phone number)
	_____	Your Station:
	(address)	_____
	_____	(call letters and city)
	(city, state, zip)	_____
		(call letters and city)
		Please use the back if necessary

87040524284

FROM: Carl Byoir & Associates, Inc.
380 Madison Avenue, 986-6100
New York, New York. 10017
Contact: Ann Pinkerton

FROM: WTOB
300 S. Stratford Rd.
Winston-Salem, NC 27111
Phone: 723-4353
Contact: Scott Gregor

FOR: Immediate Release.

"CRAFTED WITH PRIDE" WILL OFFER
\$50,000 IN RADIO STATION CONTEST

New York, New York. Dec. 4 --

Prizes worth more than \$50,000 are being offered to radio stations participating in a new promotional contest by the Crafted with Pride in U.S.A. Council, a volunteer group representing the U.S. fiber, textile and apparel industry.

First, second and third prizes, valued at \$25,000, \$15,000 and \$10,000, and numerous fourth prizes including hundreds of U.S.-made consumer items, will be awarded to radio stations conducting the best local promotions, between Jan. 1 and Mar. 15, 1986, to increase awareness of "Crafted with Pride in U.S.A." There will be more than 200 winners.

The station community promotions, which can include special events, listener contests and other elements, will be judged on the basis of creativity, community impact and response by a panel of judges from the radio industry and Crafted with Pride in U.S.A. Council. Entries, with supporting material, must be submitted by March 20, 1986.

Announcing the contest, Stuart W. Epperson, National Chairman of Radio Broadcasters for Crafted with Pride in U.S.A. Council, said: "Many radio stations are already involved in our program to help save jobs by encouraging listeners to 'Buy American.' This exciting contest will recognize and reward their contributions and inspire other stations to join this important community effort."

The Crafted with Pride in the U.S.A. Council is a non-profit organization representing all segments of the U.S. fiber, textile and apparel industry, which provides one out of ten U.S. manufacturing jobs. Its mission is to make consumers aware of the "Made in U.S.A. label" when shopping for apparel or home furnishings.

Radio announcements for "Crafted with Pride" feature national celebrities Bob Hope, Diahann Carroll, O.J. Simpson, Cathy Lee Crosby, Sammy Davis, Jr., Sally Struthers, Linda Evans and Carol Channing.

Stations that support the Council's efforts to save American jobs, by airing its announcements urging consumers to buy apparel and home furnishings with "Made in U.S.A." labels, are eligible to enter. Official entry forms, obtainable by calling (919) 723-4353, must be postmarked no later than Dec. 31, 1985.

(MORE)

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"CRAFTED WITH PRIDE" RADIO CO ST -- 2.

Complete details of the contest, including entry form, can be obtained from Stuart W. Epperson, National Chairman of Radio Broadcasters, "Crafted with Pride in U.S.A." Council, 300 S. Stratfo Road, Winston-Salem, N.C. 27103. Phone: (919)723-4353. All station entering will receive a Certificate of Appreciation from the Council

-0-

87040524286



Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted with Pride in the U.S.A.

Dear Student,

It was such a pleasure to have you visit us here at WTOB today. I hope you found the tour interesting, educational, and fun. The radio business is very exciting and I have enjoyed working in it for so many years. Maybe one day you will own your own station.

Through radio we often have the opportunity to take part in activities which help various members of our community. Recently I have become very active in an important organization which is working very hard to help the textile industry. You can help me with this effort.

Here in Forsyth County and Winston-Salem, over 7,800 people work in the textile industry. Those jobs are at stake because of international trade practices beyond their control. We can help save these jobs by making sure the clothes we buy are "Made in the U.S.A."

If every American would make the effort to look for the "Made in U.S.A." a label we can save thousands of jobs, protect our economy here in North Carolina and even see new jobs created. This is very important to all of us and I would like your help.

The next time you go shopping for a new shirt or pair of pants tell whoever is with you that you want to make sure it was "Made in the U.S.A."

Of course, I am not asking you to give up quality, fit, fashion, or price, you can usually find what you want to purchase made in America, but you have to look for it.

Good luck with the remainder of your school year and I sincerely hope you enjoyed your tour of WTOB. Please listen to our station when you listen to the radio and thanks again for the opportunity to talk with you today.

With best wishes, I am,

Sincerely,

Stuart W. Epperson

300 South Stratford Road, Winston-Salem, North Carolina 27103

87040524287



Radio

CLIENT: CRAFTED WITH PRIDE
PRODUCT:
TITLE: HARD ROCK
NUMBER:

LENGTH: :30
DATE: SEPT. 25, 1985

TEENAGER: BAMN BAMN-BAMN BAMN-BAMN BAMN.

SALESMAN: Ah, that's quite an assortment of jeans you've picked out there. Are you looking for something in particular to go with them?

TEENAGER: BAMN BAMN-BAMN BAMN-BAMN BAMN.

SALESMAN: This pullover would be absolutely smashing.

TEENAGER: BAMN.

SALESMAN: Perhaps this one?

TEENAGER: BAMN.

SALESMAN: Ah, I think I know just what you're looking for. It's the latest. Padded shoulders. Double snaps. Rhinestone lapels. And a Made In the U.S.A. label.

TEENAGER: BAMN BAMN-BAMN BAMN-BAMN BAMN.

AVO: For the unsurpassed fashion, fit and quality you demand, demand fashions and home furnishings with the label that says...

SINGERS: MADE IN THE U.S.A.

TEENAGER: Because it matters.

87040524288



Radio

CLIENT: CRAFTED WITH PRIDE
PRODUCT:
TITLE: OPERA
NUMBER:

LENGTH :30
DATE: SEPT. 19, 1985

MISS TUDWELL: LA LA-LA LA-LA LAH.

SALES LADY: Miss Tudwell. How nice to see you. And are we looking for something special today.

MISS TUDWELL: LA LA-LA LA-LA LAH.

SALES LADY: Maybe something totally totally au courant. We have the latest collections from Puccini, Raccinni and Gianinni.

MISS TUDWELL: LAH.

SALES LADY: Of course. The divine blue suit. I should have known. Let me complement you on your exquisite taste. What fabric. What styling. What detailing.

MISS TUDWELL: LA LA-LA LA-LA LAH.

SALES LADY: A Made in the U.S.A. original. How chic. Miss Tudwell, you always select the best labels.

AVO: For the unsurpassed fashion, fit and quality you demand, demand fashions and home furnishings with the label that says...

SINGERS: MADE IN THE U.S.A.

MISS TUDWELL: Because it matters.

87040624289



CLIENT
PRODUCT
TITLE
NUMBER

CRAFTED WITH PRIDE
OFF KEY

Radio

LENGTH :30
DATE SEPT. 25, 1985

MAN:

DA DA-DA DA-DA DAN.

WOMAN:

Excuse me sir. That's a great sports jacket you're trying on. Where did you find it?

MAN:

DA DA-DA DA-DA DAN.

WOMAN:

I've been through the entire international department. Where did you say you found it?

MAN:

DA DA-DA DA-DA DAN.

WOMAN:

My Harry's just about your size. Some big broad shoulders. He'd just look fabulous in that tailored stripe. I've just got to see that label. Of course.

The fit. The style. The fabric. I should have known. Made in the U.S.A. Now, if you're not going to take that jacket.

AYO:

For the unsurpassed fashion, fit and quality you demand, demand fashions and home furnishings with the label that says ...

SINGERS:

MADE IN THE U.S.A.

MAN:

Because it matters.

87040524290



Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted with Pride in the U.S.A.

NEWS RELEASE

For Immediate Release

Contact: Stuart Epperson
(919) 723-4353

W777 JOINS "CRAFTED WITH PRIDE IN U. S. A." CAMPAIGN

Stuart W. Epperson, National Chairman of Radio Broadcasters for Crafted With Pride in the U.S.A., praised radio station W777 for its participation in the national campaign to promote American-made apparel and home furnishings. W777 will be running "Crafted With Pride" announcements free during the next year.

Epperson said, "W777 is playing a vital role in helping save thousands of endangered textile jobs and protecting one of our nation's most vital industries. One of every ten manufacturing jobs in America is found in the Textile/Fiber/Apparel industry. The best way to save these jobs and fight the current flood of imports into this country is for the consumer to look for the "Made in U.S.A" label. We have found through many studies that the average consumer will buy American if they are made aware of the need to do so. Because of W777 more Americans will be hearing this most important message."

"Crafted With Pride in the U.S.A." is an organization of textile/fiber/apparel manufacturers and labor groups encouraging consumers to buy American-made apparel and home furnishings. The group says that if each American would divert even \$20 of what they now spend on imported items to American-made, over 100,000 jobs would be saved.

(more)

300 South Stratford Road, Winston-Salem, North Carolina 27103

87040524291

Radio broadcasters throughout the country are offering free air time on their stations to spread the "Crafted With Pride" message. Currently over 160 stations have agreed to participate in the program which represents over \$4.5 million in free publicity for the "Made in U.S.A." campaign.

• • •

87040624292

Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted with Pride in the U.S.A.



MEDIA ADVISORY

September 30, 1985

Contact: Scott Gregory
(919) 723-4353

FOR IMMEDIATE RELEASE

MILLIKEN TO UNVEIL "CRAFTED WITH PRIDE" RADIO PROGRAM

Roger Milliken, Chairman of Crafted With Pride in the U. S. A. will be in Winston-Salem Saturday, October 5, at 10:30 to announce a new radio program for the "buy American" textile and apparel organization. This is a \$5 million project where radio station across the country will be donating free air time to promote the "Crafted With Pride in the U. S. A." message.

Mr. Milliken who is also Chairman of Milliken and Company, the nation's third largest textile manufacturer, has scheduled his visit to coincide with the North Carolina Broadcasters Convention convening in here October 5, 6, and 7. He will preview the radio announcements for the broadcasters at this media conference.

Also attending the conference open to all interested media will be White G. Watkins, Assistant Secretary of Commerce. Mr. Watkins was appointed by Governor Jim Martin earlier this year to focus attention on North Carolina's traditional industries such as the textile industry.

The media conference will begin promptly at 10:30 a.m. in the Stratton room at the Hilton Hotel located on 420 High Street, Winston-Salem. Questions from the members of the media will be welcome.

• • •

300 South Stratford Road, Winston-Salem, North Carolina 27103

87040524293

Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted with Pride in the U.S.A.



October 2, 1965

Ms. Ann Finkerton
Carl Byoir & Associates
380 Madison Avenue
New York, New York 10017

Dear Ann,

Here are suggested remarks we have written for the news conference to be held this Saturday. The following is our proposal for an agenda:

- A. Roger Milliken opens the news conference outlining what the radio broadcasters are doing.
- B. Stu will talk about the details of this project.
- C. White Watkins, Assistant Secretary of Commerce for North Carolina will emphasize Governor Martin's excitement about the effort and the fact he will be making a special radio announcement for Crafted With Pride.
- D. Charles Dunn, Executive Vice President of the N. C. Textile Manufacturers Association will talk about what the industry is doing to win the import challenge.
- E. Roger Milliken will close the news conference and play a preview of the radio announcements.

Your ideas, changes, or other suggestions are certainly welcome. I hope you will let us know of your views today so these remarks can be revised and expressed to each of the participants tonight.

I look forward to talking with you when you receive this information.

Sincerely,

Scott
R. Scott Gregory

300 South Stratford Road Winston-Salem, North Carolina 27103

87040524294



Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted with Pride in the U.S.A.

October 28, 1985

Name
Company
Address
City, State zip

Dear first name.

In the next few days you will be receiving "Crafted With Pride" announcements for your station(s) from Warwick Advertising, Incorporated. I want to take this opportunity to thank you for agreeing to run these announcements for your station(s).

I am very proud of the manner in which our industry is responding to the needs of our nation's textile and apparel industry. Because of you, the American public will become aware of the need to buy American-made apparel and home furnishings.

These "Crafted With Pride" announcements are designed to encourage the consumer to look for the "Made in U.S.A." label. I have enclosed a copy of the script for each of the three 30 second announcements you will be receiving.

We are asking that you run these announcements three times a day (ROS) for a year. However, if you want to run them more often then please feel free to do so. Some stations are running these announcements on a saturation schedule for a shorter period of time. We think this is great.

As I promised, I am also enclosing a press release for you to use in anyway you wish to show the public you are involved in this campaign to save jobs, protect our economy, and help one of our most vital industries.

If you have any questions about this program or need any further information, please do not hesitate to call me at (919) 723-4353.

With best wishes, I am,

Sincerely,

Stuart W. Epperson

SWE/kgb

300 South Stratford Road, Winston-Salem, North Carolina 27103

87040524295

Every TV person
National Chairman of Radio Broadcasters
for Crafted With Pride in the U.S.A.
300 South Stratford Road
Winston-Salem, NC 27103

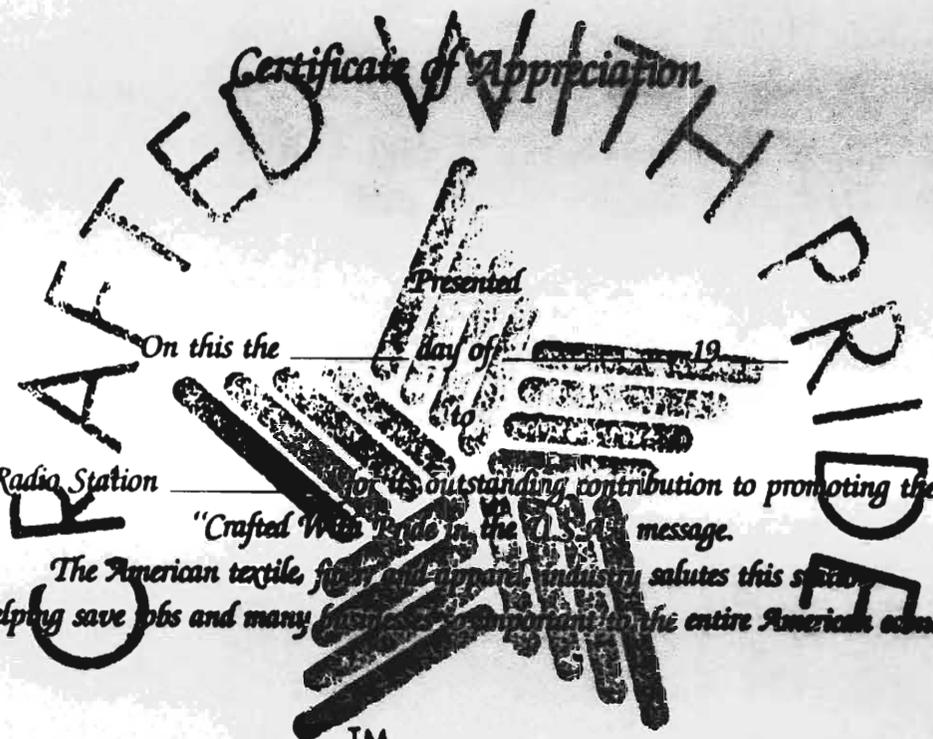
8 7 0 4 0 5 2 4 2 9 6



WE WANT TO GIVE YOUR STATION \$25,000!

8 7 0 4 0 6 2 4 2 9 7

Certificate of Appreciation



Presented

On this the _____ day of _____ 19____

Radio Station _____

for its outstanding contribution to promoting the

"Crafted With Pride in the U.S.A." message.

The American textile, fiber and apparel industry salutes this station for helping save jobs and many businesses so important to the entire American economy.

TM

MADE IN U.S.A.

Roger Milligan, Chairman of the "Crafted With Pride in the U.S.A." Council

Stuart W. Epperson, Chairman of Radio Broadcasters for "Crafted With Pride in the U.S.A."

CREATIVE SUGGESTIONS:

- SPONSOR A WALK-A-THON
- SPONSOR A CRAFTED WITH PRIDE RESOLUTION FROM LOCAL GOVERNMENT
- SPONSOR A FASHION SHOW AT LOCAL MALL WITH MADE IN THE U.S.A. APPAREL
- SPONSOR JOINT CONTEST WITH LOCAL RETAIL MERCHANTS-CWP PRIZES
- SPONSOR A TEXTILE MANUFACTURER EDUCATION DAY
- SPONSOR A CONCERT-LOCAL HIGH SCHOOL OR COLLEGE
- SPONSOR A CRAFTED WITH PRIDE DAY
- SPONSOR A CRAFTED WITH PRIDE ESSAY CONTEST
- SPONSOR A CONTEST FOR MOST CREATIVE CWP SPOT(POSSIBILITY FOR NATIONAL)
- SPONSOR ADVERTISING USING CWP LOGO AND THEME, E.G., BILLBOARDS
- SPONSOR A BUMPER STICKER CONTEST
- SPONSOR A TEXTILE TRIVIA CONTEST(CONTACT CHARLIE BIDDLE (212) 819-439
- SPONSOR CONTEST-EVERY MADE IN THE USA LABEL PUTS NAME IN HAT FOR DRAW
- SPONSOR GEORGE WASHINGTON DAY CRAFT SHOW-APPAREL FROM COLONIAL TO PRE
- SPONSOR A VALENTINES DAY-"I LOVE MADE IN THE USA APPAREL"
- SPONSOR CASH CALLS OR CONSUMER ITEN TO CALLER AFTER EACH CWP SPOT
- SPONSOR A BASKETBALL TEAM WITH CWP UNIFORMS
- SPONSOR A BASKETBALL OR HOCKEY GAME OFFERING CWP PRIZES
- SPONSOR LOCAL SGA BACK TO SCHOOL-SCHOOL WITH MOST CWP APPAREL WINS
- STAGE AN EVENT: HELICOPTER RIDES; TEXTILE GIVE-A-WAY; PARADES

We trust that these ideas will generate your creativity into high gear. We look forward to hearing from you so please let us know how you are doing. If you need to talk with someone about an idea we are hear to listen. GOOD LUCK!

87040524298

1. The Council is made up of cotton growers, fabric distributors, labor groups, and manufacturers of man-made fibers, fabrics, apparel, and home fashions. The Chairman of the Council is Roger Milliken, Chairman of Milliken and Company.
2. The purpose of the Council is to convince consumers, retailers, and manufacturers of the value of purchasing and promoting U. S. made products.
3. The Council is simply pro-American. It is not anti-Japan, anti-Korea or any other country. The Council is also not asking the consumer to give up quality, fit, or value. When a choice between imported and domestic apparel or home fashions exists, the Council is urging the consumer to buy American. Look and search for items Crafted With Pride in the U. S. A.
4. A great American precedent for this kind of campaign can be found in a statement made by George Washington in 1789 when he stated he hoped it would become, "unfashionable for a gentleman to appear in any other dress except homespun."

WHAT RADIO BROADCASTERS ARE DOING

1. The goal of the radio announcements for Crafted With Pride In The U. S. A. is to increase the awareness of country of origin labels, to intensify the current preference for U. S. made fashions, and to enhance the current perceptions of U. S. apparel.
2. Through direct mail, personal solicitation, and industry publications, the Council is actively seeking stations to air Crafted With Pride announcements.
3. Each station will be asked to run at least three announcements per day (ROS) for one year.
4. Encourage each station to work with local textile plants, managers, and labor organizations to publicize the Crafted With Pride message.
5. The Goal will be to obtain at least \$5 million worth of free air time for Crafted With Pride radio announcements.

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BEFORE THE
FEDERAL ELECTION COMMISSION

In the Matter of
Neighbors for Epperson

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)
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)

MUR 2162

AFFIDAVIT OF
STUART W. EPPERSON

Stuart W. Epperson, being duly sworn, deposes and says as follows:

1. My name is Stuart W. Epperson. I have reviewed the complaint filed in the above-referenced matter and furnish this affidavit regarding the facts relevant to the paragraphs in the newspaper article which pertain directly to me.

2. I am currently a candidate for the United States Congress from the Fifth Congressional District of North Carolina. On May 6, 1986 I won the nomination of the Republican Party to Congress, winning a primary in the District.

3. I am the sole owner, and a director and officer of Salem Media of N.C., Inc. which is the licensee of WTOB-AM radio in Winston-Salem, North Carolina. I also have ownership interests in ten other radio stations.

4. At no time did I (or anyone else associated with WTOB, to my knowledge) direct any employee of WTOB to assume the role of a reporter to question Congressman Steve Neal for political purposes.

5. At no time did I (or anyone else associated with WTOB, to my knowledge) direct any employee of WTOB to tape record any speeches made by Mr. Neal for use by any campaign or for any partisan political purpose.

6. The article appearing in the Winston-Salem Journal, of Friday 21, 1986 attributes a statement to Morley Trust, a former employee of WTOB as follows: "The results of that press conference were never broadcast over that station...Stu Epperson took it." This language refers to a tape made by another station employee allegedly at the direction of R. Scott Gregory. The Affidavit of Mr. Gregory adequately addresses the impossibility of Mr. Trust's allegations. I do not know which tape of what press conference Mr. Trust refers to, but in my duties at the station I have handled literally hundreds of tapes. but I have never asked an employee to tape an event for a

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partisan political purpose. It is certainly true that not all tapes that are made are aired. Often tapes are not aired because they are not newsworthy or are not of broadcast quality.

7. The same article refers to an anonymous source of another allegation that I "had asked [the anonymous source] to cover a Neal news conference" and that the tapes were not broadcast by WTOB. I do not recall any situation such as that alleged, but from time to time I asked station employees to cover events. It may have happened, but if a broadcast quality tape concerning Mr. Neal was timely received at the station, I would have been eager to use it on the air. I was particularly anxious to cover events relating to Mr. Neal due to my involvement in the Republican primary last May, and the possibility that I would face Mr. Neal in the General Election in November 1986. I am aware of my obligations as a broadcast licensee to cover local issues, including campaigns, and to do so fairly.

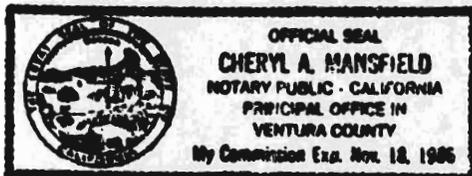
8. The same article says that "[Kahilda Lovell], [Scott] Gregory or [Epperson]" tried to get copies of the tape of Mr. Neal's comments at his January press conference where he announced his candidacy. It is true that I wanted to make sure that this event was covered, and when I learned that the individual that WTOB had sent to cover the event was unable to tape the event, I attempted to get a copy of the tape from another station. As WTOB had covered my announcement in December 1985, I did not want to have the station fail to cover Mr. Neal's announcement due to the malfunction of a tape recorder. I did not seek a copy of this tape for use in my campaign, as alleged by the anonymous individual.

Stuart W. Epperson
Stuart W. Epperson

Subscribed and Sworn To
~~XXXXXXXXXXXX~~

Cheryl A. Mansfield
Notary Public

My Commission Expires: 11/18/86



87040524301

MARCH 7, 1986 6 O'CLOCK WGHF News

(Cynthia Smoot)

"The troubled campaign of Stuart Epperson is back in the news tonight."

(Fred Blackman)

"Eyewitness news has learned the campaign is under investigation by two federal agencies."

(Cynthia Smoot)

"Gary Doyens was the first to report on several apparent election law violations. He joins us live tonight from Winston-Salem."

(Gary Doyens)

"I'm right outside the campaign headquarters of congressional candidate Stuart Epperson. It is the news reports of the last several weeks that have prompted two Forsyth County voters to file complaints with the federal government. Jim Stephens sent his complaint to the Federal Communications Commission."

(Jim Stephens)

I can claim to be a true neighbor of Epperson. I am one of the few people in the district who can claim to be a true neighbor for him and I'm against him because of what he is doing to our neighborhood."

(Gary Doyens)

"What Epperson is doing to this neighborhood is erecting six towers for his radio station WTOB and the people living here don't like it. But Jim Stephens also doesn't like reports that Epperson may have WTOB employees to work on a campaign in violation of federal election law."

(Jim Stephens)

"Well I think it looks like an underhanded tactic to me."

(Gary Doyens)

"The FCC isn't Epperson's only problem. He is also under investigation by yet another federal agency. This one the federal elections commission. Lynn Ellis is a democrat and a political science teacher at Salem Academy."

(Lynn Ellis)

"Well if I was Stuart Epperson, I would want the thing cleared up. Or if I was Lyons Gray or Steve Neal, I would want to find out if he has been using his employees for his campaign?"

(Gary Doyens)

"Do you think its important for the public to have a... to know for sure whether or not he violated election law and all that sort of stuff?"

(Lynn Ellis)

"yea. I think it is very important. Not just him but all candidates. I teach political science and I tell my students that they can have an impact on, on the elections and I think it ought to be investigated."

(Gary Doyens)

"Like Stephens, Ellis is concerned over published reports that Epperson has co-mingled his radio station resources with his campaign. Now late this afternoon we talked with Epperson's campaign manager, Scott Gregory. As in previous weeks Gregory maintains that candidate Epperson and the campaign has not violated any campaign election laws or FEC laws. He says that a full investigation, if it is done will in fact prove that. Back to you in the studio."

11 MARCH 5, 1961 11 O'CLOCK WNCN NEWS

(Fred Blackman)

"Some new developments to report tonight in the Epperson for Congress campaign. Two citizen complaints have been filed against the Epperson organization. One charging violation of federal election campaign laws. The other with the Federal Communication Commission charging violations of broadcast rules and regulations. Nightscene reporter Gary Doyens has more on the story."

(Gary Doyens)

"WTOB's new radio towers are located in North Winston-Salem in a neighborhood that doesn't want them. Jim Stephens's lives right across the street and he says Stuart Epperson, the businessman, told the towers decision was strictly business."

(Jim Stephens)

"I feel that any man who would create a nuisance for his neighbors for the sake of his own profit is not a man I want representing me in Congress."

(Gary Doyens)

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"Stephens says he has been denied public access files at Epperson's radio station and he wants the FCC to look into that. But he also wants the federal agency to look into reports that Epperson is using station employees to work on his campaign. After we were off camera I talked with Stu Epperson about why he did it and what he stood to gain. That FEC complaint was filed by this woman, Lynn Ellis after she saw the same news reports Stephens did."

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(Lynn Ellis)

"I guess that I assumed that once the story was in the newspaper and on t.v. and on the radio that the federal election commission would investigate it. I really didn't have any idea, firstly, that there had to be a citizen complaint filed and secondly that no one had done it right away. So I decided to do it."

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(Gary Doyens)

"Campaign manager, Scott Gregory, said late this afternoon that the campaign will cooperate with any investigation, but said he is 100% sure there is no problem anywhere. Meanwhile in Washington the FCC confirms it has received Stephen's complaint, but where it is in the process is confidential. At the FEC, official received the complaint today and will decide next week how aggressively to pursue it. In Winston-Salem, Gary Doyens Eyewitness News Nightscene."

3
(Fred Blackmore)

"A footnote to this story. In our Eyewitness News 6 O'Clock broadcast, Mr. Epperson chose to make an impromptu appearance which interrupted the live remote segments of Gary's report. That disruption and the subsequent distraction it caused was unfortunate. Mr. Epperson was not scheduled to appear as a guest in that report. Earlier in the afternoon, his campaign manager had already responded to the campaign complaints. His response was an important part of our report. Unfortunately, this disruption greatly overshadowed that material despite our best efforts that response did not get the attention it deserved."

TRANSCRIPT
NEIGHBOR'S FOR EPPERSON 30-SECOND COMMERCIAL
USING CUT FROM SPEECH MADE BY CONGRESSMAN NEAL

EPPERSON: Paid for by Neighbors for Epperson.

ANNOUNCER: Balancing the budget is the big debate in Washington. President Reagan has taken a stand against a tax increase. In North Carolina, Stephen Neal says this about the budget.

NEAL CUT: What I am really talking about is freezing everything including defense, social security and raising tax revenues.

ANNOUNCER: Neal's GOP opponent Stuart Epperson says.

EPPERSON: I oppose a tax increase because the federal government needs to tighten its belt. Not the American family.

ANNOUNCER: It looks like the issue of taxes will be a big debate in the Epperson-Neal re-match.

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FEC
MAY 27 12:17

May 20, 1986

William E. Wright
1001 W. Fourth Street
Winston-Salem, NC 27101

MAY 27 3:41

CONFIDENTIAL

Mr. Laurence Tobey
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2162

Dear Mr. Tobey:

This letter is being written in response to a letter from Kenneth A. Gross, dated April 21, 1986, to notify the Federal Election Commission ("FEC") that Salem Pregnancy Support, Inc. ("Salem Pregnancy") has never violated any section of the Federal Election Campaign Act of 1974 (the "Act").

Salem Pregnancy was formed in January, 1985, in compliance with the law of the State of North Carolina and pursuant to section 501(c)(3) of the Internal Revenue Code. As the enclosed copy of the Bylaws indicate, the purpose of the organization is to help women who are in a crisis pregnancy situation. Our organization seeks to fulfill this purpose by offering pregnancy testing, counselling, referral services, and practical help in the form of housing, maternity clothes, ect. The suggestion, vague as it is, in Ms. Ellis' complaint that Mr. Epperson somehow used his connection with Salem Pregnancy either to contribute to or to fund his campaign for Congress is ludicrous in the extreme.

As far as the financial aspect of this charge goes, Salem Pregnancy is supported entirely by private donations. As a new organization, we have consistently struggled to raise sufficient funds to cover our bills. Not a single dollar of the money contributed to Salem Pregnancy has ever been used, either directly or indirectly, to support Mr. Epperson's campaign.

It appears from the second paragraph of Ms. Ellis' letter to the FEC that she is also suggesting that employees of

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Salem Pregnancy performed services for Mr. Epperson's campaign while functioning as employees of our organization. Although there certainly is nothing in either Ms. Ellis' complaint or the newspaper article upon which it was based to make this charge even plausible, I do want to respond to it for the sake of accuracy and completeness.

Since its inception in January, 1985, Salem Pregnancy has had two paid staff people. From January, 1985 until September 27, 1985, these two individuals were Lisa F. Miller and Jacqueline W. Bohenskiel. Jackie resigned from her position as Executive Director of Salem Pregnancy, effective September 27, 1985 (see attached minutes). Subsequent to her resignation, she became employed with Mr. Epperson's campaign. Since her resignation she has continued to function as a volunteer and Board member for Salem Pregnancy and perform many valuable services. However, these services have been entirely on a volunteer basis since September 27, 1985 and as is true for all such individuals, she has received no compensation whatsoever for them.

Conversely, Mrs. Bohenskiel never performed any services for Mr. Epperson's campaign while functioning as an employee of Salem Pregnancy. She was a tremendously committed employee and actually worked significantly greater hours than her job description required. Mrs. Bohenskiel performed virtually no activities at all on behalf of Mr. Epperson's campaign prior to her resignation from Salem Pregnancy, and these few activities were performed on a volunteer basis on her own time. There was never any hint in anyone's mind that Jackie was working for Mr. Epperson's campaign as an employee of Salem Pregnancy. Indeed, Mr. Epperson's campaign had not even begun at this time. The whole reason why Mrs. Bohenskiel resigned from Salem Pregnancy was so that she would be free to function in this manner.

The two other individuals who have been employed by Salem Pregnancy are Lisa Miller and Roberta S. Meyer. Neither of these individuals has ever been an employee of Mr. Epperson's campaign. Lisa has been employed from January, 1985 to the current time. Roberta Meyer was employed effective September 30, 1985 to replace Mrs. Bohenskiel. As the attached affidavits attest, neither of these women has ever done any work whatsoever for Mr. Epperson while functioning as an employee of Salem Pregnancy. As a Board member, Mr. Epperson has never attempted, and does not have any authority, to control or direct the action of Salem Pregnancy employees.

I have been a member of the Board since December, 1985. The suggestion that Mr. Epperson has ever tried, much

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less succeeded, to use his connections with Salem Pregnancy to assist his campaign for Congress is totally false. We have neither the inclination nor the money to even consider such a relationship with his or any other campaign. Likewise, the facilities of Salem Pregnancy have never been used for any political purposes on behalf of Mr. Epperson or any other candidate. We are committed to the proposition that neither our employees nor facilities be used for political purposes.

As you can tell from reading Ms. Ellis' complaint and the "supporting" newspaper article, no facts have been alleged, much less proven, which would in any way support the allegation that Salem Pregnancy has violated the Act. We therefore respectfully request that you dismiss the complaint against Salem Pregnancy.

In submitting the attachments to this letter, I have attempted to furnish you with whatever documents might be relevant to your inquiry. If there are any further documents which you would like to have or if you have any further questions, please call me and I will do everything possible to cooperate with you. We have nothing to hide and request only that you dispense with this baseless complaint as soon as possible.

Sincerely yours,

William E. Wright
William E. Wright
Chairman of the Board

WEW:rw

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NORTH CAROLINA)
)
FORSYTH COUNTY)

AFFIDAVIT

The undersigned, being duly sworn, deposes and says:

I was employed by Salem Pregnancy Support, Inc. ("Salem Pregnancy") as Executive Director on January 9, 1985 until September 27, 1985. My final paycheck from Salem Pregnancy was written on October 4, 1985 for the period of September 21 to September 27, 1985.

While employed by Salem Pregnancy, I worked in the capacity of Executive Director of the organization. While fulfilling my duties as an employee of Salem Pregnancy, I did not at any time perform any actions or duties which could conceivably be construed as working for Mr. Epperson's campaign. In fact, the number of hours I actually worked for Salem Pregnancy greatly exceeded the number of hours for which I was being paid. I resigned from Salem Pregnancy prior to becoming employed by Epperson For Congress.

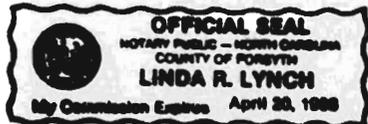
Jacqueline H. Bonestell

Sworn to and subscribed
before me this the 20th
day of May, 1986.

Linda R. Lynch

Notary Public

My Commission Expires: April 20, 1988



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NORTH CAROLINA)
)
FORSYTH COUNTY)

AFFIDAVIT

The undersigned, being duly sworn, deposes and says:

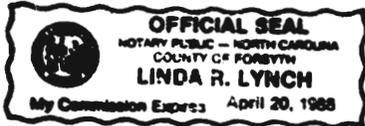
I have been employed by Salem Pregnancy Support, Inc. ("Salem Pregnancy") as Counselling Director since September 30, 1985. While functioning as an employee of Salem Pregnancy, I have never worked on behalf of Mr. Epperson's campaign. In actual fact, although I am paid for only a thirty hour week by Salem Pregnancy, I often work hours greatly in excess of this amount.

Roberta S. Meyer

Sworn to and subscribed
before me this the 20th
day of May, 1986.

Linda R. Lynch
Notary Public

My Commission Expires: April 20, 1988



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NORTH CAROLINA)
)
FORSYTH COUNTY)

AFFIDAVIT

The undersigned, being duly sworn, deposes and says:

I have been employed by Salem Pregnancy Support, Inc. ("Salem Pregnancy") since January, 1985. After serving nine months as Counseling Director, I was appointed as Executive Director effective September 30, 1985.

During my employment by Salem Pregnancy my wholehearted and undivided attention has been committed to fulfilling my duties as an employee. At no time during this employment have I ever, as an employee of Salem Pregnancy, performed any duties for Mr. Epperson's campaign.

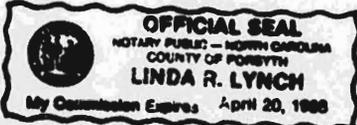
At no time since its inception in January, 1985 have any funds belonging to Salem Pregnancy ever been used, either directly or indirectly, to assist Mr. Epperson's campaign. Mr. Epperson has never been authorized to write checks from Salem Pregnancy's account, and has not, in fact, ever done so.

Lisa F. Miller
Lisa F. Miller

Sworn to and subscribed
before me this the 20th
day of May, 1986.

Linda R. Lynch
Notary Public

My Commission Expires: April 20, 1988



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44-1535

BEFORE THE FEDERAL ELECTION COMMISSION

P. Lynn Ellis
v.
Stuart W. Epperson,
Crafted with Pride in
USA Council, Inc., et al.

MUR 2162

SEP 17 5:33

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INTRODUCTION

This document is filed on behalf of Crafted with Pride in USA, Inc. (hereinafter Council), pursuant to 2 USC 437(a)(1). It is the Council's position that the Complaint filed by P. Lynn Ellis (hereinafter Complainant) should be dismissed by the Commission with a no reason to believe finding for two reasons: (1) the Complaint fails to allege a factual basis upon which a violation could be based; (2) the Council has not conducted any activities in connection with Mr. Epperson's campaign.

FACTS

The Council is a nonprofit corporation with tax exempt status under Section 501(c)(6) of the Internal Revenue Code (Swift Affidavit Paragraph 1). The Council's entire purpose is to convince consumers, retailers, and apparel manufacturers of the value of purchasing and promoting products made in the United

States (Aff., Paragraph 2). The Council's office is located in New York City, New York.

During the latter part of 1985, Mr. Epperson volunteered to coordinate a project on behalf of the Council. This project was to contact various radio stations throughout the country in an effort to have them donate air time during which the "Made in the USA" message would be aired. Mr. Epperson's activities for this project were purely voluntary. He received no compensation but for reimbursement of expenses which could be documented to be in direct connection with this project for the Council (Aff., Paragraph 6). The work which Mr. Epperson conducted on behalf of the Council was not intended nor was it in connection with his political campaign. The work solely involved the solicitation of air time for the Council's project. He was not a participant in the radio message. The Executive Director, Mr. Swift, oversees the Council's relatively small staff and has indicated that at no time were any of the employees of the Council conducting the activities in connection with Mr. Epperson's campaign (Aff., paragraph 7).

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ARGUMENTS

I

Complainant fails to allege a factual basis upon which to base a violation.

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The Complainant has submitted an original complaint by way of a March 17, 1986 letter and what appears to be an amended complaint consisting of a March 31, 1986 letter with an attached newspaper article from the Winston-Salem Journal, dated February 1, 1986. The sole reference to the Council in the original Complaint is merely a statement that "... stories aired on Channel 8 suggest that Mr. Epperson also used people on his payroll at Crafted with Pride to do campaign work." In the aforementioned amended complaint, the Complainant alleges that her complaint is based upon the Journal article which was attached to the amended complaint.

No reference is made, whatsoever, to Crafted with Pride in the Journal article. Therefore, the newspaper article provides no facts whatsoever, not even the mere mention of the Council, upon which any violation of the Federal Election Commission Act of 1971, as amended (FECA) could be supported.

The single phrase in the original complaint referencing stories aired on Channel 8 fails to provide any facts whatsoever regarding the content of the story or the facts upon which the alleged Channel 8 "suggestion" was based. In fact, the statement

alleges that Mr. Epperson used people on his payroll at Crafted with Pride to do campaign work. As has been well demonstrated in the facts set out above and the attached affidavit, Mr. Epperson was not on the payroll at the Council. Mr. Epperson did not have employees on the Council's payroll, nor did any of the employees perform campaign work for Mr. Epperson.

The Complainant has a duty to set forth facts sufficient to indicate the basis of his/her allegation. It is necessary in order to provide Respondents with notice of the alleged violation so that they may file a response. No such factual situation is presented here regarding the Council.

With respect to the requirements of a proper complaint, the Federal Elections regulations at 11 CFR 111.4(d)(3) states:

The Complaint should conform to the following provisions:

1. It should clearly identify as a respondent each person or entity who is alleged to have committed a violation;
2. Statements which are based upon personal knowledge should be accompanied by an identification of the source of information which gives rise to the complainants belief in the truth of such statement.
3. It should contain a clear and concise recitation of the fact which describe a violation of the statute or regulation over which the Commission has jurisdiction; and
4. It should be accompanied by any documentation supporting the facts alleged if such documentation is known of, or available to the complainant.

The Complainant has failed to include any factual information whatsoever contained in the alleged Channel 8 story and has failed to indicate on what basis that alleged story was

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made. In addition, Complainant has clearly failed to set forth a "clear and concise" recitation of the facts. In summary, the Complainant has failed to allege any facts whatsoever with regard to the Council which would provide the Council with even the barest of grounds upon which to understand the basis of their alleged violation.

The Council would thus request the Commission to rule that the Complainant has failed to allege sufficient facts pursuant to 111.4(d) and dismiss this matter with a finding of no reason to believe that the violation has occurred.

II

The Council has conducted no activities which would be deemed to be in connection with Mr. Epperson's campaign.

Given the fact that the Council is an incorporated entity, it must be presumed that the basis of the Complaint in this matter is that the Council, in its corporate capacity, made a contribution or expenditure in connection with Mr. Epperson's campaign in violation of 2 USC 441b(a).

However, as it is clearly set out above, the Complainant has failed to set forth any facts whatsoever to support such an accusation. In addition, the facts presented by the Council through its Executive Director, Mr. Swift in his attached affidavit, clearly indicate that at no time has the Council or Council's employees conducted activities which would benefit or

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be deemed to be in connection with Mr. Epperson's election. The activities which Mr. Epperson conducted on behalf of the Council were solely within his voluntary capacity were kept separate and distinct from his activities as a candidate.

Nothing in the statute nor the Commission regulations prohibits a candidate from continuing to conduct business activities simultaneously with his campaign activities. It is clear, however, that the activities must be conducted in such a way so as not to constitute an in-kind contribution by an employing entity to the candidate's campaign (See Advisory Opinion 1980-115).

In this matter, Mr. Epperson was volunteering time and activity for the benefit of the Council's project and received no compensation for his services and was reimbursed for only expenses which were documented to be in connection with that project. Mr. Epperson did not participate in the radio spots and, thus, no benefit incurred to him. (Compare to Advisory Opinion 1977-31).

The Council has also proffered factual evidence that they at no time as an organization or through its employees conducted activities which were in connection with Mr. Epperson's campaign in violation of 2 USC 441b(a).

CONCLUSION

Based on the fact that Complainant has failed to allege any facts which would be the basis of showing the Council conducting

activities in connection with Mr. Epperson's campaign and given the fact the Council has provided evidence that they conducted no activities in connection with Mr. Epperson's campaign in violation of 2 USC 441b(a) or any other provision of the statute, the Council would request the Commission to find a no reason to believe against the Council and close out this matter as it relates to them.

Respectfully Submitted:



Paul E. Sullivan
McNair Law Firm
1155 Fifteenth Street, N.W.
Suite 400
Washington, D.C. 20005
202/ 659-3900

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CRAFTED WITH PRIDE IN USA COUNCIL, INC.

AFFIDAVIT OF ROBERT E. SWIFT

MUR 2162

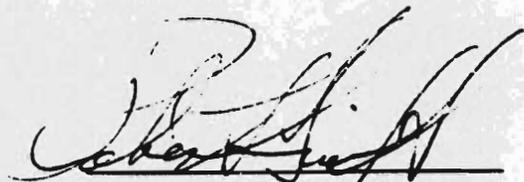
My name is Robert E. Swift and I have personal knowledge relating to the matters set forth below.

1. I am the Executive Director of Crafted with Pride in USA Council, Inc., a non-profit organization which is tax exempt under Section 501(c)(6) of the Internal Revenue Code.
2. Crafted with Pride in the USA Council, Inc. (Council) is an organization whose membership is primarily made up of cotton growers, labor organizations, fabric distributors and manufacturers of man-made fibers and whose goal is to convince consumers, retailers and apparel manufacturers of the value of purchasing and promoting products made in the United States.
3. Within my capacity as Executive Director of the Council, I have the responsibility of developing proposals for presentation and approval to the Council's steering committee and then coordinating their implementation through the Council's staff which includes an assistant director and secretarial staff. Given the relatively small group of paid professionals in the Council's employment, I am well aware of all the activities which are undertaken on behalf of the Council.

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4. I have reviewed the documents comprising the Complaint in MUR2162 which was forwarded to Mr. Milliken, Chairman of the Council.
 5. At no time have employees of the Council been used in any way to assist or to benefit the political campaign of Mr. Epperson's, nor has the Council paid or reimbursed individuals for the benefit of Mr. Epperson's campaign.
 6. Mr. Epperson's sole contact with the Council involved him volunteering time to coordinate a project on behalf of the Council to encourage radio stations to air commercials advocating the Council's, "Made in the USA" message. This was a nation-wide effort to promote the Made in the USA message and Mr. Epperson received reimbursement solely for documented expenses incurred in relationship with this volunteer activity.
 7. At no time during Mr. Epperson's activities as a volunteer for the Council did his designated duties involve anything in connection with his political campaign. Again, as the Executive Director of the Council, I would be aware of my employees activities and at no time did any employee of the Council conduct activities in connection with Mr. Epperson's campaign.

I swear that the statements set out above are true and correct to the best of my knowledge.



Robert E. Swift

**FEDERAL ELECTION COMMISSION
GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS**

MUR 2162

STAFF MEMBER & TELEPHONE

Laurence E. Tobey (202) 376-8200

RESPONDENT: Stuart W. Epperson

SUMMARY OF ALLEGATIONS

Stuart W. Epperson failed to file his statement of candidacy as a candidate for the United States House of Representatives in a timely manner.

FACTUAL AND LEGAL ANALYSIS

Stuart W. Epperson is a candidate for the United States House of Representatives from the Fifth District of North Carolina. On April 7, 1986, the Commission received a complaint submitted by P. Lynn Ellis of Winston-Salem, North Carolina which made various allegations against Epperson and his campaign committee, Neighbors for Epperson. On May 29, 1986, Neighbors for Epperson filed its response to the complaint.

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The Federal Election Campaign Act of 1971, as amended (hereinafter, "the Act") provides that each candidate for Federal office shall file a statement of candidacy within 15 days of meeting the statutory definition of a candidate set forth in the Act. 2 U.S.C. § 432(e)(1). In attempting to argue that the acts complained of occurred prior to Epperson's candidacy, counsel for Neighbors for Epperson stated that Epperson's committee failed to file its "statement of organization" [sic] within the required time period.^{1/} Counsel stated that Epperson met the statutory definition of candidate on December 7, 1985. Counsel then admitted that the "statement of organization" was not filed until January 2, 1986.

Assuming it is true that Epperson met the definition of candidate on December 7, 1985, then his statement of candidacy would have been due on December 22, 1985. Counsel admits, and Commission records confirm, that Epperson filed his statement of candidacy on January 2, 1986. Therefore, the statement of candidacy was filed 11 days late.

The Act also requires that the authorized committee of a candidate file a statement of organization no later than ten days after being designated by the candidate. 2 U.S.C. § 433(a). Neighbors for Epperson (Stuart Epperson's authorized committee)

^{1/}. Counsel appears to confuse the statement of candidacy (to be filed by a candidate) with the statement of organization (to be filed by a candidate's political committee).

filed its statement of organization on January 2, 1986, the same day as Epperson filed his statement of candidacy. Therefore, Neighbors for Epperson complied with 2 U.S.C. § 433(a) because the statement of organization was filed within ten days of designation by the candidate.

Because counsel has in effect admitted that Epperson filed his statement of candidacy late, this Office recommends that the Commission find reason to believe that Stuart W. Epperson violated 2 U.S.C. § 432 (e)(1). However, given that the statement of candidacy was filed eleven (11) days late, this Office recommends that the Commission take no further action on this issue.

87040524322



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Stuart W. Epperson
3780 Will Scarlet RD
Winston-Salem, NC 27106

RE: MUR 2162
Stuart W. Epperson

Dear Mr. Epperson:

On April 21, 1986, the Commission notified you and your campaign committee, Neighbors for Epperson of a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

On _____, 1986, the Commission determined that on the basis of the information in the complaint, and information provided by you and your campaign committee, there is no reason to believe that you violated the Act as alleged by the complainant.

However, on _____, 1986, the Commission found reason to believe that you violated 2 U.S.C. § 432 (e)(1), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") by failing to file your statement of candidacy in a timely manner. However, after considering the circumstances of this matter, on _____, 1986, the Commission determined to take no further action and close its file. The General Counsel's Factual and Legal Analysis which formed a basis for the Commission's finding is attached for your information.

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Stuart W. Epperson

Page Two

The file in this matter will be made part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within 10 days.

If you have any questions, please direct them to Laurence E. Tobey, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Joan D. Aikens
Chairman

Enclosure
Factual & Legal Analysis

cc: William J. Olson, Esquire
Smiley, Olson, Gilman, & Pangia
1815 H. Street, N.W.
Washington, DC 2006-3604

87040524324



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Eugene F. Mullin, Esquire
Mullin, Rhyne, Emmons, and Topel, P.C.
1000 Connecticut Ave, N.W. #500
Washington, DC 20036

RE: MUR 2162
Salem Media of North
Carolina, Inc.

Dear Mr. Mullin:

On May 19, 1986, the Commission notified your client of a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended .

The Commission, on _____, 1986, determined that on the basis of the information in the complaint, and information provided by your clients, there is no reason to believe that your clients violated 2 U.S.C. § 441b(a).

Accordingly, the Commission closed its file in this matter. This matter will become part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: Lawrence M. Noble
Deputy General Counsel

97040524325



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

William J. Olson, Esquire
Smiley, Olson, Gilman, and Pangia
1815 H Street, N.W.
Washington, DC 20006-3604

RE: MUR 2162
Neighbors for Epperson
Committee and
Stephen C. Mathis, as
treasurer

Dear Mr. Olson:

On April 21, 1986, the Commission notified your client of a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended.

The Commission, on _____, 1986, determined that on the basis of the information in the complaint, and information provided by your clients, there is no reason to believe that your clients violated 2 U.S.C. § 441b(a).

Accordingly, the Commission closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: Lawrence M. Noble
Deputy General Counsel

cc: Stuart W. Epperson

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

William E. Wright, Chairman of the Board
Salem Pregnancy Support, Inc.
1001 W. 4th ST
Winston-Salem, NC 27101

RE: MUR 2162
Salem Pregnancy Support, Inc.

Dear Mr. Wright:

On April 21, 1986, the Commission notified you of a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended.

The Commission, on _____, 1986, determined that on the basis of the information in the complaint, and information provided by you, there is no reason to believe that Salem Pregnancy Support, Inc. violated 2 U.S.C. § 441b(a).

Accordingly, the Commission closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: Lawrence M. Noble
Deputy General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Paul E. Sullivan, Esquire
The McNair Law Firm
1155 15th ST, N.W.
Washington, DC 20005

RE: MUR 2162
Crafted with Pride in
U.S.A. Council, Inc.

Dear Mr. Sullivan:

On August 27, 1986, the Commission notified your client of a complaint alleging violations of the Federal Election Campaign Act of 1971, as amended.

The Commission, on _____, 1986, determined that on the basis of the information in the complaint, and information provided by your clients, there is no reason to believe that your clients violated 2 U.S.C. § 441b(a).

Accordingly, the Commission closed its file in this matter. This matter will become a part of the public record within 30 days.

Sincerely,

Charles N. Steele
General Counsel

BY: Lawrence M. Noble
Deputy General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

P. Lynn Ellis
1174 S. Hawthorne RD
Winston-Salem, NC 27103

RE: MUR 2162

Dear Ms. Ellis:

8 7 0 4 0 6 2 4 3 2 9

The Federal Election Commission has reviewed the allegations of your complaint dated March 31, 1986 and determined that on the basis of the information provided in your complaint and information provided by the Respondents that there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended has been committed. Accordingly, the Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Should additional information come to your attention which you believe establishes a violation of the Act, you may file a complaint pursuant to the requirements set forth in 2 U.S.C. § 437g(a)(1) and 11 C.F.R. 114.4.

Sincerely,

Charles N. Steele
General Counsel

BY: Lawrence M. Noble
Deputy General Counsel

Enclosure
General Counsel's Report

QCC#153P

MCNAIR LAW FIRM, P. A.
ATTORNEYS AND COUNSELLORS AT LAW
1155 15th STREET, N. W.
WASHINGTON, D. C. 20005
—
(202) 696-3900

PAUL E. SULLIVAN

September 17, 1986

Mr. Lawrence E. Tobey, Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

86 SEP 17 P 5: 33

RECEIVED
GENERAL COUNSEL

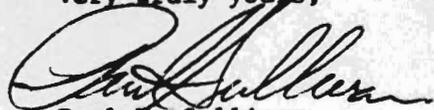
Re: MUR 2162

Dear Mr. Tobey:

Please find enclosed the response of Crafted With Pride In USA Council Inc. in regard to MUR 2162.

Should you have further questions, please contact me at your convenience.

Very truly yours,


Paul E. Sullivan

Enclosures

- cc: Chairman Joan Aikens
- Vice-Chairman John W. McGarry
- Commissioner Elliott
- Commissioner Harris
- Commissioner Josefiak
- Commissioner McDonald

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BEFORE THE FEDERAL ELECTION COMMISSION

P. Lynn Ellis

v.

MUR 2162

Stuart W. Epperson,
Crafted with Pride in
USA Council, Inc., et al.

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RECEIVED
OFFICE OF THE
GENERAL COUNSEL

INTRODUCTION

This document is filed on behalf of Crafted with Pride in USA, Inc. (hereinafter Council), pursuant to 2 USC 437(a)(1). It is the Council's position that the Complaint filed by P. Lynn Ellis (hereinafter Complainant) should be dismissed by the Commission with a no reason to believe finding for two reasons: (1) the Complaint fails to allege a factual basis upon which a violation could be based; (2) the Council has not conducted any activities in connection with Mr. Epperson's campaign.

FACTS

The Council is a nonprofit corporation with tax exempt status under Section 501(c)(6) of the Internal Revenue Code (Swift Affidavit Paragraph 1). The Council's entire purpose is to convince consumers, retailers, and apparel manufacturers of the value of purchasing and promoting products made in the United

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States (Aff., Paragraph 2). The Council's office is located in New York City, New York.

During the latter part of 1985, Mr. Epperson volunteered to coordinate a project on behalf of the Council. This project was to contact various radio stations throughout the country in an effort to have them donate air time during which the "Made in the USA" message would be aired. Mr. Epperson's activities for this project were purely voluntary. He received no compensation but for reimbursement of expenses which could be documented to be in direct connection with this project for the Council (Aff., Paragraph 6). The work which Mr. Epperson conducted on behalf of the Council was not intended nor was it in connection with his political campaign. The work solely involved the solicitation of air time for the Council's project. He was not a participant in the radio message. The Executive Director, Mr. Swift, oversees the Council's relatively small staff and has indicated that at no time were any of the employees of the Council conducting the activities in connection with Mr. Epperson's campaign (Aff., paragraph 7).

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ARGUMENTS

I

Complainant fails to allege a factual basis upon which to base a violation.

The Complainant has submitted an original complaint by way of a March 17, 1986 letter and what appears to be an amended complaint consisting of a March 31, 1986 letter with an attached newspaper article from the Winston-Salem Journal, dated February 1, 1986. The sole reference to the Council in the original Complaint is merely a statement that "... stories aired on Channel 8 suggest that Mr. Epperson also used people on his payroll at Crafted with Pride to do campaign work." In the aforementioned amended complaint, the Complainant alleges that her complaint is based upon the Journal article which was attached to the amended complaint.

No reference is made, whatsoever, to Crafted with Pride in the Journal article. Therefore, the newspaper article provides no facts whatsoever, not even the mere mention of the Council, upon which any violation of the Federal Election Commission Act of 1971, as amended (FECA) could be supported.

The single phrase in the original complaint referencing stories aired on Channel 8 fails to provide any facts whatsoever regarding the content of the story or the facts upon which the alleged Channel 8 "suggestion" was based. In fact, the statement

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alleges that Mr. Epperson used people on his payroll at Crafted with Pride to do campaign work. As has been well demonstrated in the facts set out above and the attached affidavit, Mr. Epperson was not on the payroll at the Council. Mr. Epperson did not have employees on the Council's payroll, nor did any of the employees perform campaign work for Mr. Epperson.

The Complainant has a duty to set forth facts sufficient to indicate the basis of his/her allegation. It is necessary in order to provide Respondents with notice of the alleged violation so that they may file a response. No such factual situation is presented here regarding the Council.

With respect to the requirements of a proper complaint, the Federal Elections regulations at 11 CFR 111.4(d)(3) states:

The Complaint should conform to the following provisions:

1. It should clearly identify as a respondent each person or entity who is alleged to have committed a violation;
2. Statements which are based upon personal knowledge should be accompanied by an identification of the source of information which gives rise to the complainants belief in the truth of such statement.
3. It should contain a clear and concise recitation of the fact which describe a violation of the statute or regulation over which the Commission has jurisdiction; and
4. It should be accompanied by any documentation supporting the facts alleged if such documentation is known of, or available to the complainant.

The Complainant has failed to include any factual information whatsoever contained in the alleged Channel 8 story and has failed to indicate on what basis that alleged story was

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made. In addition, Complainant has clearly failed to set forth a "clear and concise" recitation of the facts. In summary, the Complainant has failed to allege any facts whatsoever with regard to the Council which would provide the Council with even the barest of grounds upon which to understand the basis of their alleged violation.

The Council would thus request the Commission to rule that the Complainant has failed to allege sufficient facts pursuant to 111.4(d) and dismiss this matter with a finding of no reason to believe that the violation has occurred.

II

The Council has conducted no activities which would be deemed to be in connection with Mr. Epperson's campaign.

Given the fact that the Council is an incorporated entity, it must be presumed that the basis of the Complaint in this matter is that the Council, in its corporate capacity, made a contribution or expenditure in connection with Mr. Epperson's campaign in violation of 2 USC 441b(a).

However, as it is clearly set out above, the Complainant has failed to set forth any facts whatsoever to support such an accusation. In addition, the facts presented by the Council through its Executive Director, Mr. Swift in his attached affidavit, clearly indicate that at no time has the Council or Council's employees conducted activities which would benefit or

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be deemed to be in connection with Mr. Epperson's election. The activities which Mr. Epperson conducted on behalf of the Council were solely within his voluntary capacity were kept separate and distinct from his activities as a candidate.

Nothing in the statute nor the Commission regulations prohibits a candidate from continuing to conduct business activities simultaneously with his campaign activities. It is clear, however, that the activities must be conducted in such a way so as not to constitute an in-kind contribution by an employing entity to the candidate's campaign (See Advisory Opinion 1980-115).

In this matter, Mr. Epperson was volunteering time and activity for the benefit of the Council's project and received no compensation for his services and was reimbursed for only expenses which were documented to be in connection with that project. Mr. Epperson did not participate in the radio spots and, thus, no benefit incurred to him. (Compare to Advisory Opinion 1977-31).

The Council has also proffered factual evidence that they at no time as an organization or through its employees conducted activities which were in connection with Mr. Epperson's campaign in violation of 2 USC 441b(a).

CONCLUSION

Based on the fact that Complainant has failed to allege any facts which would be the basis of showing the Council conducting

activities in connection with Mr. Epperson's campaign and given the fact the Council has provided evidence that they conducted no activities in connection with Mr. Epperson's campaign in violation of 2 USC 441b(a) or any other provision of the statute, the Council would request the Commission to find a no reason to believe against the Council and close out this matter as it relates to them.

Respectfully Submitted:



Paul E. Sullivan
McNair Law Firm
1155 Fifteenth Street, N.W.
Suite 400
Washington, D.C. 20005
202/ 659-3900

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CRAFTED WITH PRIDE IN U.S.A. COUNCIL, INC.

AFFIDAVIT OF ROBERT E. SWIFT

MUR 2162

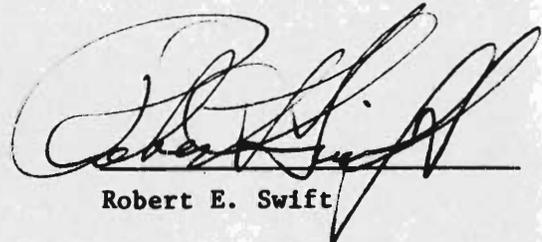
My name is Robert E. Swift and I have personal knowledge relating to the matters set forth below.

1. I am the Executive Director of Crafted with Pride in USA Council, Inc., a non-profit organization which is tax exempt under Section 501(c)(6) of the Internal Revenue Code.
2. Crafted with Pride in the USA Council, Inc. (Council) is an organization whose membership is primarily made up of cotton growers, labor organizations, fabric distributors and manufacturers of man-made fibers and whose goal is to convince consumers, retailers and apparel manufacturers of the value of purchasing and promoting products made in the United States.
3. Within my capacity as Executive Director of the Council, I have the responsibility of developing proposals for presentation and approval to the Council's steering committee and then coordinating their implementation through the Council's staff which includes an assistant director and secretarial staff. Given the relatively small group of paid professionals in the Council's employment, I am well aware of all the activities which are undertaken on behalf of the Council.

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4. I have reviewed the documents comprising the Complaint in MUR2162 which was forwarded to Mr. Milliken, Chairman of the Council.
5. At no time have employees of the Council been used in any way to assist or to benefit the political campaign of Mr. Epperson's, nor has the Council paid or reimbursed individuals for the benefit of Mr. Epperson's campaign.
6. Mr. Epperson's sole contact with the Council involved him volunteering time to coordinate a project on behalf of the Council to encourage radio stations to air commercials advocating the Council's, "Made in the USA" message. This was a nation-wide effort to promote the Made in the USA message and Mr. Epperson received reimbursement solely for documented expenses incurred in relationship with this volunteer activity.
7. At no time during Mr. Epperson's activities as a volunteer for the Council did his designated duties involve anything in connection with his political campaign. Again, as the Executive Director of the Council, I would be aware of my employees activities and at no time did any employee of the Council conduct activities in connection with Mr. Epperson's campaign.

I swear that the statements set out above are true and correct to the best of my knowledge.



Robert E. Swift

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McNAIR LAW FIRM, P. A.
ATTORNEYS AND COUNSELORS AT LAW
MADISON OFFICE BUILDING
1155 FIFTEENTH STREET, NORTHWEST
WASHINGTON, D. C. 20005
202 692-3900

NCNB TOWER
POST OFFICE BOX 1390
COLUMBIA, S. C. 29201
(803) 799-6800

SUITE 1201
NCNB PLAZA
GREENVILLE, S. C. 29601
(803) 271-4940

NCNB BUILDING
POST OFFICE BOX 6914
HILTON HEAD ISLAND, S. C. 29928
(803) 788-8169

September 9, 1986

Lawrence Tobey, Esquire
Federal Election Commission
General Counsel's Office
999 E Street, N.W.
Washington, D.C. 20463

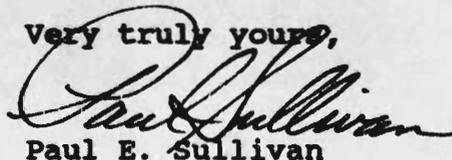
RE: MUR 2162

Dear Mr. Tobey:

Our office has been retained to represent Crafted with Pride in USA Council, Inc. in the abovementioned matter. Please find enclosed the required statement designation of counsel.

The aforementioned respondent has informed me that they received your notice on September 2, 1986. Therefore, this letter confirms that their response will be filed with your office on or before September 17, 1986.

Very truly yours,



Paul E. Sullivan

PES:clw
Enclosure

cc: Mr. Robert E. Swift

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RECEIVED
GENERAL COUNSEL

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STATEMENT OF DESIGNATION OF COUNSEL

NUR 2162

NAME OF COUNSEL: Paul E. Sullivan, Esq.

ADDRESS: McNair Law Firm

1155 15th Street, N.W., Suite 400

Washington, DC 20005

TELEPHONE: 202-659-3900

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

9/8/86
Date


Signature

RESPONDENT'S NAME: Robert E. Swift, Executive Director

ADDRESS: Crafted With Pride In U.S.A. Council, Inc.

1045 Avenue of the Americas

New York, NY 10018

HOME PHONE: 215-793-2543

BUSINESS PHONE: 212-819-4397

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

perm
August 27, 1986

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

Crafted With Pride in U.S.A. Council, Inc.
Attn: Roger Milliken, Chairman
1045 Avenue of the Americas
New York, NY 10018

RE: MUR 2162

Dear Mr. Milliken:

8 7 0 4 0 5 2 4 3 4 2
The Federal Election Commission has received a complaint which alleges that the Crafted With Pride in U.S.A. Council, Inc. may have violated the Federal Election Campaign Act of 1971, as amended (hereinafter, "the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2162. The Commission was unable to notify you earlier of this complaint because the complainant did not furnish your address or include sufficient information to accurately identify your organization. This information was later obtained from other sources.

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

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

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

Crafted With Pride in U.S.A. Counsel, Inc.
Page Two

If you have any questions, please contact Laurence E. Tobey, the attorney assigned to this matter, at (202) 376-8200. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel



BY: Lawrence M. Noble
Deputy General Counsel

Enclosures:
Complaint
Procedures
Designation of Counsel Statement

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QCC# 732

LAW OFFICES
MULLIN, RHYNE, EMMONS AND TOPEL
PROFESSIONAL CORPORATION

1000 CONNECTICUT AVENUE - SUITE 500
WASHINGTON, D. C. 20006

(202) 659-4700

EUGENE F. MULLIN
SIDNEY WHITE RHYNE
NATHANIEL F. EMMONS
HOWARD A. TOPEL
HOWARD M. WEISS

LAWRENCE ROBERTS
ROBERT D. ROSENBERG
LINDA J. ECKARD
RACHEL D. CRAMER
J. PARKER CONNOR
OF COUNSEL

June 16, 1986

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RECEIVED
OFFICE OF THE
GENERAL COUNSEL

HAND DELIVERED

Charles N. Steele, General Counsel
Federal Election Commission
999 E Street, N.W.--Room 657
Washington, D.C. 20563

Attention: Laurence Tobey, Esq.

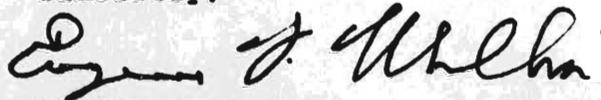
Re: MUR 2162

Dear Mr. Steele:

Enclosed are the signed original affidavits of David R. Plyler and Stuart W. Epperson. These affidavits replace the conformed copies submitted by Salem Media of North Carolina, Inc., on July 13, 1986.

I would be pleased to respond to any questions concerning this matter.

Sincerely,



Eugene F. Mullin
Counsel for Salem Media of
North Carolina, Inc.

EFM/jt
Enclosures

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BEFORE THE
FEDERAL ELECTION COMMISSION

In the Matter of)
Salem Media of North Carolina, Inc.)

MUR 2162

AFFIDAVIT OF
DAVID R. PLYLER

David R. Plyler, being duly sworn, deposes and says as follows:

1. My name is David R. Plyler. I have been employed as General Manager at Radio Station WTOB(AM) since 1983. Prior to coming to WTOB, I served for four years as News Director at the radio and television station that was the NBC network affiliate in Winston-Salem, and for 10 years as Public Affairs Director of the NBC television affiliate in Winston-Salem. Among my responsibilities as Public Affairs Director was ensuring that the station was in compliance with the Federal Communications Commission rules and regulations, the Federal Election Campaign Act and all other rules and regulations applicable to broadcast stations. Consequently, I am acutely aware of broadcast stations' responsibilities to cover fairly political issues and political campaigns and the responsibility of broadcast stations to serve the public interest.

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2. I began working as General Manager of WTOB in September, 1983, and was so employed when Salem Media acquired the station in March, 1985. At that time, WTOB was ranked 30th of the 42 stations in the Winston-Salem market. The previous year, the station had been ranked 39th. Currently, WTOB is ranked 18th of the 42 stations in the market.

3. At present WTOB operates with a very small staff of six full-time and four part-time employees. In past years, WTOB employed a staff of up to 20 people, but, for budgetary reasons, the station was forced to dismiss 16 people prior to Salem Media's acquisition of the station.

4. In addition to the president of Salem Media, the six full-time employees at WTOB include a General Manager, an Operations/Business Manager, a Program Director, a Control Operator, an Account Executive (that is, salesman), and a Receptionist/Administrative Assistant. The four part-time employees include two control operators and two air personalities.

5. Because WTOB has such a small staff, WTOB employees perform numerous functions. Although I am General Manager, I also perform tasks that at a larger station are handled by a news director. Additionally, I perform the tasks of a sales manager and serve as a salesman for the station.

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6. WTOB is not unlike other small radio stations in that job titles do not indicate fully the employees' job responsibilities. For example, the WTOB Operations Manager and salesman occasionally perform the tasks of news reporters. The salesman is also a weekend Control Operator and frequently writes copy and produces spots. The Program Director does most of the on-air broadcasts, and the General Manager acts as Production Director when necessary. Employees performing multiple functions has been station practice throughout the period that Salem Media has owned WTOB.

7. WTOB does not employ a news director, nor does it employ any news reporters. WTOB employees perform those functions as necessary. WTOB broadcasts a regularly scheduled news program daily at 7:30 a.m. and repeats it at 8:20 a.m. The program contains less than two minutes of news and lasts under four minutes in its entirety.

8. Because WTOB has no news director or news reporters, and because we are so short-staffed, when I determine that an event is newsworthy and ought to be covered by the station I assign any available employee to cover the event. When I make assignments, it is on an informal and unstructured basis; WTOB maintains no "daily assignment log." For example, I assigned the WTOB salesman to cover the locally held Bing Crosby golf

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tournament on June 5-8, 1986. On occasion, I myself have covered news events for the station. For example, I recently covered the gala opening of the new Winston-Salem Hyatt and a local school bus accident involving 32 children.

9. When Salem Media acquired WTOB, it instituted an aggressive effort to better serve the public interest and increase the station's listening audience. Twenty years ago, WTOB was a popular radio station with a large audience, but in more recent years the station had declined and had fallen dramatically in the ratings. In an effort to restore the good name and popularity of WTOB, Salem Media launched a campaign using the slogan "WTOB 1380, We Care About Our Community."

10. One of the ways that WTOB shows that it cares about its community is by covering community events and matters of public interest. Among the more significant community events that have occurred since Salem Media's acquisition of WTOB (and the launching of the community-service campaign) are the numerous political elections and campaigns in the WTOB coverage area. To demonstrate WTOB's sincere interest in serving the community, in early 1986 I sent letters offering free air time on WTOB to all registered candidates for elective office in the WTOB broadcast coverage area. I offered free air time to the candidates for United States Senate, United

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States House of Representatives in North Carolina's Fifth Congressional District, District Attorney, County Commissioner, Sheriff, and the State legislature from districts within WTOB's coverage area. See Exhibits 1 and 2.

11. In addition, in the fall of 1985 WTOB offered free air time to the candidates for the Winston-Salem Board of Aldermen and the Winston-Salem - Forsythe County School Board. To the best of my knowledge, WTOB was the only broadcast facility (radio or television) to offer free broadcast time to political candidates in 1985 and 1986.

12. Salem Media's president and owner declared himself a candidate for the United States Congress in December, 1985. I was determined to bend over backwards to show that WTOB is fair to all candidates for elective office and does not give special treatment to any candidate or political party. I actively sought to demonstrate to the public that WTOB is an impartial media outlet, so that no one could possibly raise an inference of partiality based upon the fact that Salem Media's president is a candidate for elective office.

13. For example, I was aware that there were two Republican candidates, but only one Democratic candidate, registered in the Fifth Congressional District race. To ensure complete fairness, I offered free time to the Demo-

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cratic candidate on the Tuesday and Thursday editions of an "Election '86" program, and time on the Monday, Wednesday and Friday editions to the Republican candidates, with the Republican candidates alternating on those days. See Exhibit 2.

14. The Democratic candidate, Stephen L. Neal, declined the offer of free time. (See Exhibit 3). Likewise, neither of the Republican candidates, Lyons Gray and Stuart W. Epperson, took advantage of the offer. However, there were candidates for other offices that did accept the offer of free air time and broadcast messages or interviews to their voters on WTOB. See Exhibit 4.

15. To further emphasize that, although owned by a candidate for elective office, WTOB remains an independent broadcast station that provides equal time to all candidates, I decided that WTOB would cover all the speeches in which the Democratic and Republican candidates for Congress announced their candidacy. At the time, WTOB employed an Assistant Public Affairs Director who was assigned to cover the speeches. Unfortunately, she did not produce broadcast quality tapes of the speeches because she did not know how to use the recording equipment properly. As a result, those tapes were not broadcast on WTOB.

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16. During election periods, it is common practice for candidates to rent broadcast facilities to produce campaign spots. The WTOB facilities are available to any candidate for office who wishes to rent them. For example, in early 1986 the "Neighbors for Epperson" campaign rented the studio for the standard studio rental fee, plus costs, totalling \$81.00. (See Exhibit 5). The campaign made prompt payment in that amount to WTOB.

17. WTOB strives to serve the Winston-Salem community as an impartial outlet for the communication of matters of public interest. As General Manager of the station, I am determined to ensure fair coverage of all issues, including political campaigns and elections.

18. I have never, and to the best of my knowledge no one at WTOB has ever, assigned any WTOB employee to cover news conferences for any purpose other than for use by WTOB.

19. I have never, and to the best of my knowledge no one at WTOB has ever, turned over any WTOB tapes to any political campaign.

20. I have never, and to the best of my knowledge no one at WTOB has ever, pressured any WTOB employee to volunteer for any political campaign.

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21. To the best of my knowledge, WTOB employees have not been used for political purposes, to either contribute to or fund any political campaigns, in the course of their employment at WTOB.

David R. Pyle

David. R. Pyle

Subscribed and sworn to this 13th day of June, 1986.

Harry Ward

Notary Public

My Commission Expires: AUGUST 12, 1992

87040524352

EXHIBIT 1

**Plyler Letters Offering Free Air Time On WTOB
To Candidates For U.S. Senate, District Attorney,
County Commissioner, Sheriff, and
North Carolina State Legislature**

87040524353

WTOB
am
stereo
1380

April 10, 1986

Ms. Kathy Doherty
Fountain Odom for U.S. Senate
P.O. Box 36804
Charlotte, N.C. 28236-6804

Dear Ms. Doherty:

We are delighted to have received your news releases, and we look forward to continuing use of them.

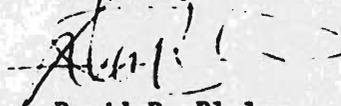
We are very interested in obtaining an advertising schedule for Mr. Odom for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Odom with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,



David R. Plyler
General Manager

DRP/ba

WTOB
am
STEREO
1380

April 10, 1986

Mr. Palmer Sugg
Funderburk for U.S. Senate
P.O. Box 25234
Raleigh, NC 27611

Dear Mr. Sugg:

We are delighted to have received your news releases, and we look forward to continuing use of them.

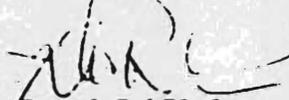
We are very interested in obtaining an advertising schedule for Mr. Funderburk for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Funderburk with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Plyler
General Manager

DRP/ba

WTOB
am
stereo
1380

April 10, 1986

Mr. Bob Morgan
Broyhill for Senate
P.O. Box 29537
Greensboro, NC 27429

Dear Mr. Morgan:

We are delighted to have received your news releases, and we look forward to continuing use of them.

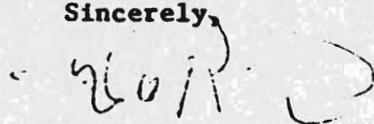
We are very interested in obtaining an advertising schedule for Mr. Broyhill for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Broyhill with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Plyler
General Manager

DRP/ba

WTOB
am
stereo
1380

April 10, 1986

Ms. Joyce Chandler
John Ingram for U.S. Senate
919 Kildaire Farm Road
Cary, N.C. 27511

Dear Ms. Chandler:

We are delighted to have received your news releases, and we look forward to continuing use of them.

We are very interested in obtaining an advertising schedule for Mr. Ingram for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Ingram with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Plyler
General Manager

DRP/ba

97049424357

WTOB
am
Stereo
1380

April 10, 1986

Mr. Tom Lawton
Terry Sanford for U.S. Senate
P.O. Box 3539
Durham, N.C. 27702-3539

Dear Mr. Lawton:

We are delighted to have received your news releases, and we look forward to continuing use of them.

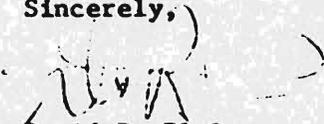
We are very interested in obtaining an advertising schedule for Mr. Sanford for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Sanford with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Plyler
General Manager

DRP/ba

WTOB
am
stereo
1380

April 10, 1986

Milton Croom for U.S. Senate
5100 Lacey Street
Raleigh, NC 27609

Dear Mr. Croom:

We are delighted to have received your news releases, and we look forward to continuing use of them.

We are very interested in obtaining an advertising schedule from you for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide you with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Plyler
General Manager

DRP/ba

97040424359

Wtob
am
stereo
1380

March 27, 1986

The attached letter is being sent to the following candidates:

District Attorney:

Joseph Gatto (Rep)
Dwight Nelson (Rep)
Mickey Andrews (Rep)
Don Tisdale (Dem)
Warrent Sparrow (Dem)

County Commissioner

B. W. Atkinson (Dem)
Wayne Willard (Dem)
Mazie Woodruff (Dem)
John S. Holleman (Dem)
Harris A. Crowell (Dem)
Roger Swisher (Rep)
David Drummond (Rep)
W. R. "Bill" Dowe (Rep)
Betty L. Crouse (Rep)
Willie Ed Smith (Rep)
Jim Warren (Rep)

Sheriff

R. N. "Ron" Barker (Dem)
Harry L. Joyner (Dem)
Preston Oldham (Dem)

67TH House District

Logan Burke (Dem)
John D. Clark (Dem)

07040424360



March 27, 1986

Dear

I want to welcome you to use the WTOB facilities as the May 6th Primary approaches. I encourage you to advertise your candidacy on WTOB as the May 6th Primary approaches. Our lowest unit rate is:

Thirty second spot.....	\$10.00
Sixty second spot.....	\$15.00
Use of WTOB's production facilities.....	\$25.00 per hour \$12.50 per half hour (minimum)

In an effort to provide the voters of the WTOB listening audience with as much information regarding the candidates and the issues as possible, we are going to provide five minutes free time at 8:35 A.M. each morning on WTOB. You may do the interview live with our program director, Mike Payne, or you may choose to pre-tape your five minutes and say anything you wish to say. We have arranged the appearances on WTOB in alphabetical order and the time you have been scheduled for is

Hope to hear from you as soon as possible.

Sincerely,

David R. Plyler
General Manager

DRP/rws

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87040624362

EXHIBIT 2

**Plyler Letters Offering Free Air Time on WTOB
To Candidates For U.S. House of Representatives**

Faint, illegible text, possibly a signature or stamp.

WTOB
am
Stereo
1380

January 16, 1986

Congressman Steve Neal
421 Federal Building
Winston-Salem, N. C. 27101-3993

Dear Congressman Neal:

In an effort to inform our listeners, WTOB, as in the past, is embarking once again on a series of programs to allow each candidate the opportunity to discuss the issues in the current congressional campaign. "Election 86" will be broadcast every day, Monday through Friday at 12:50 P.M. following Paul Harvey News and Comment, one of the more popular programs in our radio market. The program will begin February 3 and will be broadcast every day, Monday through Friday, until April 30.

Since there is a Republican primary, we will schedule the Republican portion of the program Monday, Wednesday, and Friday with the candidates alternating on these days.

Congressman Neal, since you have no democratic opposition at this writing, we are going to provide you with broadcast time on Tuesdays and Thursdays. If democratic opposition should develop, we will extend the broadcast to Saturday to allow for the opposing view.

If you desire to take advantage of this opportunity, I would appreciate hearing from you as soon as possible. If, for some reason, you cannot take advantage of the program, the program will not be broadcast. The program can be produced wherever the candidate wishes to produce it...we will do it at WTOB, if desired. The candidate may say anything he or she wishes. We will not edit the program, however, we would appreciate holding the program content to about 4½ minutes.

I hope to hear from you soon.

Sincerely,

David R. Plyler
General Manager
WTOB

DRP/rws

CBS RADIO
AM 1380

p.o. box 5129, winston-salem, n.c. 27103, telephone (919) 723-4353

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WTOB
am
stereo
1380

January 16, 1986

Mr. Stuart Epperson
3069 Trenwest Drive
Winston-Salem, N. C. 27103

Dear Stu:

In an effort to inform our listeners, WTOB, as in the past, is embarking once again on a series of programs to allow each candidate the opportunity to discuss the issues in the current congressional campaign. "Election 86" will be broadcast every day, Monday through Friday at 12:50 P.M. following Paul Harvey News and Comment, one of the more popular programs in our radio market. The program will begin February 3 and will be broadcast every day, Monday through Friday, until April 30.

Since there is a Republican primary, we will schedule the Republican portion of the program Monday, Wednesday, and Friday with the candidates alternating on these days. Congressman Neal has no democratic opposition at this writing, therefore, we are going to provide Congressman Neal with broadcast time on Tuesdays and Thursdays. If democratic opposition should develop, we will extend the broadcast to Saturday to allow for the opposing view.

If you desire to take advantage of this opportunity, I would appreciate hearing from you as soon as possible. If, for some reason, you cannot take advantage of the program, the program will not be broadcast. The program can be produced wherever the candidate wishes to produce it...we will do it at WTOB, if desired. The candidate may say anything he or she wishes. We will not edit the program, however, we would appreciate holding the program content to about 4½ minutes.

I hope to hear from you soon.

Sincerely,

David R. Plyler
General Manager
WTOB

DRP/rvs

CBS RADIO
WTOB

p.o. box 5129, winston-salem, n.c. 27103, telephone (919) 721-4353

07040524364

WTOB
am
stereo
1380

January 16, 1986

Mr. Lyons Gray
5199-B Country Club Road
Winston-Salem, N. C. 27104

Dear Lyons:

In an effort to inform our listeners, WTOB, as in the past, is embarking once again on a series of programs to allow each candidate the opportunity to discuss the issues in the current congressional campaign. "Election 86" will be broadcast every day, Monday through Friday at 12:50 P.M. following Paul Harvey News and Comment, one of the more popular programs in our radio market. The program will begin February 3 and will be broadcast every day, Monday through Friday, until April 30.

Since there is a Republican primary, we will schedule the Republican portion of the program Monday, Wednesday, and Friday with the candidates alternating on these days. Congressman Neal has no democratic opposition at this writing, therefore, we are going to provide Congressman Neal with broadcast time on Tuesdays and Thursdays. If democratic opposition should develop, we will extend the broadcast to Saturday to allow for the opposing view.

If you desire to take advantage of this opportunity, I would appreciate hearing from you as soon as possible. If, for some reason, you cannot take advantage of the program, the program will not be broadcast. The program can be produced wherever the candidate wishes to produce it...we will do it at WTOB, if desired. The candidate may say anything he or she wishes. We will not edit the program, however, we would appreciate holding the program content to about 4½ minutes.

I hope to hear from you soon.

Sincerely,

David R. Plyler
General Manager
WTOB

DRP/rws

CBS RADIO
AFFILIATE

p.o. box 5129, winston-salem, n.c. 27103, telephone (919) 723-4353

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EXHIBIT 3

**Neal Response to Plyler Letter
Offering Free Air Time on WTOB**

87040624366



**Congress of the United States
House of Representatives**

STEVE NEAL
8TH DISTRICT, NORTH CAROLINA

January 23, 1986

Mr. David R. Plyler
General Manager
Radio Station WTOB
P.O. Box 5129
Winston-Salem, N.C. 27103

Dear Dave:

Thank you for your letter of January 16 and for the invitation to participate in the "Election '86" series on WTOB.

As you know, this are busy times for Congress. We are still faced with mammoth deficits, problems with our textile, tobacco and furniture industries, national defense, the environment, and many other pressing problems. Moreover, we are for the first time heading into the uncharted waters of Gramm-Rudman-Hollings, which shows no promise of clear sailing.

There is every indication, as a matter of fact, that the Second Session of the 99th Congress will be the most tumultuous in recent times. Under these circumstances, I simply do not have time for campaigning and must, therefore, decline your invitation.

Best wishes,

STEPHEN L. NEAL
U.S. Congressman

SLN:jt

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EXHIBIT 4
Troy Ford

- Plyler Memo of April 24, 1986
- Odom Letter Thanking Plyler for Free On-Air Interview

WTOB
am
Stereo
1380

April 24, 1986

MEMO

Warren Sparrow, Mr. Tisdale's opponent in the democratic primary, called today and asked if he could come to the radio station to practice his script for his appearance tomorrow morning at 8:35 and I told him we'd be delighted to have him do it, but he needed to call Brian Lewis before coming up so Brian could open the door for him.


David R. Plyler
General Manager WTOB

DRP/rws

97940424369

Fountain
ODOM
U.S. Senate

File

March 28, 1986

Mr. Dave Plyer
Station Manager
WTOB
8025 North Point Boulevard
Winston Salem, North Carolina

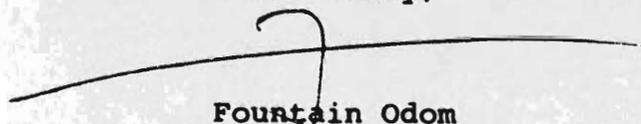
Dear Dave:

I enjoyed meeting you on Wednesday and appreciate very much the live interview. I am sure your switch board was flooded with calls thereafter.

The next time I know I am going to be there I will give you a call.

Please consider the possibility of doing some type of live call-in show one afternoon or perhaps even one evening. I would love to give that a try if it would work out with you.

Yours truly,



Fountain Odom

TLO/ag

87040524370

*214-358-2210
From Phillips
PA Ad Media 6803
3446 Whitehall Dr
Dallas TX 75224
825*

*(704) 0179
332-0178*

87040524371

EXHIBIT 5

**WTOB Broadcast Order
2/18/86**

EXHIBIT 5
WTOB Broadcast Order
2/18/86

BEFORE THE
FEDERAL ELECTION COMMISSION

In the Matter of)
Salem Media of North Carolina, Inc.) MUR 2162

AFFIDAVIT OF
STUART W. EPPERSON

Stuart W. Epperson, being duly sworn, deposes and says
as follows:

1. My name is Stuart W. Epperson. I am the owner, president, and director of Salem Media of North Carolina, Inc., licensee of Radio Station WTOB(AM), Winston-Salem, North Carolina. I have been in the broadcasting business for more than twenty years, and, in addition to WTOB, currently have ownership interests in the following stations:

KCFO (AM) -- Tulsa, OK
KCFO (FM) -- Tulsa, OK
WEZE (AM) -- Boston, MA
KSLR (AM) -- San Antonio, TX
WNYM (AM) -- New York, NY
WRFD (AM) -- Columbus-Worthington, OH
KGBA (FM) -- Holtville, CA
KFAX (AM) -- San Francisco, CA
WRJZ (AM) -- Knoxville, TN

2. Salem Media acquired WTOB in March, 1985. As president of Salem Media I occasionally ask station employees

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to cover newsworthy events. However, the station's General Manager, David Plyler, is responsible for day-to-day management and operation of the station.

3. I am currently a candidate for the United States Congress from the Fifth Congressional District of North Carolina. On May 6, 1986, I won the Republican Party nomination to Congress, winning a primary election in the District.

4. I am acutely aware of the responsibilities of a broadcast station to serve the public interest and to address issues of public concern, including political campaigns and elections, fairly. I have never directed any employee of WTOB to interview or tape speeches of political candidates for use by any campaign or for any partisan political purpose.

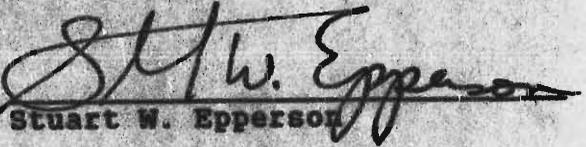
5. I have never, and to the best of my knowledge no one at WTOB has ever, assigned any WTOB employee to cover news conferences for any purpose other than for use by WTOB.

6. I have never, and to the best of my knowledge no one at WTOB has ever, turned over any WTOB tapes to any political campaign.

7. I have never, and to the best of my knowledge no one at WTOB has ever, pressured any WTOB employee to volunteer for any political campaign.

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8. To the best of my knowledge, WTOB employees have not been used for political purposes, to either contribute to or fund any political campaigns, in the course of their employment at WTOB.


Stuart W. Epperson

Subscribed and sworn to this 13th day of June, 1986.


Notary Public



My Commission Expires: August 12, 1992

87040524375

GC# 720

LAW OFFICES

MULLIN, RHYNE, EMMONS AND TOPEL
PROFESSIONAL CORPORATION

1000 CONNECTICUT AVENUE - SUITE 500
WASHINGTON, D. C. 20036

(202) 659-4700

EUGENE F. MULLIN
SIDNEY WHITE RHYNE
NATHANIEL F. EMMONS
HOWARD A. TOPEL
HOWARD M. WEISS

LAWRENCE ROBERTS
ROBERT D. ROSENBERG
LINDA J. ECKARD
RACHEL D. CRAMER
J. PARKER CONNOR
OF COUNSEL

June 13, 1986

96 JUN 16 8:42

RECORDED
GENERAL COUNSEL

HAND DELIVERED

Charles N. Steele, General Counsel
Federal Election Commission
999 E Street, N.W.--Room 657
Washington, D.C. 20463

Attention: Laurence Tobey, Esq.

Re: MUR 2162

Dear Mr. Steele:

On behalf of Salem Media of North Carolina, Inc., I hereby submit the attached "Statement of Salem Media of North Carolina, Inc.," and accompanying affidavits of David R. Plyler and Stuart W. Epperson, demonstrating that no action should be taken against Salem Media or Radio Station WTOB in this matter.

I would be pleased to respond to any questions regarding these documents, or any further questions the Commission might have.

Sincerely,

Eugene F. Mullin
Counsel for Salem Media of
North Carolina, Inc.

EFM/jt
Enclosures

87040524376

Before the
FEDERAL ELECTION COMMISSION

In the Matter of)
Salem Media of North Carolina, Inc.)

MUR 2162

STATEMENT OF
SALEM MEDIA OF
NORTH CAROLINA, INC.

87040524377

Salem Media of North Carolina, Inc. ("Salem Media"), licensee of Radio Station WTOB(AM), Winston-Salem, North Carolina, hereby responds, by its attorneys, to the allegations regarding WTOB made by P. Lynn Ellis in letters to the Federal Election Commission ("FEC") dated March 17 and 31, 1986. Salem Media submits that not only is neither Salem Media nor WTOB properly the subject of a complaint before the FEC, but also there is no reason to believe that either Salem Media or WTOB has committed or is about to commit any violation of the Federal Election Campaign Act ("FECA"). Accordingly, no action should be taken against Salem Media or WTOB in this matter.

1. In her letter of March 17, 1986, Ms. Ellis requested that the FEC investigate the campaign of Stuart W. Epperson for possible violations of the federal election laws by Mr. Epperson and/or the campaign. In her letter of March

31, 1986, she asserted that, to the best of her knowledge, her March 17 letter was true. However, she has no personal knowledge. The only basis for her allegations is a newspaper article that appeared in the Winston-Salem Journal on February 21, 1986. Apparently the two Ellis letters together constitute the complaint in this matter under review, because neither one alone meets the FEC requirements for filing a complaint set forth in 11 CFR §111.4(d).

2. Even taken together, the letters allege no charges against Salem Media or WTOB. Under 11 CFR §111.4(d), a complaint to the FEC

(1) ... should clearly identify as a respondent each person or entity who is alleged to have committed a violation of a statute or regulation over which the Commission has jurisdiction:

The only persons or entities clearly identified in the Ellis complaint as respondents who are alleged to have committed any violation are Stuart W. Epperson and Mr. Epperson's campaign.

3. The lack of a charge against Salem Media or WTOB in the Ellis complaint notwithstanding, by a letter of May 19, 1986, the FEC notified Salem Media that it had received a complaint alleging that WTOB may have violated certain provisions of the FECA. Accordingly, Salem Media submits this Statement, and accompanying affidavits of WTOB General

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Manager David R. Plyler and Salem Media President Stuart W. Epperson, demonstrating that neither Salem Media nor WTOB has violated any provision of the FECA, and, accordingly, that no action should be taken against Salem Media or WTOB in this matter.

4. Salem Media notes that the Ellis complaint fails to comply with the basic requirements for complaints set forth in the FEC regulations. 11 CFR §111.4(d)(3) provides that the complaint

(3) ... should contain a clear and concise recitation of the facts which describe a violation of a statute or regulation over which the Commission has jurisdiction;

The Ellis complaint fails to provide such a recitation of the facts. The complaint alleges generally and vaguely that at issue is whether Mr. Epperson violated FEC laws by using WTOB employees for political purposes to either contribute to or fund his campaign for Congress. The complaint does not allege that Salem Media or WTOB has violated any provision of FEC laws, and, quite simply, neither has.

5. The complainant states that, as she understands federal election laws, an employee of a corporation cannot work for a campaign unless the work is volunteered or the corporation is reimbursed by the candidate. The complainant is correct in her understanding, but makes no allegation that

any corporation has violated this provision. However, the complaint does contain three specific factual allegations that concern WTOB. First, it alleges that four WTOB employees said that they were asked to cover news conferences for the Epperson campaign while on company time. Second, it alleges that the tapes of these news conferences were not aired on WTOB but were turned over to the campaign. Third, it alleges that one employee stated that he felt pressured by the campaign to volunteer his time to work for the campaign.

6. Because Salem Media believes that the three specific allegations, together with the general allegation that the Epperson campaign used WTOB employees for political purposes, are the only matters raised in the complaint that concern Salem Media or WTOB, Salem Media has confined its response to addressing those allegations. Should the FEC be disposed to consider other matters involving Salem Media or WTOB, then Salem Media requests that it be advised of those matters and given an opportunity to respond.

7. No action should be taken against Salem Media or WTOB in this matter because there is no reason to believe that Salem Media or WTOB has committed or is about to commit any violation of the FECA. The allegations concerning WTOB are based on flimsy hearsay gleaned from an unverified newspaper account, and none is true.

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8. WTOB is a small, understaffed radio station in Winston-Salem, North Carolina. Each of its few employees perform numerous duties, and, because of the small staff, do not have well-defined, specific job responsibilities. (See Plyler Affidavit, ¶¶5-6.) Because the station has no news reporters or news director, any employee might be assigned to cover a news conference or other newsworthy event for the station. (See Plyler Affidavit, ¶¶7-8.) However, according to the sworn statements of the station's General Manager and the president of Salem Media, no WTOB employee has ever been assigned or asked to cover a news conference while on company time for any purpose other than for use by WTOB. (See Plyler Affidavit, ¶18, Epperson Affidavit, ¶5.)

9. Like any other radio station, WTOB does not air every tape of events that it records. WTOB produces only one regularly scheduled news program per day, which contains less than two minutes of news. The program is repeated once during the day. (Plyler Affidavit, ¶7.) Thus it is simply not possible for WTOB to broadcast every tape of news events made by WTOB employees. Moreover, the reporting efforts of WTOB employees do not always result in broadcast quality tapes. It is understandable that the poor quality recordings made by an employee who was unfamiliar with recording equipment but sent, out of necessity, to cover a news event, would not be broadcast on WTOB. (See Plyler Affidavit,

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¶15.) Furthermore, the suggestion that any tapes were turned over to any political campaign is entirely groundless. (See Plyler Affidavit, ¶19. Epperson Affidavit, ¶6.)

10. Finally, WTOB has exerted extraordinary efforts to ensure that the station fairly and equally covers all candidates in political races within the WTOB coverage area. For example, it has offered free air time to candidates. (See Plyler Affidavit, ¶¶10-14.) The station has acted fairly and impartially with respect to all of the political campaigns, and it has been independent of all of the campaigns. With regard to the unnamed WTOB employee who alleged to have felt "pressured" to volunteer to work for a campaign, there is simply no reason to believe that a severely short-staffed station would pressure its precious few employees to devote time to matters other than station-related activities. Indeed, neither the station's General Manager nor Salem Media's president has ever pressured any WTOB employee to volunteer to work for any political campaign. (See Plyler Affidavit, ¶20, Epperson Affidavit, ¶7.) Further, Salem Media has no knowledge of the activities of WTOB employees during non-working hours, nor has it any legitimate right to obtain such knowledge.

11. In conclusion, neither Salem Media nor WTOB is properly the subject of a complaint before the FEC because neither has been identified as a respondent who is alleged to

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have committed a violation of the FECA. Moreover, there is no reason to believe that Salem Media or WTOB has committed or is about to commit any violation of the FECA. Specifically, there is no reason to believe that any WTOB employee has been used for political purposes to either contribute to or fund any political campaign; there is no reason to believe that any WTOB employee was asked to cover news conferences for any political campaign while on company time; there is no reason to believe that tapes of news conferences were turned over to any political campaign; and, finally, there is no reason to believe that any WTOB employee was ever pressured to volunteer to work for any political campaign.

12. Accordingly, no action should be taken against Salem Media or WTOB in this matter.

Respectfully submitted,

SALEM MEDIA OF NORTH CAROLINA, INC.

By: Eugene F. Mullin

Eugene F. Mullin

By: Mary C. Lawless

Mary C. Lawless

Mullin, Rhyne, Emmons and Topel, P.C.
1000 Connecticut Avenue, Suite 500
Washington, D.C. 20036
(202) 659-4700

Its Attorneys

June 13, 1986

BEFORE THE
FEDERAL ELECTION COMMISSION

In the Matter of)
Salem Media of North Carolina, Inc.)

MUR 2162

AFFIDAVIT OF
DAVID R. PLYLER

David R. Plyler, being duly sworn, deposes and says as follows:

1. My name is David R. Plyler. I have been employed as General Manager at Radio Station WTOB(AM) since 1983. Prior to coming to WTOB, I served for four years as News Director at the radio and television station that was the NBC network affiliate in Winston-Salem, and for 10 years as Public Affairs Director of the NBC television affiliate in Winston-Salem. Among my responsibilities as Public Affairs Director was ensuring that the station was in compliance with the Federal Communications Commission rules and regulations, the Federal Election Campaign Act and all other rules and regulations applicable to broadcast stations. Consequently, I am acutely aware of broadcast stations' responsibilities to cover fairly political issues and political campaigns and the responsibility of broadcast stations to serve the public interest.

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2. I began working as General Manager of WTOB in September, 1983, and was so employed when Salem Media acquired the station in March, 1985. At that time, WTOB was ranked 30th of the 42 stations in the Winston-Salem market. The previous year, the station had been ranked 39th. Currently, WTOB is ranked 18th of the 42 stations in the market.

3. At present WTOB operates with a very small staff of six full-time and four part-time employees. In past years, WTOB employed a staff of up to 20 people, but, for budgetary reasons, the station was forced to dismiss 16 people prior to Salem Media's acquisition of the station.

4. In addition to the president of Salem Media, the six full-time employees at WTOB include a General Manager, an Operations/Business Manager, a Program Director, a Control Operator, an Account Executive (that is, salesman), and a Receptionist/Administrative Assistant. The four part-time employees include two control operators and two air personalities.

5. Because WTOB has such a small staff, WTOB employees perform numerous functions. Although I am General Manager, I also perform tasks that at a larger station are handled by a news director. Additionally, I perform the tasks of a sales manager and serve as a salesman for the station.

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6. WTOB is not unlike other small radio stations in that job titles do not indicate fully the employees' job responsibilities. For example, the WTOB Operations Manager and salesman occasionally perform the tasks of news reporters. The salesman is also a weekend Control Operator and frequently writes copy and produces spots. The Program Director does most of the on-air broadcasts, and the General Manager acts as Production Director when necessary. Employees performing multiple functions has been station practice throughout the period that Salem Media has owned WTOB.

7. WTOB does not employ a news director, nor does it employ any news reporters. WTOB employees perform those functions as necessary. WTOB broadcasts a regularly scheduled news program daily at 7:30 a.m. and repeats it at 8:20 a.m. The program contains less than two minutes of news and lasts under four minutes in its entirety.

8. Because WTOB has no news director or news reporters, and because we are so short-staffed, when I determine that an event is newsworthy and ought to be covered by the station I assign any available employee to cover the event. When I make assignments, it is on an informal and unstructured basis; WTOB maintains no "daily assignment log." For example, I assigned the WTOB salesman to cover the locally held Bing Crosby golf

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tournament on June 5-8, 1986. On occasion, I myself have covered news events for the station. For example, I recently covered the gala opening of the new Winston-Salem Hyatt and a local school bus accident involving 32 children.

9. When Salem Media acquired WTOB, it instituted an aggressive effort to better serve the public interest and increase the station's listening audience. Twenty years ago, WTOB was a popular radio station with a large audience, but in more recent years the station had declined and had fallen dramatically in the ratings. In an effort to restore the good name and popularity of WTOB, Salem Media launched a campaign using the slogan "WTOB 1380, We Care About Our Community."

10. One of the ways that WTOB shows that it cares about its community is by covering community events and matters of public interest. Among the more significant community events that have occurred since Salem Media's acquisition of WTOB (and the launching of the community-service campaign) are the numerous political elections and campaigns in the WTOB coverage area. To demonstrate WTOB's sincere interest in serving the community, in early 1986 I sent letters offering free air time on WTOB to all registered candidates for elective office in the WTOB broadcast coverage area. I offered free air time to the candidates for United States Senate, United

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States House of Representatives in North Carolina's Fifth Congressional District, District Attorney, County Commissioner, Sheriff, and the State legislature from districts within WTOB's coverage area. See Exhibits 1 and 2.

11. In addition, in the fall of 1985 WTOB offered free air time to the candidates for the Winston-Salem Board of Aldermen and the Winston-Salem - Forsythe County School Board. To the best of my knowledge, WTOB was the only broadcast facility (radio or television) to offer free broadcast time to political candidates in 1985 and 1986.

12. Salem Media's president and owner declared himself a candidate for the United States Congress in December, 1985. I was determined to bend over backwards to show that WTOB is fair to all candidates for elective office and does not give special treatment to any candidate or political party. I actively sought to demonstrate to the public that WTOB is an impartial media outlet, so that no one could possibly raise an inference of partiality based upon the fact that Salem Media's president is a candidate for elective office.

13. For example, I was aware that there were two Republican candidates, but only one Democratic candidate, registered in the Fifth Congressional District race. To ensure complete fairness, I offered free time to the Demo-

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cratic candidate on the Tuesday and Thursday editions of an "Election '86" program, and time on the Monday, Wednesday and Friday editions to the Republican candidates, with the Republican candidates alternating on those days. See Exhibit 2.

14. The Democratic candidate, Stephen L. Neal, declined the offer of free time. (See Exhibit 3). Likewise, neither of the Republican candidates, Lyons Gray and Stuart W. Epperson, took advantage of the offer. However, there were candidates for other offices that did accept the offer of free air time and broadcast messages or interviews to their voters on WTOB. See Exhibit 4.

15. To further emphasize that, although owned by a candidate for elective office, WTOB remains an independent broadcast station that provides equal time to all candidates, I decided that WTOB would cover all the speeches in which the Democratic and Republican candidates for Congress announced their candidacy. At the time, WTOB employed an Assistant Public Affairs Director who was assigned to cover the speeches. Unfortunately, she did not produce broadcast quality tapes of the speeches because she did not know how to use the recording equipment properly. As a result, those tapes were not broadcast on WTOB.

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16. During election periods, it is common practice for candidates to rent broadcast facilities to produce campaign spots. The WTOB facilities are available to any candidate for office who wishes to rent them. For example, in early 1986 the "Neighbors for Epperson" campaign rented the studio for the standard studio rental fee, plus costs, totalling \$81.00. (See Exhibit 5). The campaign made prompt payment in that amount to WTOB.

17. WTOB strives to serve the Winston-Salem community as an impartial outlet for the communication of matters of public interest. As General Manager of the station, I am determined to ensure fair coverage of all issues, including political campaigns and elections.

18. I have never, and to the best of my knowledge no one at WTOB has ever, assigned any WTOB employee to cover news conferences for any purpose other than for use by WTOB.

19. I have never, and to the best of my knowledge no one at WTOB has ever, turned over any WTOB tapes to any political campaign.

20. I have never, and to the best of my knowledge no one at WTOB has ever, pressured any WTOB employee to volunteer for any political campaign.

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21. To the best of my knowledge, WTOB employees have not been used for political purposes, to either contribute to or fund any political campaigns, in the course of their employment at WTOB.

/s/ David R. Plyler ^{*/}
David. R. Plyler

Subscribed and sworn to this ____ day of June, 1986.

Notary Public

My Commission Expires: _____

*/

The original of this affidavit was signed by David R. Plyler, before a notary, on June 13, 1986. Counsel will submit to the FEC the signed and notarized original as soon as it is received in Washington, D.C.

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Troyen Bond

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EXHIBIT 1

**Plyler Letters Offering Free Air Time On WTOB
To Candidates For U.S. Senate, District Attorney,
County Commissioner, Sheriff, and
North Carolina State Legislature**

WTOB
am
stereo
1380

April 10, 1986

Ms. Kathy Doherty
Fountain Odom for U.S. Senate
P.O. Box 36804
Charlotte, N.C. 28236-6804

Dear Ms. Doherty:

We are delighted to have received your news releases, and we look forward to continuing use of them.

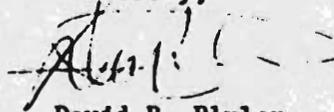
We are very interested in obtaining an advertising schedule for Mr. Odom for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Odom with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,



David R. Plyler
General Manager

DRP/ba

WTOB
am
Stereo
1380

April 10, 1986

Mr. Palmer Sugg
Funderburk for U.S. Senate
P.O. Box 25234
Raleigh, NC 27611

Dear Mr. Sugg:

We are delighted to have received your news releases, and we look forward to continuing use of them.

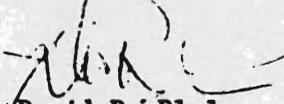
We are very interested in obtaining an advertising schedule for Mr. Funderburk for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Funderburk with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Plyler
General Manager

DRP/ba

WTOB
am
stereo
1380

April 10, 1986

Mr. Bob Morgan
Broyhill for Senate
P.O. Box 29537
Greensboro, NC 27429

Dear Mr. Morgan:

We are delighted to have received your news releases, and we look forward to continuing use of them.

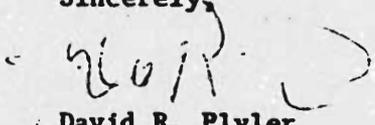
We are very interested in obtaining an advertising schedule for Mr. Broyhill for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Broyhill with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Flyler
General Manager

DRP/ba

WTOB
am
stereo
1380

April 10, 1986

Ms. Joyce Chandler
John Ingram for U.S. Senate
919 Kildaire Farm Road
Cary, N.C. 27511

Dear Ms. Chandler:

We are delighted to have received your news releases, and we look forward to continuing use of them.

We are very interested in obtaining an advertising schedule for Mr. Ingram for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Ingram with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Plyler
General Manager

DRP/ba

WTOB
am
stereo
1380

April 10, 1986

Mr. Tom Lawton
Terry Sanford for U.S. Senate
P.O. Box 3539
Durham, N.C. 27702-3539

Dear Mr. Lawton:

We are delighted to have received your news releases, and we look forward to continuing use of them.

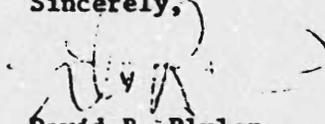
We are very interested in obtaining an advertising schedule for Mr. Sanford for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide Mr. Sanford with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Plyler
General Manager

DRP/ba

870401244397

WTOB
am
Stereo
1380

April 10, 1986

Milton Croom for U.S. Senate
5100 Lacey Street
Raleigh, NC 27609

Dear Mr. Croom:

We are delighted to have received your news releases, and we look forward to continuing use of them.

We are very interested in obtaining an advertising schedule from you for the May 6th primary election. Our 30 second rate is \$10.00, our 60 second rate is \$15.00.

Since we have not heard from your advertising agency, I took this opportunity to write to you personally to tell you about our radio station. We are a 5000 watt radio station with coverage of 7 counties. We carry NBC, ABC and Satellite Music Networks as well as the Atlanta Braves and Paul Harvey News and Comment.

In addition to an advertising schedule, we would like to provide you with an opportunity to be interviewed (at no charge) during our Campaign '86 Series on WTOB.

I look forward to hearing from you very soon.

Sincerely,


David R. Plyler
General Manager

DRP/ba

WFOB
am
stereo
1380

March 27, 1986

The attached letter is being sent to the following candidates:

District Attorney:

Joseph Gatto (Rep)
Dwight Nelson (Rep)
Mickey Andrews (Rep)
Don Tisdale (Dem)
Warrent Sparrow (Dem)

County Commissioner

B. W. Atkinson (Dem)
Wayne Willard (Dem)
Mazie Woodruff (Dem)
John S. Holleman (Dem)
Harris A. Crowell (Dem)
Roger Swisher (Rep)
David Drummond (Rep)
W. R. "Bill" Dowe (Rep)
Betty L. Crouse (Rep)
Willie Ed Smith (Rep)
Jim Warren (Rep)

Sheriff

R. N. "Ron" Barker (Dem)
Harry L. Joyner (Dem)
Preston Oldham (Dem)

67TH House District

Logan Burke (Dem)
John D. Clark (Dem)



March 27, 1986

Dear

I want to welcome you to use the WTOB facilities as the May 6th Primary approaches. I encourage you to advertise your candidacy on WTOB as the May 6th Primary approaches. Our lowest unit rate is:

- Thirty second spot..... \$10.00
- Sixty second spot..... \$15.00
- Use of WTOB's production facilities..... \$25.00 per hour
\$12.50 per half hour (minimum)

In an effort to provide the voters of the WTOB listening audience with as much information regarding the candidates and the issues as possible, we are going to provide five minutes free time at 8:35 A.M. each morning on WTOB. You may do the interview live with our program director, Mike Payne, or you may choose to pre-tape your five minutes and say anything you wish to say. We have arranged the appearances on WTOB in alphabetical order and the time you have been scheduled for is

Hope to hear from you as soon as possible.

Sincerely,

David R. Plyler
General Manager

DRP/rrs

87040524400

EXHIBIT 2

**Plyler Letters Offering Free Air Time on WTOB
To Candidates For U.S. House of Representatives**

87040524401

ESQ. BA
Fryman Bond
20/00/00

WTOB
am
stereo
1380

January 16, 1986

Congressman Steve Neal
421 Federal Building
Winston-Salem, N. C. 27101-3993

Dear Congressman Neal:

In an effort to inform our listeners, WTOB, as in the past, is embarking once again on a series of programs to allow each candidate the opportunity to discuss the issues in the current congressional campaign. "Election 86" will be broadcast every day, Monday through Friday at 12:50 P.M. following Paul Harvey News and Comment, one of the more popular programs in our radio market. The program will begin February 3 and will be broadcast every day, Monday through Friday, until April 30.

Since there is a Republican primary, we will schedule the Republican portion of the program Monday, Wednesday, and Friday with the candidates alternating on these days.

Congressman Neal, since you have no democratic opposition at this writing, we are going to provide you with broadcast time on Tuesdays and Thursdays. If democratic opposition should develop, we will extend the broadcast to Saturday to allow for the opposing view.

If you desire to take advantage of this opportunity, I would appreciate hearing from you as soon as possible. If, for some reason, you cannot take advantage of the program, the program will not be broadcast. The program can be produced wherever the candidate wishes to produce it...we will do it at WTOB, if desired. The candidate may say anything he or she wishes. We will not edit the program, however, we would appreciate holding the program content to about 4½ minutes.

I hope to hear from you soon.

Sincerely,

David R. Plyler
General Manager
WTOB

DRP/rws

CBS RADIO
AFFILIATE

p.o. box 5129, winston-salem, n.c. 27103, telephone: (919) 723-4353

87040524402

WTOB
am
stereo
1380

January 16, 1986

Mr. Stuart Epperson
3069 Trenwest Drive
Winston-Salem, N. C. 27103

Dear Stu:

In an effort to inform our listeners, WTOB, as in the past, is embarking once again on a series of programs to allow each candidate the opportunity to discuss the issues in the current congressional campaign. "Election 86" will be broadcast every day, Monday through Friday at 12:50 P.M. following Paul Harvey News and Comment, one of the more popular programs in our radio market. The program will begin February 3 and will be broadcast every day, Monday through Friday, until April 30.

Since there is a Republican primary, we will schedule the Republican portion of the program Monday, Wednesday, and Friday with the candidates alternating on these days. Congressman Neal has no democratic opposition at this writing, therefore, we are going to provide Congressman Neal with broadcast time on Tuesdays and Thursdays. If democratic opposition should develop, we will extend the broadcast to Saturday to allow for the opposing view.

If you desire to take advantage of this opportunity, I would appreciate hearing from you as soon as possible. If, for some reason, you cannot take advantage of the program, the program will not be broadcast. The program can be produced wherever the candidate wishes to produce it...we will do it at WTOB, if desired. The candidate may say anything he or she wishes. We will not edit the program, however, we would appreciate holding the program content to about 4½ minutes.

I hope to hear from you soon.

Sincerely,

David R. Plyler
General Manager
WTOB

DRP/rws

CBS RADIO
AFFILIATE

p.o. box 5129, winston-salem, n.c. 27103, telephone (919) 723-4353

87040524403

WTOB
am
Stereo
1380

January 16, 1986

Mr. Lyons Gray
5199-B Country Club Road
Winston-Salem, N. C. 27104

Dear Lyons:

In an effort to inform our listeners, WTOB, as in the past, is embarking once again on a series of programs to allow each candidate the opportunity to discuss the issues in the current congressional campaign. "Election 86" will be broadcast every day, Monday through Friday at 12:50 P.M. following Paul Harvey News and Comment, one of the more popular programs in our radio market. The program will begin February 3 and will be broadcast every day, Monday through Friday, until April 30.

Since there is a Republican primary, we will schedule the Republican portion of the program Monday, Wednesday, and Friday with the candidates alternating on these days. Congressman Neal has no democratic opposition at this writing, therefore, we are going to provide Congressman Neal with broadcast time on Tuesdays and Thursdays. If democratic opposition should develop, we will extend the broadcast to Saturday to allow for the opposing view.

If you desire to take advantage of this opportunity, I would appreciate hearing from you as soon as possible. If, for some reason, you cannot take advantage of the program, the program will not be broadcast. The program can be produced wherever the candidate wishes to produce it...we will do it at WTOB, if desired. The candidate may say anything he or she wishes. We will not edit the program, however, we would appreciate holding the program content to about 4½ minutes.

I hope to hear from you soon.

Sincerely,

David R. Plyler
General Manager
WTOB

DRP/rws

CBS RADIO
AM 1380

p.o. box 5129, winston-salem, n.c. 27103, telephone (919) 723-4353

97040524404

87040624405

EXHIBIT 3

**Neal Response to Plyler Letter
Offering Free Air Time on WTOB**



**Congress of the United States
House of Representatives**

STEVE NEAL
5TH DISTRICT, NORTH CAROLINA

January 23, 1986

Mr. David R. Plyler
General Manager
Radio Station WTOB
P.O. Box 5129
Winston-Salem, N.C. 27103

Dear Dave:

Thank you for your letter of January 16 and for the invitation to participate in the "Election '86" series on WTOB.

As you know, this are busy times for Congress. We are still faced with mammoth deficits, problems with our textile, tobacco and furniture industries, national defense, the environment, and many other pressing problems. Moreover, we are for the first time heading into the uncharted waters of Gramm-Rudman-Hollings, which shows no promise of clear sailing.

There is every indication, as a matter of fact, that the Second Session of the 99th Congress will be the most tumultuous in recent times. Under these circumstances, I simply do not have time for campaigning and must, therefore, decline your invitation.

Best wishes,

STEPHEN L. NEAL
U.S. Congressman

SLN:jt

87040524406

EASLE-A

Troyan Bond

25% COTTON FIBER

EXHIBIT 4

- Plyler Memo of April 24, 1986
- Odom Letter Thanking Plyler for Free On-Air Interview

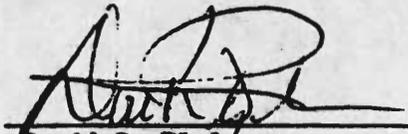
87040624407

WTOB
AM
STEREO
1380

April 24, 1986

MEMO

Warren Sparrow, Mr. Tisdale's opponent in the democratic primary, called today and asked if he could come to the radio station to practice his script for his appearance tomorrow morning at 8:35 and I told him we'd be delighted to have him do it, but he needed to call Brian Lewis before coming up so Brian could open the door for him.


David R. Plyler
General Manager WTOB

DRP/rws

87040524408

Fountain
ODOM
U.S. Senate

File

March 28, 1986

Mr. Dave Plyer
Station Manager
WTOB
8025 North Point Boulevard
Winston Salem, North Carolina

Dear Dave:

I enjoyed meeting you on Wednesday and appreciate very much the live interview. I am sure your switch board was flooded with calls thereafter.

The next time I know I am going to be there I will give you a call.

Please consider the possibility of doing some type of live call-in show one afternoon or perhaps even one evening. I would love to give that a try if it would work out with you.

Yours truly,

Fountain Odom

TLO/ag

*214-358-2210
Fountain Odom's
3446 Whitehall Dr
Dallas, TX 75224
PA Ad Media \$803
825*

87040524409

(704) 0179
332-0178

87040624410

EXHIBIT 5

**WTOB Broadcast Order
2/18/86**

BEFORE THE
FEDERAL ELECTION COMMISSION

In the Matter of)
Salem Media of North Carolina, Inc.) MUR 2162

AFFIDAVIT OF
STUART W. EPPERSON

Stuart W. Epperson, being duly sworn, deposes and says
as follows:

1. My name is Stuart W. Epperson. I am the owner,
president, and director of Salem Media of North Carolina,
Inc., licensee of Radio Station WTOB(AM), Winston-Salem,
North Carolina. I have been in the broadcasting business for
more than twenty years, and, in addition to WTOB, currently
have ownership interests in the following stations:

KCFO (AM) -- Tulsa, OK
KCFO (FM) -- Tulsa, OK
WEZE (AM) -- Boston, MA
KSLR (AM) -- San Antonio, TX
WNYM (AM) -- New York, NY
WRFD (AM) -- Columbus-Worthington, OH
KGBA (FM) -- Holtville, CA
KFAX (AM) -- San Francisco, CA
WRJZ (AM) -- Knoxville, TN

2. Salem Media acquired WTOB in March, 1985. As
president of Salem Media I occasionally ask station employees

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to cover newsworthy events. However, the station's General Manager, David Plyler, is responsible for day-to-day management and operation of the station.

3. I am currently a candidate for the United States Congress from the Fifth Congressional District of North Carolina. On May 6, 1986, I won the Republican Party nomination to Congress, winning a primary election in the District.

4. I am acutely aware of the responsibilities of a broadcast station to serve the public interest and to address issues of public concern, including political campaigns and elections, fairly. I have never directed any employee of WTOB to interview or tape speeches of political candidates for use by any campaign or for any partisan political purpose.

5. I have never, and to the best of my knowledge no one at WTOB has ever, assigned any WTOB employee to cover news conferences for any purpose other than for use by WTOB.

6. I have never, and to the best of my knowledge no one at WTOB has ever, turned over any WTOB tapes to any political campaign.

7. I have never, and to the best of my knowledge no one at WTOB has ever, pressured any WTOB employee to volunteer for any political campaign.

87040324413

8. To the best of my knowledge, WTOB employees have not been used for political purposes, to either contribute to or fund any political campaigns, in the course of their employment at WTOB.

/s/ Stuart W. Epperson ^{*/}
Stuart W. Epperson

Subscribed and sworn to this ____ day of June, 1986.

Notary Public

My Commission Expires: _____

*/
The original of this affidavit was signed by Stuart W. Epperson, before a notary, on June 13, 1986. Counsel will submit to the FEC the signed and notarized original as soon as it is received in Washington, D.C.

87040624414

LAW OFFICES

MULLIN, RHYNE, EMMONS AND TOPEL
PROFESSIONAL CORPORATION

1000 CONNECTICUT AVENUE - SUITE 500
WASHINGTON, D. C. 20036

(202) 659-4700

EUGENE F. MULLIN
SIDNEY WHITE RHYNE
NATHANIEL F. EMMONS
HOWARD A. TOPEL
HOWARD M. WEISS

RECEIVED AT THE FEC
ACC # 651
86 JUN 5 9:14
LAWRENCE ROBERT
ROBERT D. ROSENBERG
LINDA J. ECKARD
RACHEL D. CRAMER
J. PARKER CONNOR
OF COUNSEL

June 2, 1986

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

Re: MUR 2162

Dear Mr. Steele:

I have been retained to represent Salem Media of North Carolina, Inc. ("Salem Media") in the matter of the complaint filed with the FEC against WTOB Radio, which is owned by Salem Media.^{1/}

Your letter of May 19, 1986, notifying Salem Media of that complaint, was received by Salem Media on May 22, 1986. According to your letter, Salem Media has 15 days from receipt of the letter to respond to the allegations against WTOB Radio.

In a telephone conversation today with Laurence Tobey, the FEC attorney assigned to this matter, I requested an extension of one week, or until June 13, 1986, to respond to the allegations. I understand from Mr. Tobey that my request has been granted. Accordingly, Salem Media shall file its response by June 13, 1986.

Sincerely,



Eugene F. Mullin

EFM/jt

^{1/} A "Statement of Designation of Counsel" shall be submitted to the FEC by June 6, 1986.

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RECEIVED
OFFICE OF THE
GENERAL COUNSEL
36 JUN 5 A10:15

LAW OFFICES
MULLIN, RHYNE, EMMONS AND TOPEL
PROFESSIONAL CORPORATION

1000 CONNECTICUT AVENUE - SUITE 500
WASHINGTON, D. C. 20036

(202) 659-4700

EUGENE F. MULLIN
SIDNEY WHITE RHYNE
NATHANIEL F. EMMONS
HOWARD A. TOPEL
HOWARD M. WEISS

LAWRENCE ROBERTS
ROBERT D. ROSENBERG
LINDA J. ECKARD
RACHEL D. CRAMER
J. PARKER CONNOR
OF COUNSEL

RECEIVED AT THE FEC
HAND DELIVERED
86 JUN 6
BCC# 676
P.J.W.

June 6, 1986

86 JUN 9 11:19

REC-110
OFFICE OF THE
GENERAL COUNSEL

HAND DELIVERED

Charles N. Steele, General Counsel
Federal Election Commission
999 E Street, N.W.--Room 657
Washington, D.C. 20463

Re: NUR 2162

Dear Mr. Steele:

In a letter to you dated June 2, 1986, I indicated that a "Statement of Designation of Counsel" of my client, Salem Media of North Carolina, Inc., would be submitted to your office by June 6, 1986.

The Statement has been signed and is being sent to me by overnight mail. I shall deliver it to your office as soon as I receive it. In any event, I shall submit the statement by June 13, 1986, the due date for Salem Media's response to the matter under review.

Sincerely,

Eugene F. Mullin /mcz

Eugene F. Mullin

EFM/jt

37040524416

LAW OFFICES
MULLIN, RHYNE, EMMONS AND TOPEL
PROFESSIONAL CORPORATION

1000 CONNECTICUT AVENUE - SUITE 500
WASHINGTON, D. C. 20036

(202) 650-4700

EUGENE F. MULLIN
SIDNEY WHITE RHYNE
NATHANIEL F. EMMONS
HOWARD A. TOPEL
HOWARD M. WEISS

RECEIVED AT THE FEC
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HAND DELIVERED
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LAWRENCE ROBERTS
ROBERT D. ROSENBERG
LINDA J. ECKARD
RACHEL D. CRAMER
J. PARKER CONNOR
OF COUNSEL

June 9, 1986

HAND DELIVERED

Charles W. Steele, General Counsel
Federal Election Commission
999 E Street, N.W.--Room 657
Washington, D.C. 20463

Re: MUR 2162

Dear Mr. Steele:

Enclosed please find the signed "Statement of Designation of Counsel" of Salem Media of North Carolina, Inc., designating me as counsel to Salem Media for FEC MUR 2162.

Sincerely,

Eugene F. Mullin /mct

Eugene F. Mullin

EFM/jt
Enclosure

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
86 JUN 9 P 3: 57

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 2162

NAME OF COUNSEL: Eugene F. Millin

ADDRESS: Millin, Rhyne, Emmons and Topel, P.C.
1000 Connecticut Avenue, Suite 500
Washington, D.C. 20036

TELEPHONE: (202) 659-4700

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

Salem Media of North Carolina, Inc.

6/5/86
Date

By: *Stuart W. Epperson*
Signature

RESPONDENT'S NAME: Stuart W. Epperson, President
Salem Media of North Carolina, Inc.

ADDRESS: 3780 Will Scarlet Road
Winston-Salem, NC 27104

HOME PHONE: (919) 765-7438

BUSINESS PHONE: ---

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RECEIVED AT THE FEC
GC04567
86 MAY 27 P12:17

PERMANENT RECORD

May 20, 1986

William E. Wright
1001 W. Fourth Street
Winston-Salem, NC 27101

86 MAY 27 P3:41

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

Mr. Laurence Tobey
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2162

Dear Mr. Tobey:

This letter is being written in response to a letter from Kenneth A. Gross, dated April 21, 1986, to notify the Federal Election Commission ("FEC") that Salem Pregnancy Support, Inc. ("Salem Pregnancy") has never violated any section of the Federal Election Campaign Act of 1974 (the "Act").

Salem Pregnancy was formed in January, 1985, in compliance with the law of the State of North Carolina and pursuant to section 501(c)(3) of the Internal Revenue Code. As the enclosed copy of the Bylaws indicate, the purpose of the organization is to help women who are in a crisis pregnancy situation. Our organization seeks to fulfill this purpose by offering pregnancy testing, counselling, referral services, and practical help in the form of housing, maternity clothes, ect. The suggestion, vague as it is, in Ms. Ellis' complaint that Mr. Epperson somehow used his connection with Salem Pregnancy either to contribute to or to fund his campaign for Congress is ludicrous in the extreme.

As far as the financial aspect of this charge goes, Salem Pregnancy is supported entirely by private donations. As a new organization, we have consistently struggled to raise sufficient funds to cover our bills. Not a single dollar of the money contributed to Salem Pregnancy has ever been used, either directly or indirectly, to support Mr. Epperson's campaign.

It appears from the second paragraph of Ms. Ellis' letter to the FEC that she is also suggesting that employees of

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Salem Pregnancy performed services for Mr. Epperson's campaign while functioning as employees of our organization. Although there certainly is nothing in either Ms. Ellis' complaint or the newspaper article upon which it was based to make this charge even plausible, I do want to respond to it for the sake of accuracy and completeness.

Since its inception in January, 1985, Salem Pregnancy has had two paid staff people. From January, 1985 until September 27, 1985, these two individuals were Lisa F. Miller and Jacqueline W. Bohensteriel. Jackie resigned from her position as Executive Director of Salem Pregnancy, effective September 27, 1985 (see attached minutes). Subsequent to her resignation, she became employed with Mr. Epperson's campaign. Since her resignation she has continued to function as a volunteer and Board member for Salem Pregnancy and perform many valuable services. However, these services have been entirely on a volunteer basis since September 27, 1985 and as is true for all such individuals, she has received no compensation whatsoever for them.

Conversely, Mrs. Bohensteriel never performed any services for Mr. Epperson's campaign while functioning as an employee of Salem Pregnancy. She was a tremendously committed employee and actually worked significantly greater hours than her job description required. Mrs. Bohensteriel performed virtually no activities at all on behalf of Mr. Epperson's campaign prior to her resignation from Salem Pregnancy, and these few activities were performed on a volunteer basis on her own time. There was never any hint in anyone's mind that Jackie was working for Mr. Epperson's campaign as an employee of Salem Pregnancy. Indeed, Mr. Epperson's campaign had not even begun at this time. The whole reason why Mrs. Bohensteriel resigned from Salem Pregnancy was so that she would be free to function in this manner.

The two other individuals who have been employed by Salem Pregnancy are Lisa Miller and Roberta S. Meyer. Neither of these individuals has ever been an employee of Mr. Epperson's campaign. Lisa has been employed from January, 1985 to the current time. Roberta Meyer was employed effective September 30, 1985 to replace Mrs. Bohensteriel. As the attached affidavits attest, neither of these women has ever done any work whatsoever for Mr. Epperson while functioning as an employee of Salem Pregnancy. As a Board member, Mr. Epperson has never attempted, and does not have any authority, to control or direct the action of Salem Pregnancy employees.

I have been a member of the Board since December, 1985. The suggestion that Mr. Epperson has ever tried, much

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less succeeded, to use his connections with Salem Pregnancy to assist his campaign for Congress is totally false. We have neither the inclination nor the money to even consider such a relationship with his or any other campaign. Likewise, the facilities of Salem Pregnancy have never been used for any political purposes on behalf of Mr. Epperson or any other candidate. We are committed to the proposition that neither our employees nor facilities be used for political purposes.

As you can tell from reading Ms. Ellis' complaint and the "supporting" newspaper article, no facts have been alleged, much less proven, which would in any way support the allegation that Salem Pregnancy has violated the Act. We therefore respectfully request that you dismiss the complaint against Salem Pregnancy.

In submitting the attachments to this letter, I have attempted to furnish you with whatever documents might be relevant to your inquiry. If there are any further documents which you would like to have or if you have any further questions, please call me and I will do everything possible to cooperate with you. We have nothing to hide and request only that you dispense with this baseless complaint as soon as possible.

Sincerely yours,

William E. Wright

William E. Wright
Chairman of the Board

WEW:rw

87040524421

NORTH CAROLINA)
)
FORSYTH COUNTY)

AFFIDAVIT

The undersigned, being duly sworn, deposes and says:

I was employed by Salem Pregnancy Support, Inc. ("Salem Pregnancy") as Executive Director on January 9, 1985 until September 27, 1985. My final paycheck from Salem Pregnancy was written on October 4, 1985 for the period of September 21 to September 27, 1985.

While employed by Salem Pregnancy, I worked in the capacity of Executive Director of the organization. While fulfilling my duties as an employee of Salem Pregnancy, I did not at any time perform any actions or duties which could conceivably be construed as working for Mr. Epperson's campaign. In fact, the number of hours I actually worked for Salem Pregnancy greatly exceeded the number of hours for which I was being paid. I resigned from Salem Pregnancy prior to becoming employed by Epperson For Congress.

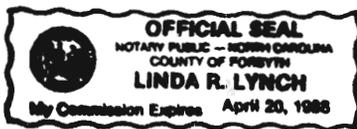
Jacqueline H. Benstead

Sworn to and subscribed
before me this the 20th
day of May, 1986.

Linda R. Lynch

Notary Public

My Commission Expires: April 20, 1988



87040524422

NORTH CAROLINA)
)
FORSYTH COUNTY)

AFFIDAVIT

The undersigned, being duly sworn, deposes and says:

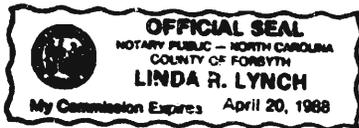
I have been employed by Salem Pregnancy Support, Inc. ("Salem Pregnancy") as Counselling Director since September 30, 1985. While functioning as an employee of Salem Pregnancy, I have never worked on behalf of Mr. Epperson's campaign. In actual fact, although I am paid for only a thirty hour week by Salem Pregnancy, I often work hours greatly in excess of this amount.

Roberta S. Meyer

Sworn to and subscribed
before me this the 20th
day of May, 1986.

Linda R. Lynch
Notary Public

My Commission Expires: April 20, 1988



37040624423

NORTH CAROLINA)
)
FORSYTH COUNTY)

AFFIDAVIT

The undersigned, being duly sworn, deposes and says:

I have been employed by Salem Pregnancy Support, Inc. ("Salem Pregnancy") since January, 1985. After serving nine months as Counseling Director, I was appointed as Executive Director effective September 30, 1985.

During my employment by Salem Pregnancy my wholehearted and undivided attention has been committed to fulfilling my duties as an employee. At no time during this employment have I ever, as an employee of Salem Pregnancy, performed any duties for Mr. Epperson's campaign.

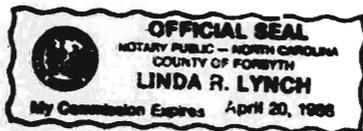
At no time since its inception in January, 1985 have any funds belonging to Salem Pregnancy ever been used, either directly or indirectly, to assist Mr. Epperson's campaign. Mr. Epperson has never been authorized to write checks from Salem Pregnancy's account, and has not, in fact, ever done so.

Lisa F. Miller
Lisa F. Miller

Sworn to and subscribed
before me this the 20th
day of May, 1986.

Linda R. Lynch
Notary Public

My Commission Expires: April 20, 1988



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BYLAWS OF
SALEM PREGNANCY SUPPORT, INC.

ARTICLE I

NAME

Section 1. The name of the organization shall be Salem Pregnancy Support, Inc.

ARTICLE II

PURPOSE

Section 1. The purpose of the organization is to help a pregnant woman who is in a state of crisis to understand and work through the alternatives, enabling her to make an informed decision concerning the outcome of her pregnancy. Further, Salem Pregnancy Support, Inc. seeks to provide counsel to all parties experiencing a crisis produced by an unwanted pregnancy. For the woman who decides to carry her baby to term, the center will provide aid in whatever form is available and needed.

Salem Pregnancy Support, Inc. freely acknowledges to the client and the community that it places value upon all human life, from conception onward. It further contends that abortion ends human life prematurely and unnaturally. However, Salem Pregnancy Support, Inc. does not exist to convert people to the center's position on human life. Each woman is responsible for her own

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decision; Salem Pregnancy Support, Inc. is responsible for providing her with accurate information about the alternative ways of coping with a pregnancy.

ARTICLE III

BOARD OF DIRECTORS

Section 1. The Board of Directors shall consist of not less than six (6) nor more than fifteen (15) regular members.

Section 2. Election: Board of Directors members shall be elected for a two (2) year term at the January Meeting from a slate presented by the Nominating Committee. Other nominations may be made by Board members from the floor. The Chairman of the Nominating Committee shall preside over the election.

Section 3. Terms: Each Director shall be elected or re-elected for a two (2) year term. A Board member is eligible for re-election but shall not serve more than three (3) full terms. Any Board member having served six (6) consecutive years shall be ineligible for Board membership for at least one (1) year. Board members shall be elected on a rotating basis with approximately one-half of the entire Board being elected each year at the January Meeting.

Section 4. Termination: A Director may resign at any time by giving written notice of his/her intention to

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the President or Secretary. When a member is absent for three (3) consecutive regular Board meetings without cause or without giving prior notice to the President or Secretary, the Secretary shall advise the Board, and the Board shall vote to retain or remove this member from the Board. The designated term of Board members shall end on the appropriate January meeting date.

Section 5. Vacancies: Vacancies which occur as a result of a Board member's resignation or removal shall be filled by election by the Board from candidates presented by the Nominating Committee or nominated from the floor. Members elected to fill an unexpired term shall serve until the end of the term to which they are elected.

ARTICLE IV

MEETINGS

Section 1. Regular Meetings: The Board of Directors shall meet on the [third Monday] of each month, or as scheduled by the President of the Board.

Section 2. Annual Meeting: The Annual Meeting of the Board of Directors for the installation of Board officers and members and for transaction of other business as needed shall be held in January yearly and at such time and place as may be designated in the notice of the meeting issued by the Secretary.

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Section 3. Special Meetings: Special Meetings may be called by any member of the Executive Committee or by a majority vote of the Board of Directors.

Section 4. Quorum: A quorum shall consist of a majority of the Directors or five (5) members, whichever is the lesser number.

Section 5. Majority: All elections and other business items must be approved by a majority of the Board members present at any meeting except where otherwise noted in the By-Laws.

Section 6. Notice of Meetings: The Secretary or other Board member(s) calling a meeting shall give notice thereof by telephone or by mail at least five (5) days before the meeting, and as much in advance of special meetings as possible.

ARTICLE V

OFFICERS

Section 1. Officers: The officers of the Board shall be President, Vice-President, Secretary and Treasurer, all of whom shall be elected from the members of the Board and whose duties shall be those specified by the By-Laws and such other duties as the Board may prescribe.

Section 2. Election and Term of Office: The officers shall be elected by the Board members at the January meeting from a slate of candidates presented by the Nominating Committee. Nominations may also

be made from the floor. Officers shall hold office until the next January meeting. Officers may be re-elected to a particular office for a maximum of two consecutive years. The Chairman of the Nominating Committee shall preside over the election.

Section 3.

Removal: Any officer or agent elected by the Board members may be removed before term expiration by a majority of the entire Board whenever, in their judgment, the best interest of the corporation will be served thereby.

Section 4.

Vacancies: Vacancies which occur due to resignation or removal shall be filled by vote of the membership at the next regular or special meeting. Candidates shall be presented by the Nominating Committee (one per position vacant), or by nomination from the floor. Officers elected to fill an expired term shall serve until the expiration of the term.

Section 5.

President: The President shall preside at all meetings of the Board and of the Executive Committee. The President may perform such acts, not inconsistent with the applicable laws or provisions of these by-laws, as may be generally performed by the President of a Corporation. He/She shall be an ex-officio member of any committee established by the Board. He/She may sign and execute all authorized documents in the name of the corporation and shall have such other powers and perform such other duties as the Board

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members shall designate or as may be provided by the applicable law or elsewhere in these by-laws.

Section 6.

Vice-President: In the event of the absence or inability of the President to act, or in the event of a vacancy in the office of President, the duties of the President shall be performed by the Vice-President on an interim basis. The Vice-President shall also perform other such duties as shall be applicable to the position assigned to him/her by the Board or President.

Section 7.

Secretary: The Secretary shall handle the correspondence of the Board; shall assure that at least five (5) days notice is given to the Board members of all regular and special meetings; and, by attending all meetings of the Board, shall keep accurate records of the acts and proceedings of all such meetings. The Secretary shall keep or cause to be kept an accurate and current list of the Board members showing the name and address of each. He/She shall perform other duties as are generally incident to the office or which are assigned by the Board or President. In the event the President and Vice-President are not present at a meeting of the Board, the Secretary or Treasurer shall preside.

Section 8.

Treasurer: The Treasurer shall be the financial officer of the Board and shall (1) sign checks and drafts and other papers requiring the payment of money, together with such persons as are designated by the Board; (2) shall be responsible for seeing that current and accurate accounts of

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all receipts and disbursements are kept; and (3) shall give monthly financial position reports to the Board at monthly meeting time. The Treasurer shall furnish an annual statement of all receipts and disbursements of the corporation at the Annual Meeting of the Board and shall perform such other duties as may be incident to the office or as may be assigned by the Board or President. In the event the President and Vice-President are not present at a meeting of the Board, the Secretary or Treasurer shall preside.

ARTICLE VI

COMMITTEES

Section 1.

Appointment of Committee: The President of the Board shall appoint the chairperson of all committees, with the exception of the Nominating Committee, who shall be elected by the Board. The President shall chair the Executive Committee.

Section 2.

Committee Membership: The chairperson of the committee shall select his or her committee members. Persons who are not Board members may serve on both standing committees and ad hoc committees; however, recommendations for standing committee members and ad hoc committee members who are not on the Board of Directors shall be subject to Board approval.

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Section 3. Standing Committees: The standing committees shall be as follows:

1. Executive
2. Nominating
3. Finance/grants
4. Public Relations
5. Shepherding
6. Educational Research
7. Support Ministries

Section 4. Executive Committee: The Executive Committee shall consist of the elected officers of the Board and the chairpersons of each standing committee on an ad hoc basis as determined by the President. This Committee shall perform the functions of the Board of Directors in the routine management of the affairs of the organization. The actions of the Executive Committee shall be presented to the Board of Directors for approval.

Section 5. Nominating Committee: The Nominating Committee shall consist of at least three (3) members. The Board, by majority vote, shall elect the chairperson of the Nominating Committee and its members. This election shall be held at the January Meeting from a slate presented by the previous Nominating Committee together with any nominations from the floor. The Nominating Committee shall present a slate of directors and officers for election at the February Meeting of the membership.

Section 6. Finance/Grants Committee: The Finance/Grants Committee shall consist of at least three (3)

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members including the Treasurer. It shall be responsible to the Board for all financial matters including the preparation of Grant requests. In addition, the Committee shall be responsible for preparing the annual budget.

Section 7. Public Relations Committee: The Public Relations Committee shall consist of at least two (2) members and shall be responsible for public relations activities.

Section 8. Shepherding Committee: The Shepherding Committee shall be responsible for locating families willing to open their homes as shepherding homes, and for providing educational and support services for those families and the girls or women placed with those families.

Section 9. Educational Research Committee: The Educational Research Committee has the task of equipping the center with appropriate educational materials and maintaining an inventory of recent books, articles, manuals, pamphlets, etc. These materials will ensure that volunteers and clients are knowledgeable and well informed on abortion, pregnancy and other related subjects.

Section 10. Support Ministries Committee: The Support Ministries Committee shall be responsible for co-ordinating the support network for volunteers and for the directors. This committee shall be concerned with arranging transportation for clients, babysitting, organizing maternity and baby clothes, coordinating refreshments, and

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organizing an administrative pool to help with office tasks.

Section 11. The President shall have the authority to appoint ad hoc committees from time to time provided prior notice is given to the Executive Committee.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Seal: The seal of the corporation shall be round and shall bear the name of the corporation and the word "seal".

Section 2. Contracts: The Board of Directors may authorize any officer or agent of the corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, Deposits: All checks, drafts or orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the corporation shall be signed by such officer(s) or agent(s) of the corporation, and in such manner, as shall from time to time be determined by resolution of the Board of Directors. All funds of the corporation shall be deposited from time to time to the credit of the corporation as specified by resolution of the Board of Directors.

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Section 4. Fiscal Year: The fiscal year of the corporation shall run for a twelve (12) month period, beginning January 1 and ending December 31.

Section 5. Audit of Books: The books of the corporation shall be audited at the close of each fiscal year, with a report being made to the Board of Directors at the January annual meeting. The auditor shall be selected by the Board of Directors from an independent audit firm; the Board shall attempt to secure a donation of such auditing services.

Section 6. Amendments: These bylaws may be amended or repealed and new bylaws adopted by an affirmative vote of the majority of the Board of Directors present at any regular or special meeting, provided that notice of such amendments was mailed to the Board members at least five (5) days before scheduled meeting.

Section 7. Income: No part of the net income of Salem Pregnancy Support, Inc. is to inure to the benefit of any of its officers, Directors, members or any other private individual.

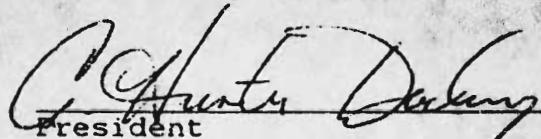
Section 8. Dissolution: In the event of the dissolution of the Corporation, any and all assets in excess of items donated to the Salem Pregnancy Support, Inc. will be distributed on a pro rata basis to those institutions which provided said assets. Any tangible property, real or personal, which came to the Corporation by way of gift, grant or other charitable exchange will be returned to the

donor where possible or distributed among other local non-profit service agencies where not possible to return to donor.

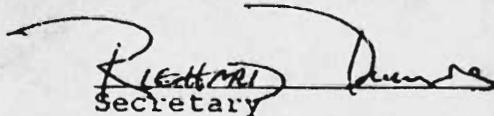
Section 9.

Executive Director: The principal staff positions of Salem Pregnancy Support, Inc. shall be known as the Executive Director and Clinical Director positions. The persons hired to fill these positions shall be appointed to such positions by the Board and shall report directly to the Board. The Executive Director and the Clinical Director shall serve as officio members of the Board of Directors.

As adopted this the ___ day of February, 1985.



President



Secretary

87040524436

Board of Director's Meeting September 9, 1985

Attending: Lisa, Jackie, June, Oujji, June, Hunter, Steve, Bobbie & Dave

Jackie presented to the Board the probable need to look for a new location for the center as of Jan 1, possible before. The Board discussed looking for a small house to be rented or donated in an accessible location. A committee was formed to look into possible locations. Committee members are: Oujji, Hunter, and June.

Jackie offered her resignation as Executive Director to be effective September 21. She is willing to stay until October 1 if necessary, but she would prefer to be released sooner if possible. Jackie will continue with her long-term clients and will become a member of the Board.

Dave moved that Lisa become interim director, and the Board request resumes of prospective employees. These would be evaluated by Lisa and Hunter, with recommendations to be brought to the Board. June seconded the motion and it was passed.

Lisa presented to the Board ideas for consideration on a restructuring of responsibilities between the directors at the center. She asked to be moved to the Executive Director position with the new person to be hired as Counseling Director. She recommended that the following division be considered:

<u>Clinical Director</u>	<u>Executive Director</u>
-All counseling	- Operation of the Center
-Supervision of Volunteer counselors	- Public relations
	- Shepherding

Each director to be 30 hrs/wk.

Dave expressed concern that becoming stale and removed from the excitement of the work might be a problem for the Executive Director if she had no counseling responsibilities. Jackie and Lisa are to give the restructuring further study and present a final proposal at the next Board meeting.

Steve gave a financial report. We currently have \$200 in the checking account with bills outstanding of \$1200. Steve is going to look into excerowing taxes.

We will be offering volunteer training mornings in October for a small group.

Kevin Myers recommended liability coverage through the AACD and Lisa and made application to join the organization as a first step in the process.

The motion was made by Dave and seconded by June that Jackie and Lisa draw up a job description including salary and hours by our next Board meeting on Sept. 17.

Respectfully submitted.

Bobbie Meyer, Secretary

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MINUTES OF SEPTEMBER 24, 1985 BOARD MEETING

Meeting was attended by: Hunter Dockery, Willard Sink, Steve Mathis
Stu Epperson, Julie Dockery, Lisa Miller and June Foss.

Mr. Willard Sink discussed the presentation of budgetting
concerns for SPS to the Calvary Baptist Church Finance Committee
meeting.

A motion was made and unanimously passed to hire Bobbie Meyer as
Clinical Director.

A discussion was held concerning the pros and cons of spouses of
staff members serving on the Board of Directors. A motion was made
and passed to have Hunter Dockery discuss this issue with Dave Meyer.

(A motion was made and passed to have Jackie Bohensiel serve on |
the Board of Directors.)

The meeting was adjourned. Next meeting date TBD.

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000# 602

SMILEY, OLSON, GILMAN & PANGIA

ATTORNEYS AT LAW
1815 H STREET, NORTHWEST
WASHINGTON, D.C. 20006-3604
(202) 466-5100
TELEX WU 64174 ROGER
TELECOPIER (202) 463-6233

ROBERT R. SMILEY III, P. C. (DC)
WILLIAM J. OLSON, P. C. (DC, VA)
NICHOLAS GILMAN, P. C. (DC, MD, PA)
MICHAEL J. PANGIA (DC, NY)
JOHN J. CARLINO (NY)
ROBERT A. MINEO (NC)
WILLIAM P. HARPER, JR. (NC)

DANIEL F. HAYES (DC, NY)
PAUL E. ZAHN (PA, NY)
NANCY A. CHILES (SC)
ROBERT R. WARCHOLA, JR. (FL)

OF COUNSEL
GUY O. FARLEY, JR. (VA)

SUITE 310
10581 JUDICIAL DRIVE
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(703) 881-2200

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May 29, 1986

HAND DELIVER

MAY 29 8 41 55
GENERAL COUNSEL

87040524439

Kenneth A. Gross, Esq.
Associate General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attention: Laurence Tobey, Esq.

Re: MUR 2162

Dear Mr. Gross:

We represent Neighbors for Epperson, the principal campaign committee of Stuart W. Epperson, candidate for United States Congress from the Fifth Congressional District of North Carolina. Our executed Statement of Designation of Counsel is on file with your office.

Our client received a letter dated April 21, 1986 from your office about the above-referenced newly-opened MUR. An extension of time within which to file our response was granted by your office and confirmed by our letter of May 16, 1986.

This MUR arises exclusively out of a complaint received by the FEC from P. Lynn Ellis originally dated March 3, 1986. The original complaint was not sworn to or notarized. Lynn Ellis submitted a somewhat different letter dated March 17, 1986. This complaint was notarized, but not sworn to.

Although the correspondence that we received does not explain how, a supplemental document was apparently obtained by the Commission from Lynn Ellis, dated March 31, 1986. This

document references only the March 17, 1986 letter, is notarized, and is sworn to. This March 31, 1986 curative letter from Lynn Ellis containing the verification required by FEC regulations clearly states that "[t]he allegations against Mr. Epperson are based on the attached newspaper article from the Winston-Salem Journal dated February 21, 1986." (Attachment 1). Two important consequences flow from this statement.

First, Lynn Ellis admits that not a single allegation contained in the complaint is based on her "personal knowledge", but rather the complaint is exclusively based upon "information and belief". The implicit "belief" of Lynn Ellis in this case is that a newspaper always prints the truth. This is a complaint based totally on a source of information not possessing the type of reliability that should be necessary to institute a MUR based on a complaint. (In the instant case, this source is an article written by a single reporter in a newspaper that opposed the candidate about whom the article was written, Gregory Affidavit, paragraph 23). There are none of the inherent protections that come from having only FEC officials or state or federal agencies initiate internally generated matters under 11 C.F.R. section 111.8. based on information ascertained by the Commission from sources including newspaper reports.

Statutes or rules requiring affidavits occasionally allow for affidavits to be made upon "information and belief" rather than "personal knowledge" for certain purposes. Nevertheless, we do not believe that the inclusion of this phrase in 11 C.F.R. section 111.4(c) makes it possible for a complaint to be properly "sworn to" pursuant to 11 C.F.R. section 111.4(b)(2) exclusively upon "information and belief", particularly when the information comes from a single newspaper story. Allowing a complainant to swear to the fact that an article appeared in a newspaper, rather than requiring that a complainant swear to the truth of the underlying facts, makes the requirement that the complaint be made under "penalty of perjury" (2 U.S.C. section 437g(a)(1)) meaningless. It allows the reporter's unverified accusations to be "bootstrapped" into a verified complaint. If an article in a newspaper is accepted for such purposes, would an article in a political party newsletter be likewise accepted? See generally Star Motor Imports, Inc. v. Superior Court of Santa Clara County, 88 Cal.App.3d 201, 151 Cal.Rptr. 721 (1979); Vermillion Corp. v. Vaughn, 397 So.2d 490 (La. 1981). We believe that the FEC should reject the filing of this complaint on a nunc pro tunc basis.

Second, although the letter of March 17, 1986 also references a news report on Channel 8 Television, the verification furnished by Lynn Ellis, even in its limited form as to "information and belief", does not reach or refer to these television reports. The verification is limited to the newspaper article. Since this portion of Lynn Ellis' original letter complaint of March 17 is not sworn to, it is our view that any

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matter contained in the Channel 8 Television reports, and not in the newspaper article, are not properly before the Commission. 11 C.F.R. section 111.4(b)(2). Additionally, as to the Channel 8 television reports, the complaint is defective as it includes no clear and concise recitation of the facts, and no documentation supporting the facts. 11 C.F.R. section 111.4(b)(3) and (4). This makes it virtually impossible to fashion a response. Therefore, since allegations about the corporate entities Crafted With Pride in U.S.A. Council and the Salem Pregnancy Crisis Center were not mentioned in the story, they are not properly before the Commission. There should be no inference of culpability drawn from a desire to have all citizens comply with FEC law and regulations. The FEC should use the same procedures regarding these allegations that it would use if a complaint had never been verified at all. If the FEC disagrees with this legal analysis, the campaign will prepare the best response that it can relative to the vague, unverified allegations about these two entities.

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In a case such as this one, where the charges are totally and demonstrably baseless, there is a temptation to waive these important jurisdictional issues to show the Commission the complete facts of the case so that the complaint will be dismissed on the merits, once and for all. Nevertheless, to insure proper administration of the FECA, we feel compelled to raise these threshold issues and ask that the complaint be rejected for the reasons stated. Campaigns should not be subject to this type of harassing complaint and the substantial loss of time and cost of response that is incurred. These threshold issues involve the integrity of the FECA just as much as the charges themselves. This MUR presents the Commission with a clear opportunity to rule that it will not accept complaints from individuals with no personal knowledge of any facts whatsoever relevant to a violation of the FECA, made solely based on the appearance of a single newspaper story. Nevertheless, in the alternative, we have provided two affidavits, with attachments, that refute all charges of violations of the FECA. (Affidavit of R. Scott Gregory, Attachment 2; Affidavit of Stuart W. Epperson, Attachment 3).

We also note that at the time of the matters alleged in the article, Mr. Epperson was not a candidate under the Federal Election Campaign Act. As a result of the 1979 Amendments to the FECA:

[a]n individual does not become a candidate until he or she has received \$5,000 or spent \$5,000 or a person authorized by the individual receives \$5,000 or spends \$5,000 on behalf of the individual. [H.R. Rep. No. 422, 96th Cong., 1st Sess. 5 (1979)].

Under this test, Mr. Epperson met the statutory definition of a candidate on December 7, 1985. (Due to an administrative oversight, the Statement of Organization for Neighbors for Epperson was not filed with the FEC until January 2, 1986.) It is not at all clear that the FECA extends to investigations into activities that allegedly took place prior to the date that the respondent committee came into existence. See e.g. Federal Election Commission v. Florida for Kennedy Committee, 681 F.2d 1281 (11th Cir. 1982) with respect to draft committees. If the FECA does not reach these alleged activities, the complaint must be dismissed against Neighbors for Epperson.

We note that your letter of April 21 was not the first that our client had heard of this complaint. Lynn Ellis' March 3 complaint was the subject of prime time television coverage in the Winston-Salem area. Enclosed are copies of transcripts of the March 7, 1986 6:00 p.m. and 11:00 p.m. WGHP, Channel 8 news broadcasts when Lynn Ellis was interviewed about her complaint against the Epperson campaign. (Attachment 4). The Epperson campaign had been given an "advance copy" of the complaint shortly before the 6:00 p.m. broadcast on March 7. The copy of Lynn Ellis' March 3 complaint enclosed with your letter has two date/time stamps of receipt by the FEC's Office of General Counsel, both in the late afternoon of March 7, 1986. Obviously, the FEC and Mr. Epperson received Lynn Ellis' complaint at approximately the same time on the same date, both well after it had been given to Channel 8's reporter Gary Doyens. If the confidentiality requirements of 11 C.F.R. section 111.21 attach to such a complaint upon mailing to the FEC, and if Lynn Ellis mailed her complaint to the FEC, there may have been a violation of 2 U.S.C. section 437g(a)(12). The matter would be even more clear if Lynn Ellis spoke with the press on the late afternoon of March 7, after the receipt of the complaint in the Office of General Counsel. Depending on what an investigation would show, such possible abuses of the FEC complaint process and the confidentiality provisions should not be permitted.

The transcript of the March 7, 11:00 p.m. shows that Lynn Ellis admitted a total lack of familiarity with FEC compliance procedures, but decided to file a complaint apparently after learning from someone that it was required. If Lynn Ellis had been encouraged or requested to file this complaint by someone else, the actual complainant should be identified. 2 U.S.C. section 437g(a)(1) and 11 C.F.R. section 111.4(b)(1).

One legal observation about a matter discussed in one of the affidavits is significant. The August 1985 speech by Congressman Steve Neal at the Lion's Club meeting is discussed in the Gregory Affidavit, paragraph 12. Neighbors for Epperson did use a cut from a tape made by WTOB of Mr. Neal's comments in a radio commercial. Payment for this use is reflected on the 1986 April 15th Quarterly Report of Neighbors for Epperson, page 6, Schedule

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B, expenditures for Line 17, WTOB, \$81.00 for "studio time". The commercial was aired in February 1986. (Attachment 5). The payment to WTOB on February 19, 1986 reflects prompt payment of the charges.

The Commission has sanctioned campaigns purchasing such material from media organizations in FEC Advisory Opinion 1978-60.

You could, however, use the film in campaign related activities if you pay NBC the usual and normal charge for the film so that it would not be an in-kind contribution in connection with a Federal election.

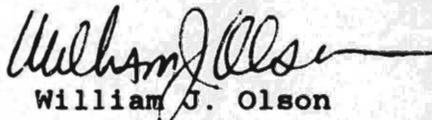
In conclusion, we further draw the Commission's attention to one statement in the article:

Both Heidtmann and Trust said that they left WTOB because of disputes over pay.

See also Gregory affidavit, paragraph 11 regarding letter from Morley Trust to Stuart Epperson regarding his leaving the station.

For the reasons stated above, we believe that the complaint is not in compliance with the FECA, and the FECA's jurisdiction is in doubt, and therefore the complaint should be rejected. If the Commission disagrees on this threshold issue, Neighbors for Epperson has furnished affidavits and documents which fully substantiate a finding of No Reason To Believe that the Federal Election Campaign Act has been violated by Neighbors for Epperson or other persons as alleged in the single newspaper story on which the complaint is totally based. If any further questions arise, we will be pleased to respond fully.

Sincerely yours


William J. Olson

Enclosures

1. Article, Winston-Salem Journal, February 21, 1986.
2. Affidavit of R. Scott Gregory.
3. Affidavit of Stuart W. Epperson.
4. Transcripts of Channel 8 television March 7, 1986 6:00 p.m. and 11:00 p.m. news broadcasts.
5. Transcript of Neighbors for Epperson 30-Second Commercial using cut from speech made by Congressman Neal.

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SPORTS

MARYLAND BEATS CAROLINA 77-72

OVERTIME UPSET — PAGE 11



STATE/LOCAL

WF STUDENTS PETITION, RALLY OVER PLAN TO RAISE TUITION

TRUSTEES TO DECIDE TODAY — PAGE 14



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 Classified 26-28 Sports 29-30

CLOUDY: A 60 percent chance of rain High: 60° Low: 40° Details: Page 2.

WINSTON-SALEM JOURNAL

FRIDAY, FEBRUARY 21, 1986

89TH YEAR No. 338

WINSTON-SALEM, N.C.

+ 52 PAGES

PRICE: 25 CENTS

WTOB Employees Say Epperson Used Them to Track Neal

By **Betsy S. Robinson**
 JOURNAL REPORTER

Employees of radio station WTOB were asked by station owner Stuart W. Epperson and others to pose as WTOB news reporters to get information for Epperson's congressional campaign, four current or former employees told the Journal.

The employees said that the tapes they were asked to make of telephone conversations and news conferences they attended were never broadcast over WTOB news, but instead were turned over to Epperson's campaign.

Epperson and his campaign workers deny the allegations, saying that everything they've done is legal and that they have gone out of their way to be fair to other candidates in the 14th District congressional race.

Federal elections laws say that an employee of a corporation cannot work for a campaign unless the work is volunteered or the corporation is reimbursed by the candidate for the employee's work, according to Karen Fineman, a public affairs specialist with the Federal Election Commission.

Part of a speech by Rep. Stephen L. Neal that was taped by a WTOB employee is being used in an

Epperson advertisement that has aired this week on local radio stations.

The 20-second ad attacks Neal's stand on taxes and uses a comment he made last August in a speech to a Lion's Club here.

"That tape came from a speech that was taped by someone at WTOB," said Scott Gregory, Epperson's campaign manager. "I don't know who taped it. Yes, it was retrieved from WTOB, but I don't see anything wrong with that. I don't know that there is any law against that."

Henry Weidmann, an advertising salesman who left WTOB in January, said that in November he

was asked to tape a speech that Rep. Stephen L. Neal was giving at the Ramada Inn in Clemmons.

Epperson will face Neal, the incumbent Democrat, if he beats fellow Republican Lyons Gray in the May primary.

Weidmann said that Gregory asked him to tape the speech. At the time Gregory was public affairs director at WTOB.

"I was given \$25 to go out and tape Steve Neal's address saying I was part of the press of WTOB. I was supposed to give that tape to Scott so he could transcribe it and use it.... It never went on the air."

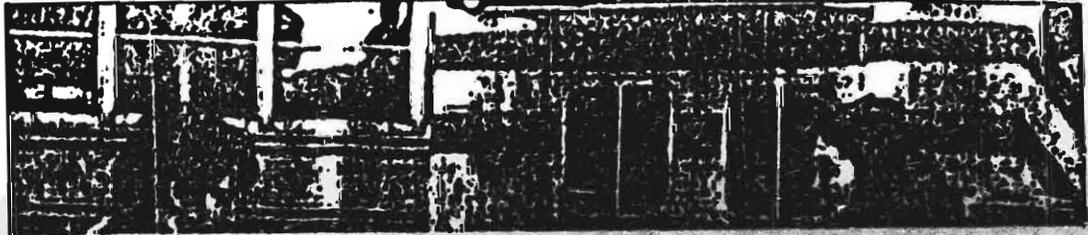
See Epperson, Page 4



STUART W. EPPERSON

R Wants Become R Nabisco

Change Will Take



Marcos' Support Crumbled

Attachment 1

Epperson

Continued From Page 1

Mr. Heidemann said in a telephone interview Wednesday night from Atlanta, where he now lives.

"I went out and did it and gave the tape back to Scott, and he kept it on file. Why was I going out there? Because I was told that they wanted to have some things that they could bring up when it came time for the campaign," he said. "I wasn't a reporter. I was a salesman."

Morty Trust, a former WTOS talk show host who left the station last August, confirmed what Heidemann said.

"What he is saying is true. They did the same things while I was there. He (Gregory) asked (another employee) to do the same thing, and I know he did the same things. ... It was in the guise of reporting," said Trust, who now works as a marketing consultant.

"The results of that press conference were never broadcast over that station," Trust said. "The Epperson took it."

Both Heidemann and Trust said that they left WTOS because of disputes over pay.

Two other WTOS employees, one current and one former, spoke to the Journal on the condition that they not be identified. They said that they, too, were asked to do similar tasks since last fall while working on WTOS time.

"On a couple of occasions he (Gregory) wrote out questions that he wanted me to ask Congressman Neal," one current employee said. "I called him (Neal) up on the phone. ... I would actually tape the conversations and return the tapes to Scott Gregory."

The employee, who said that Epperson also had asked him to cover a Neal news conference, said that some of the taped interviews with Neal were broadcast over WTOS news.

Another former WTOS employee said that he was asked to stuff envelopes for Epperson fund-

raisers while at work. "Yes, yes, yes, it's true," he said. "By no means was it in line with the job I was supposed to do."

The employee also said that he felt pressured by Epperson campaign people to volunteer his time at nights to do campaign work and attend functions.

"Even though I was getting paid by WTOS, they expected me as an employee to be there," he said. "I was hired to work for WTOS solely, and being expected to be involved in politics was not anticipated when I was hired, or I wouldn't have taken the job."

Miss Fincoe said that the activities described by the WTOS employees are legally questionable.

"If they were doing this on their own time, that is OK," she said. "If they were doing it on company time, and the company was paying for that, it would be questionable. I can't say that it is absolutely wrong ... but I can say it would raise a question."

A candidate can contract with an employee of a corporation for work, if he discloses it on his financial reports. And a candidate can also make incidental use of certain facilities of the corporation, such as telephones, if he reimburses the corporation.

Epperson's financial reports show no payments to WTOS for use of its employees for any campaign work.

Miss Fincoe said that a person is considered a candidate by law if he shows an intent to run for office or raises or spends \$5,000 on behalf of his candidacy.

It is unclear exactly when Epperson organized his campaign group, called Neighbors For Epperson, but at least one campaign worker began work last November.

No complaints have been lodged with the FEC against Epperson's campaign, Miss Fincoe said. Investigations are conducted only if a complaint is filed by an individual or by a member of the commission, or if misinformation is found on a financial report.

In response to the allegations, Epperson said

yesterday: "We never have used this radio station for a political campaign. I understand there is a thin line there, but we are going to maintain that posture."

Epperson said that WTOS employees were sent to cover news conferences because "we have an obligation to cover newsworthy events and to record them."

He said that people with no reporting experience were sent to cover the events because WTOS has a small staff and his employees are expected to do many jobs.

"And I suppose there is nothing wrong with telling them what questions to ask if they are in the public interest. The lack of experience on someone's part as a reporter is a very good reason to give them questions to ask," he said.

When asked why the tapes were not used on the air, Epperson said: "If they were not on the air, then I would just have to assume that it was not newsworthy or just not recorded properly. Believe me ... there is nothing hidden in this thing."

Epperson said that the meetings in question were public and that if he wanted to get information for his campaign he could have sent a campaign worker.

He said that if WTOS employees were asked to do campaign work on company time then WTOS was reimbursed for their work. "If we did not reimburse, then it was done on a volunteer basis."

He said that the employees misunderstood what they were being asked to do.

"I think perhaps the root is that they are misinterpreting our efforts to cover fully all the candidates and to show a total impartiality toward candidates. They are looking at that as some sort of political play," he said.

Gregory also denied the allegations that he asked WTOS employees to tape news events for Epperson's campaign. Gregory said that he asked Heidemann to cover only one of Neal's speeches at the request of David Flyter, the station's general manager.

Gregory also said that Heidemann asked him

for help with questions to ask Neal at that speech. "The only reason I ever suggested things to people about questions to ask were times when they asked me to suggest questions," he said.

Gregory did say that he accepted tapes of interviews and news conferences from the employees.

"Some people left the tapes with me. I don't know why they left the tapes with me. Maybe they had it in their minds that those were being done because she wanted it done. I don't know where the tapes came from," he said.

Gregory said that if anyone asked WTOS employees to cover news conferences it was Flyter.

But Flyter said yesterday that only twice did he ask a WTOS employee to cover news conferences. He said that he never saw any tapes from the news conferences that the other employees say that they were asked to cover.

"They haven't been asked by me. If it's been done, it's been done without my knowledge," he said.

"Prior to Stuart's announcement as a bona fide candidate for political office, I did give Scott Gregory the latitude to do things like that," Flyter said, referring generally to assigning employees to tape interviews and news conferences. But, Flyter said, if the tapes were used for campaign purposes, "it was incorrect and should not have been done."

Local reporters have also raised questions about the role of another WTOS employee, Kathleen Lovell, who covered a Neal news conference in January.

The reporters say that Ms. Lovell identified herself at the news conference as being with WTOS, but later she, Gregory or Epperson tried to get copies of their tapes of Neal's comments for use in the Epperson campaign.

The reporters include Paul Brown, news director of WPAQ in Mount Airy, which is owned by Epperson's brother, Ralph. "It crossed the bright line of impropriety to send me with that kind of request," Brown said.

Reynolds

Continued From Page 1

yesterday that the new-a planned strategy to put more ink on Nabisco and less on R.J. as a tobacco company.

"Corporations change their primary for one reason beyond a perception of the public," he said. "You have a lot of money that's just the idea. The company bought a very large part of the concern - one that should be Reynolds' future outside."

As an estate businessman, R.J. Reynolds, you would have been surprised to think that the going to continue to be what it has been."

"I like the fact that the dropping R.J.N.," Curt said. "They're making it out of Nabisco is a very good move."

Wilson said that if a subsidiary R.J.N. will continue to operate their current name and that domestic and international companies will keep the full name of R.J. Reynolds Nabisco. He said that the company will continue to be the national and beverage companies operating companies through Kentucky Fried Chicken. He said that the company will keep their names.

The shareholders will approve the new name at the company's annual meeting April 23 in Wilmington, Del. Proxy materials will be mailed to R.J.N. shareholders in early March, will discuss the proposal to change the name.

In addition to the name change, shareholders will be asked to approve an increase in the number of authorized shares of R.J.N. from 200 million to 300 million and an increase of preferred stock from 20 million to 30 million shares.

Shuttle

Continued From Page 1

the center vice president in charge of the Horton Tisholt Division that makes the rocket boosters.

Martin Tisholt's Mandate covered.

Challenger's 0 rings will be 30 degrees colder than those of the Discovery flight and they would get to be as resistant, but that temperature does

after he was indicted in an unrelated matter involving his time as an executive of General Dynamics. Holdings asked Graham sharp questions early

committees had hoped to hold a private meeting with Heidemann, the engineer who argued against the launch, but when the former worker's

BEFORE THE
FEDERAL ELECTION COMMISSION

In the Matter of

Neighbors for Epperson

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MUR 2162

AFFIDAVIT OF
R. SCOTT GREGORY

R. Scott Gregory, being duly sworn, deposes and says as follows:

1. My name is R. Scott Gregory. I have reviewed the complaint filed in the above-referenced matter and furnish this affidavit regarding the facts relevant thereto.

2. In August 1985 I was hired as Public Affairs Director for radio station WTOB, Winston-Salem, North Carolina. There, my superiors were Stuart Epperson, owner of WTOB and, secondarily, David Plyler, the general manager of the station.

3. As Public Affairs Director, my activities were varied. My activities included inviting school groups to tour the station; writing daily editorials to be aired on the station; informing civic groups in the Winston-Salem area of the availability of persons from WTOB to speak at functions; conducting two conferences on low income public housing; organizing a minority business conference; and many other matters. (Attachment A).

4. Additionally, between September 1985 and December 1985, as part of my responsibilities for the station, I worked many long hours with the Crafted With Pride in U.S.A. Council. This involvement actually began in late August with a trip to New York City to meet with Bob Swift of the Council. Working with Bob Swift, we developed a plan to encourage radio stations to air commercials promoting the purchase of products which were made in the USA. I spent many hours contacting stations to get their involvement. I worked with the Warwick Advertising Agency in New York to develop a radio spot for the Council. I worked on a media event for the Council at the North Carolina Broadcasters Convention in Winston-Salem on October 6, 1985. At that time a decision was made to create a national contest offering over \$50,000 in prizes to radio outlets that crafted the best local promotions for the cause, and my work became quite extensive. I hired Scott Sherman to assist me with this work. The documents attached reflect matters on which I worked. (Attachment B). The

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Council reimbursed the station for some of the time spent by Scott Sherman and myself.

5. At all times while on the payroll of WTOB, I worked 50 hours or more per week on station business, including the Crafted With Pride in U.S.A. Council. During the period of intensive activity with the Council, the hours were even longer.

6. At no time did I (or anyone else associated with WTOB, to my knowledge) direct any employee of WTOB to assume the role of a reporter to question Congressman Steve Neal for political purposes.

7. At no time did I (or anyone else associated with WTOB, to my knowledge) direct any employee of WTOB to tape record any speeches made by Mr. Neal for use by any campaign or any partisan political purpose.

8. The following sentence appears in the Winston-Salem Journal of February 21, 1986: "Heidtmann said that Gregory asked him to tape the speech [by Mr Neal at the Ramada Inn]." If Mr. Heidtmann actually said this, and I strongly doubt that he said this (note that no quotation marks are used for this statement in the story), it is totally false. To the best of my knowledge and recollection, Dave Plyler, WTOB general manager, asked Mr. Heidtmann to tape this speech.

9. The following sentences appear in the same article, and I have set out my comments:

a. "I [Heidtmann] was given \$25 to go out and tape Steve Neal's address saying I was part of the press of WTOB. I was supposed to give that tape to Scott so he could transcribe it and use it...It never went on the air."

Comment: Although not stated in the story, before leaving to cover the event, Mr. Heidtmann came to me and told me that he did not have any money for gas and to pay for his meal. I loaned him \$20 and I was later reimbursed by WTOB for this amount. At this same time, Mr. Heidtmann asked me for some suggestions about asking questions, and I gave him my thoughts. I do not know why Mr. Heidtmann says that he believed that he "was supposed to give that tape" to me, but this understanding did not come from me. Indeed, I did not transcribe it, or use it in any way. I do not know if it was aired by the station, but I doubt it was of broadcast quality as I remember Mr. Heidtmann remarking about the trouble he had in getting the tape recorder close enough to properly record Mr. Neal's remarks.

b. "I [Heidtmann] went out and did it and gave the tape

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back to Scott, and he kept it on file. Why was I going out there? Because I was told that they wanted to have some things that they could bring up when it came time for the campaign."

Comment: It is true that Mr. Heidtmann put the tape in my office the next day, but I do not know what happened to it subsequently. I did not keep it on file. Actually, I never even listened to the tape, because it was recorded on a slow speed. My tape recorder had only one speed, a faster speed than the tape recorder used to tape the speech. I did not tell Mr. Heidtmann what he claims to have been told by an unidentified person, and I do not know to whom he refers when he uses the ambiguous pronoun "they".

c. "I wasn't a reporter. I was a salesman."

Comment: Although I had no supervisory authority over Mr. Heidtmann, I can say that WTOB was a small AM station with a small staff. There were no news reporters at WTOB during this period. I do know that Mr. Heidtmann and other salesmen were often asked to, and did, perform duties not involving sales.

10. A gentlemen named Morley Trust is also named in the article as confirming these specific statements by Mr. Heidtmann ("What he is saying is true."). This is a peculiar source of confirmation, as even the article admits that Mr. Trust left WTOB in August, and the Ramada Inn taping occurred in November. It would be totally impossible for Mr. trust to "confirm" events that transpired at WTOB three months after he left the station.

11. Mr. Trust is further quoted as stating "They did the same things while I was there. He (Gregory) asked (another employee) to do the same thing, and I know he did the same things....It was in the guise of reporting...." This statement is clearly, totally, and demonstrably false. Mr. Trust alleges that "while [he] was [at WTOB]" I asked another unnamed employee to tape a speech. Unfortunately for Mr. Trust's memory or veracity, while he was at WTOB, I was not. Our periods of employment did not overlap whatsoever. Mr. Trust had left the station before I arrived in August 1985. In fact, to my knowledge, I have never even met Mr. Trust. The only knowledge I have about Mr. Trust is that I read a long letter that he had written to Stuart Epperson complaining about general manager Dave Plyler and complaining that he should have been named general manager when Mr. Epperson purchased the station. Quite obviously, one cannot trust all of Mr. Trust's statements. And beyond that, I never engaged in the activities that Mr. Trust alleges while I actually was at WTOB.

12. A tape of a speech made by Mr. Neal before a Lion's Club meeting was made by a WTOB employee, and I listened to it

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when it was given to me shortly after it was made. After I left WTOB and joined Neighbors for Epperson, I remembered certain statements made by Mr. Neal in that speech, and I requested that WTOB rent its facilities to Neighbors for Epperson to copy the tape for a radio commercial, and this was done. A brief portion of this tape was later used in a radio advertisement sponsored by Neighbors for Epperson. WTOB was compensated for studio time used during the copying of the tape.

13. I am not aware whether or not any tape recording made of the Ramada Inn speech, or the Lion's Club speech, or any other speech made by Mr. Neal was ever aired on the station. As Public Affairs Director my responsibilities did not involve decisions on what would or would not be aired, other than matters relating to editorials or public affairs spots and the like.

14. Two anonymous individuals are quoted as making accusations about my role at WTOB, which I have designated Anonymous-1 and Anonymous-2, for convenience.

15. Anonymous-1 states that: "On a couple of occasions he (Gregory) wrote out questions that he wanted me to ask Congressman Neal...I called him (Neal) upon the phone...I would actually tape the conversations and return the tapes to Scott Gregory." On one occasion, a station employee asked me for ideas prior to his telephone interview of Mr. Neal regarding a proposal in the House of Representatives to balance the federal budget and I suggested some questions, as requested. I find it unremarkable that the employee of a radio station would "actually tape" a conversation with an elected official. I was not provided with a copy of the tape.

16. Anonymous-2 states that he was asked to stuff envelopes for Epperson fundraisers while at work. The only quotation from the individual is: "Yes, yes, yes, it's [no antecedent in the quotation] true...By no means was it in line with the job I was supposed to do." Anonymous-2 does not say who asked him to do such work. I did not ask any employee at WTOB to stuff envelopes or otherwise do work on any campaign, nor do I know anyone else at WTOB who made such requests. Interestingly, Anonymous-2 does actually admit that his job as defined by WTOB was totally unrelated to any campaign whatsoever.

17. The article states that either Anonymous-1 or Anonymous-2 (probably Anonymous-2) "felt pressured" by Epperson campaign people to volunteer his time at nights to do campaign work and attend functions. "Even though I was getting paid by WTOB, they expected me as an employee to be there...I was hired to work for WTOB solely, and being expected to be involved in politics was not anticipated when I was hired, or I wouldn't have taken the job." I do not know why Anonymous-2 believed that an anonymous "they" expected any such thing of him. I can state

R 7 0 4 0 6 2 4 4 9

unequivocally that no WTOB employee, was ever pressured or coerced in any way to do volunteer work or to attend a campaign event by me, or by anyone else to my knowledge. To the best of my knowledge, the only occasions when any WTOB employees other than myself even attended any campaign functions was Dave Plyler and his wife attended the evening event when Mr. Epperson announced his candidacy, and a part-time employee voluntarily helped to help blow up balloons at the evening event and a morning event the same day.

18. At no time while working at WTOB was I ever pressured or coerced into working for any campaign in any way by any one.

19. The article quotes Dave Plyler as stating that "Prior to Stuart's announcement as a bona fide candidate for political office, I did give Scott Gregory the latitude to do things like [assigning reporters to tape interviews and news conferences]." If actually stated by Mr. Plyler, I was unaware of being given this authority. Indeed, I never assumed this authority, nor did I ever exercise it.

20. The article references anonymous local reporters (except for one who is named) as the source of questions about the role of WTOB employee Kahilda Lovell. Although I had left the station by then, I understand that it is true that she covered the announcement press conference of Mr. Neal and was to tape record it for use on the air. Apparently her tape recorder malfunctioned and she did not get the tape recording. I am told that subsequent to the event, she telephoned other stations to get a copy of the press conference to use on the air. Apparently she called Paul Brown of WPAQ radio who took offense, somehow falsely believing that the tape was desired for campaign purposes. Dave Plyler apparently felt that it was important for WTOB to air this tape as it had previously aired tape of the Epperson announcement, and it did not want to be unfair. Indeed, the Epperson campaign sent an employee to observe this press conference of Mr. Neal and to hand out a press release. This employee could have taped the news conference if it had been desired. At no time did the Epperson campaign request a copy of this tape from WTOB or anyone else.

21. In December 1985 I became the campaign manager for Neighbors for Epperson, the principal campaign committee of Stuart Epperson, candidate for the United States Congress from North Carolina's Fifth Congressional District. Previous to that, I had freely volunteered to work on the Epperson campaign in my own time on a substantial basis.

22. At no time since I joined Neighbors for Epperson have I (or anyone else, to my knowledge from this campaign) asked anyone at WTOB to assume the role of a reporter or tape record speeches

97040624450

by Mr. Neal, nor were tapes of any such speeches provided to me or the campaign, other than the tape purchased, and described above in paragraph 12.

23. I note that in the recent Republican primary, the same newspaper that prominently carried these charges against WTOB and others on February 21, 1986 endorsed Mr. Epperson's opponent on May 3, 1986.

R. Scott Gregory
R. Scott Gregory

Subscribed and Sworn To
In My District

Amy H. Hower
Notary Public

AMY H. HOWER
NOTARY PUBLIC
Forsyth County, N. C.
My Commission Expires May 1, 1990



My Commission Expires: May 1, 1990

87040624451

8/27/85

POINT OF VIEW: PATH
Friedenberg/12 August

Recently I learned about an organization called PATH that is just getting started in Winston-Salem. PATH, which stands for People Are Treated Human, is concerned about the street people downtown. A survey last year showed that seventy-five percent of Winston-Salem residents consider street people a menace [problem]. PATH sees them as castoffs in dire need of a supporting hand to get off the streets. Of course, we all know that several organizations are already offering help to street people, but PATH is planning a program which focuses on them exclusively. It is a program that deserves consideration, and WTOB supports it.

87040524452

Gregory Attachment A

SAVE JOBS, PROTECT OUR ECONOMY, PROMOTE YOUR STATION

BY

STUART W. EPPERSON

As radio broadcasters we do make a difference everyday. Whether it is alerting commuters to traffic jams or announcing national events, we in the broadcast business serve the public in thousands of different ways. I want to let you know about another very important way we can make a difference.

I am currently serving as the National Chairman of Radio Broadcasters for Crafted With Pride in the U.S.A. This organization is a joint effort by textile, apparel, and fiber manufacturers and labor to save one of America's most important industries. I want you to join us in this effort.

Here are the facts. The flood of imports into this country are costing our people thousands and thousands of jobs in the textile/apparel industry. If the current trend continues, by 1990, over 947,000 jobs will be lost in the textile industry alone. 943,000 additional jobs will be lost in related industries. Over \$40 billion loss to the GNP and \$19 billion less in disposable income. I could give additional grim statistics, but I hope you get the picture.

The problems affecting this industry touch every aspect of our society in every state throughout the nation. This is why we must get involved.

How can we make a difference? We can air announcements promoting clothing made in America. Recent polls show that once made aware of this problem and the difference buying "American" can make, the average consumer will choose to buy an American made item.

We are not asking the consumer to give up anything. If you doubt this, go into any store, and compare labels, price, and quality. You will find the only sacrifice is the time to look at the labels and make sure the purchase was made in America.

Will this save jobs and protect our textile industry? You bet! Studies have shown that if every American would redirect just \$20 of what we have been spending on imported clothing to American made, this alone would save over 100,000 jobs. This is what I call a good buy.

This is reason enough to get involved but there is more. If we do not act, think of the consequences. By 1990, the costs of this suffering industry will mean a \$24 billion increase in the national debt and all of us know what this means to our economy.

The "ripple effect" in this industry is significant and will even affect the potential revenue of your radio station. Every 1,000 textile and apparel jobs in the community support 17 eating places, 13 food stores, 11 gas stations, 3 automobile dealerships, 2 drugstores, 17 doctors, 1 sports store and the list goes on and on.

87040524453

WTOB
am
stereo
1380

November 14, 1985

W-S URBAN LEAGUE AND WTOB RADIO STATION

SPONSORS

A COMMUNITY MEETING ON RESIDENT MANAGEMENT CORPORATIONS

Dear Friend,

Once again, we are excited in announcing the follow-up from the Housing Seminar held October 25, 1985 on "Resident Management Corporations."

This meeting will be at 3:00 p.m., November 21st at the Urban League, 201 West 5th Street. The guest speaker is Kimi Gray, organizer of the tenants at Kenilworth Parkside Project in Washington, D.C. She has been a guest on the Phil Donahue Show and received attention in Jet Magazine. She is now consulting throughout the United States representing this concept for low-income housing residents.

In addition, Friday morning from 9-3:00 p.m., we will go to Happy Hill Gardens and canvass the community. The presentation will be given again by Kimi, November 22.

We do encourage residents to seriously consider this concept. W-S Urban League and WTOB Radio Station feel sure this information will be of vital importance to you and your future concerns to the questionable interest of Public Housing.

We invite you to attend these two (2) days of presentations, and if there are any questions, feel free to call Khalida Lovell, (919) 723-4353.

Hope to see you there.

Sincerely,


Stu Epperson

SE/kl

CBS RADIO
AM, FM

p.o. box 5129, winston-salem, n.c. 27103, telephone (919) 723-4353

87040524454

WTOB
am
Stereo
1380

MEDIA ADVISORY

November 15, 1985

Contact: Khalida Lovell
Assistant Public Affairs Director
(919) 723-4353

FOR IMMEDIATE RELEASE

ANOTHER LOOK AT PUBLIC HOUSING

On November 21st, at the W-S Urban League, 201 West 5th Street, a Housing Seminar will be sponsored by W-S Urban League and WTOB Radio Station at 3:00 p.m.

The guest speaker will be Kimi Gray, organizer of the tenants at Kenilworth Parkside Project in N.E. Washington, D.C. Kimi has been a guest on the Phil Donahue Show and received attention in Jet Magazine. She is now consulting throughout the United States representing this concept. She is the master-mind of "Resident Management Corporations", which encourages self-reliance and independence from the residents. "Residents can manage their own community housing developments with proper information."

W-S Urban League and WTOB Radio Station has ascertained the need to provide pertinent information to low-income housing residents that could very well alter the direction for many families that possibly otherwise would be homeless in 1986.

We invite you to take Another Look At Public Housing, November 21st at the W-S Urban League, 201 West 5th Street--3:00 to 5:00 p.m.

Also, we will provide the same information at Happy Hill Gardens from 6:30 to 8:00 p.m., November 22 at 920 Mock Street--the Community Center.

Kimi Gray will be available to explain this concept and answer any questions for the press at 5:00p.m., at the W-S Urban League and 8:00 p.m., November 22 at Happy Hill Gardens

OBS RADIO

p.o. box 5129, winston-salem, n.c. 27103, telephone (919) 723-4353

87040524455

WTOB
am
Stereo
1380

November 22, 1985

W-S URBAN LEAGUE AND WTOB RADIO STATION

SPONSORS

A COMMUNITY MEETING ON RESIDENT MANAGEMENT CORPORATIONS

ANOTHER LOOK AT PUBLIC HOUSING

INVOCATION- Evangelist Lee Faye Mack

WELCOME - Stu Epperson

INTRO - Mrs. Sara Webster-President of tenants association

SPEAKER - Kimi Gray

Questions & Answers

CONCLUSION- Stu Epperson

920 Mock St
Community Center
6:30-8:-- p.m.

CBS RADIO

p.o. box 5129, winston-salem, n.c. 27103, telephone (919) 723-4353

87040524456



A MINORITY BUSINESS REPORT

December 12, 1985
Noon.....2:00 p.m.

Guest Speaker

Mr. William Sonny Walker

Welcom.....	Stu Epperson WTOB Radio Station
Invocation.....	Rev. Carlton Beverly DallaBrook Presbyterian
Introduction/Platform Guest.....	Attorney James Lassister Pres. Minority Business League
Presentation.....	Stu Epperson
Presentation of Award.....	Stu Epperson Business Man of the Year Thomas Trollinger Contract Furnishings
Music.....	The Healing Force Gail & Joe Anderson
Introduction of Speaker.....	Jim Leonard Leasing Manager-Twin City Chrysler-Plymouth
Keynote Speaker.....	William Sonny Walker Vice-President of National Alliance of Business
Closing Remarks.....	Charlie Webb Executive Vice-President of The Greater Winston- Salem Chamber of Commerce

This program is co-sponsored by the Minority Business League and The Greater Winston-Salem Chamber of Commerce Minority Business Council

p.o. box 5129, winston-salem, n.c. 27103, telephone (919) 723-4353

8 7 0 4 0 6 2 4 1 5 8

Wtob 1380

WE CARE ABOUT OUR COMMUNITY



... money in their effort worthwhile organizations like Com-
 ... mended Nations which help the homeless and make our
 ... community a better place.

... NACP REPORT
 ... Wtob

Promotions

HOMEMADE AND

Crafted With Pride

Contact: Ann Pinkerton

You've seen Bob Hope and other celebrities touting American made fashions on the tv, and now it's time for the radio business to lend its weight to "Crafted With Pride In The U.S.A." It's a national effort to give the textile, fiber and apparel industries a shot in the arm by raising awareness and consumption of clothes and home furnishings with the "Made in U.S.A." label.

BILLBOARD JANUARY 11, 1966

As an incentive to lure radio's involvement, the non-profit Crafted With Pride organization is offering over \$50,000 in prizes to outlets that craft the best local promotions for the cause. Four prizes are guaranteed in each market with participating outlets. The period for airing these Pride promotions is Jan. 1 through March 15, and the group has made provisions for over 200 stations to win.

Per CWP's specifications, individual station projects can include special events, listener contests and other elements. Entries must be submitted by March 20 and will be judged on creativity, community impact and response as determined by a panel of radio experts and CWP council members.

Any station that supports the Council's efforts to save American jobs by airing Crafted With Pride PSAs is eligible to enter the contest. Like the tv messages, these announcements are voiced by the likes of Bob Hope, Linda Evans, Sammy Davis Jr., O.J. Simpson, Sally Struthers and other notables.

Stuart Epperson of WTOB Winston-Salem, N.C. is acting as national chairman of radio broadcasters for CWP. For more information, contact WTOB's Scott Gregory at (919) 723-4353, or Ann Pinkerton of Carl Byoir & Associates at (212) 986-6100.

RR 10 15

MANAGEMENT & PROGRAMMING
CONVENTION
September 11-14, 1985 • Dallas, Texas

News

NRBA / NAB
NATIONAL
ASSOCIATION
OF
BROADCASTERS
NATIONAL
ASSOCIATION
OF
BROADCASTERS

FOR IMMEDIATE RELEASE

SEPTEMBER 12, 1985

CONTACT: STUART EPPERSON
ROOM 1116 Anatole
or (919) 723-4353

CRAFTED WITH PRIDE APPEALS TO RADIO BROADCASTERS

Newly appointed National Chairman of Radio Broadcasters for Crafted With Pride in the U.S.A., Stuart Epperson, is in Dallas at the National Radio Broadcasters Convention appealing to his colleagues to participate in the Crafted With Pride in the U.S.A. program. His goal for the four day convention is to leave with at least five million dollars worth of free advertising pledged for Crafted With Pride in the U.S.A.

In just one day, Epperson has received pledges from over 45 stations to run at least 1,000 spots each over the next year. Epperson says, "I knew my fellow radio broadcasters would accept this challenge, but the response I have received is incredible. I've only been here a day and have commitments for over 45,000 free radio spots." He values the pledges so far to be over one million dollars.

Epperson is the President of Salem Media, Inc. and has pledged to run one thousand spots on each of his twelve stations across the country. His challenge is to have other radio owners match his contribution to promote American made textiles and apparels. Epperson is from Winston-Salem, N.C., an area hard hit by the \$150 Billion trade deficit that has put many textile workers in N.C. off the job and onto the unemployment lines.

Says Epperson, "I am doing this because America has given so much to me. I'd just like to help American industry keep our people employed."

87040524460

I come from an area which is suffering a great deal from the problems being experienced by the textile industry and this is why I am involved. But before long, the consequences of this tragedy will affect your area and your station. Let us join forces now as radio broadcasters and make a difference. Agree to run these announcements on your station and make the public aware of what they can do. This is one opportunity we cannot afford to let pass.

In addition to promoting American made textiles, saving jobs, and making an investment in our future, your station will also reap several other immediate benefits. You can show your listeners that you care about their jobs. Prove to community leaders that your involved in local and national industries. You can also create very favorable free press for your station by announcing your participation in our program.

Recently I went to our NAB-NAB Convention in Dallas to talk with other station owners attending the convention. The response was overwhelming and we already have at least 45 stations in all parts of the nation (including all major media markets) who will be running our Crafted With Pride in the U.S.A. announcements. Why don't you join our effort today?

All you have to do is fill in the form below. We are asking that you run at least three a day between October 1 and September 30, 1986. We will send you the announcements and a press release for you to use anyway that you would like to let your community know of your involvement.

Yes, we can make a difference and we do everyday. Let us seize this opportunity now. American jobs and our economy are counting on us.

Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted with Pride in the U.S.A.
300 South Stratford Road
Winston-Salem, North Carolina 27103



Dear Stu,

Yes, I want to pledge my support to the Crafted with Pride in the U.S.A. radio campaign. We will run three (3) 30-second announcements per day on my station(s) between October 1, 1985 and September 30, 1986.

	_____	_____
	<small>signature</small>	<small>date</small>
(Please print) _____	_____	_____
<small>(name)</small>	<small>(phone number)</small>	<small>Your Station:</small>
_____	_____	_____
<small>(address)</small>	<small>(call letters and city)</small>	
_____	_____	
<small>(city, state, zip)</small>	<small>(call letters and city)</small>	
		<small>Please use the back if necessary</small>

87040624461

FROM: Carl Byoir & Associates, Inc.
380 Madison Avenue, 986-6100
New York, New York. 10017
Contact: Ann Pinkerton

FROM: WTOB
300 S. Stratford Rd.
Winston-Salem, NC 27103
Phone: 723-4353
Contact: Scott Gregory

FOR: Immediate Release.

"CRAFTED WITH PRIDE" WILL OFFER
\$50,000 IN RADIO STATION CONTEST

New York, New York. Dec. 4 --

Prizes worth more than \$50,000 are being offered to radio stations participating in a new promotional contest by the Crafted with Pride in U.S.A. Council, a volunteer group representing the U.S. fiber, textile and apparel industry.

First, second and third prizes, valued at \$25,000, \$15,000 and \$10,000, and numerous fourth prizes including hundreds of U.S.-made consumer items, will be awarded to radio stations conducting the best local promotions, between Jan. 1 and Mar. 15, 1986, to increase awareness of "Crafted with Pride in U.S.A." There will be more than 200 winners.

The station community promotions, which can include special events, listener contests and other elements, will be judged on the basis of creativity, community impact and response by a panel of judges from the radio industry and Crafted with Pride in U.S.A. Council. Entries, with supporting material, must be submitted by March 20, 1986.

Announcing the contest, Stuart W. Epperson, National Chairman of Radio Broadcasters for Crafted with Pride in U.S.A. Council, said: "Many radio stations are already involved in our program to help save jobs by encouraging listeners to 'Buy American.' This exciting contest will recognize and reward their contributions and inspire other stations to join this important community effort."

The Crafted with Pride in the U.S.A. Council is a non-profit organization representing all segments of the U.S. fiber, textile and apparel industry, which provides one out of ten U.S. manufacturing jobs. Its mission is to make consumers aware of the "Made in U.S.A. label when shopping for apparel or home furnishings.

Radio announcements for "Crafted with Pride" feature national celebrities Bob Hope, Diahann Carroll, O.J. Simpson, Cathy Lee Crosby, Sammy Davis, Jr., Sally Struthers, Linda Evans and Carol Channing.

Stations that support the Council's efforts to save American jobs, by airing its announcements urging consumers to buy apparel and home furnishings with "Made in U.S.A." labels, are eligible to enter. Official entry forms, obtainable by calling (919) 723-4353, must be postmarked no later than Dec. 31, 1985.

(MORE)

87040524462

Complete details of the contest, including entry form, can be obtained from Stuart W. Epperson, National Chairman of Radio Broadcasters, "Crafted with Pride in U.S.A." Council, 300 S. Stratford Road, Winston-Salem, N.C. 27103. Phone: (919)723-4393. All stations entering will receive a Certificate of Appreciation from the Council.

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87040524463



Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted with Pride in the U.S.A.

Dear Student,

It was such a pleasure to have you visit us here at WTOB today. I hope you found the tour interesting, educational, and fun. The radio business is very exciting and I have enjoyed working in it for so many years. Maybe one day you will own your own station.

Through radio we often have the opportunity to take part in activities which help various members of our community. Recently I have become very active in an important organization which is working very hard to help the textile industry. You can help me with this effort.

Here in Forsyth County and Winston-Salem, over 7,800 people work in the textile industry. Those jobs are at stake because of international trade practices beyond their control. We can help save these jobs by making sure the clothes we buy are "Made in the U.S.A."

If every American would make the effort to look for the "Made in U.S.A." a label we can save thousands of jobs, protect our economy here in North Carolina and even see new jobs created. This is very important to all of us and I would like your help.

The next time you go shopping for a new shirt or pair of pants tell whoever is with you that you want to make sure it was "Made in the U.S.A."

Of course, I am not asking you to give up quality, fit, fashion, or price, you can usually find what you want to purchase made in America, but you have to look for it.

Good luck with the remainder of your school year and I sincerely hope you enjoyed your tour of WTOB. Please listen to our station when you listen to the radio and thanks again for the opportunity to talk with you today.

With best wishes, I am,

Sincerely,

Stuart W. Epperson

300 South Sfratford Road, Winston-Salem, North Carolina 27103

87040524464

CLIENT: CRAFTED WITH PRIDE
PRODUCT:
TITLE: HARD ROCK
NUMBER:

Radio

LENGTH: :30
DATE: SEPT. 25, 1985

TEENAGER: BAMN BAMN-BAMN BAMN-BAMN BAMN.
 SALESMAN: Ah, that's quite an assortment of jeans you've picked out there. Are you looking for something in particular to go with them?
 TEENAGER: BAMN BAMN-BAMN BAMN-BAMN BAMN.
 SALESMAN: This pullover would be absolutely smashing.
 TEENAGER: BAMN.
 SALESMAN: Perhaps this one?
 TEENAGER: BAMN.
 SALESMAN: Ah, I think I know just what you're looking for. It's the latest. Padded shoulders. Double snaps. Rhinestone lapels. And a Made in the U.S.A. label.
 TEENAGER: BAMN BAMN-BAMN BAMN-BAMN BAMN.
 AVO: For the unsurpassed fashion, fit and quality you demand, demand fashions and home furnishings with the label that says...
 SINGERS: MADE IN THE U.S.A.
 TEENAGER: Because it matters.

87040524465



Radio

CLIENT: CRAFTED WITH PRIDE
PRODUCT:
TITLE: OPERA
NUMBER:

LENGTH: :30
DATE: SEPT. 19, 1985

87040524466

MISS TUDWELL: LA LA-LA LA-LA LAH.

SALESLADY: Miss Tudwell. How nice to see you. And are we looking for something special today.

MISS TUDWELL: LA LA-LA LA-LA LAH.

SALESLADY: Maybe something totally totally au courant. We have the latest collections from Puccini, Raccinni and Gianini.

MISS TUDWELL: LAH.

SALESLADY: Of course. The divine blue suit. I should have known. Let me complement you on your exquisite taste. What fabric. What styling. What detailing.

MISS TUDWELL: LA LA-LA LA-LA LAH.

SALESLADY: A Made in the U.S.A. original. How chic. Miss Tudwell, you always select the best labels.

AVO: For the unsurpassed fashion, fit and quality you demand, demand fashions and home furnishings with the label that says...

SINGERS: MADE IN THE U.S.A.

MISS TUDWELL: Because it matters.



Radio

CLIENT: CRAFTED WITH PRIDE
PRODUCT:
TITLE: OFF KEY
NUMBER:

LENGTH: :30
DATE: SEPT. 25, 1985

87040324467

MAN: DA DA-DA DA-DA DAH.

WOMAN: Excuse me sir. That's a great sports jacket you're trying on. Where did you find it?

MAN: DA DA-DA DA-DA DAH.

WOMAN: I've been through the entire International department. Where did you say you found it?

MAN: DA DA-DA DA-DA DAH.

WOMAN: My Harry's just about your size. Same big broad shoulders. He'd just look fabulous in that tailored stripe. I've just got to see that label. Of course. The fit. The style. The fabric. I should have known. Made in the U.S.A. Now, if you're not going to take that jacket.

AVO: For the unsurpassed fashion, fit and quality you demand, demand fashions and home furnishings with the label that says ...

SINGERS: MADE IN THE U.S.A.

MAN: Because it matters.



Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted with Pride in the U.S.A.

NEWS RELEASE

For Immediate Release

Contact: Stuart Epperson
(919) 723-4353

W??? JOINS "CRAFTED WITH PRIDE IN U. S. A." CAMPAIGN

Stuart W. Epperson, National Chairman of Radio Broadcasters for Crafted With Pride in the U.S.A., praised radio station W??? for its participation in the national campaign to promote American-made apparel and home furnishings. W??? will be running "Crafted With Pride" announcements free during the next year.

Epperson said, "W??? is playing a vital role in helping save thousands of endangered textile jobs and protecting one of our nation's most vital industries. One of every ten manufacturing jobs in America is found in the Textile/Fiber/Apparel industry. The best way to save these jobs and fight the current flood of imports into this country is for the consumer to look for the "Made in U.S.A" label. We have found through many studies that the average consumer will buy American if they are made aware of the need to do so. Because of W??? more Americans will be hearing this most important message."

"Crafted With Pride in the U.S.A." is an organization of textile/fiber/apparel manufacturers and labor groups encouraging consumers to buy American-made apparel and home furnishings. The group says that if each American would divert even \$20 of what they now spend on imported items to American-made, over 100,000 jobs would be saved.

(more)

300 South Stratford Road, Winston-Salem, North Carolina 27103

87040624468

Radio broadcasters throughout the country are offering free air time on their stations to spread the "Crafted With Pride" message. Currently over 160 stations have agreed to participate in the program which represents over \$4.5 million in free publicity for the "Made in U.S.A" campaign.

* * *

87040524469



Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted with Pride in the U.S.A.

MEDIA ADVISORY

September 30, 1985

Contact: Scott Gregory
(919) 723-4353

FOR IMMEDIATE RELEASE

HILLIKEN TO UNVEIL "CRAFTED WITH PRIDE" RADIO PROGRAM

Eager Hilliken, Chairman of Crafted With Pride in the U. S. A. will be in Winston-Salem Saturday, October 5, at 10:30 to announce a new radio program for the "buy American" textile and apparel organization. This is a \$5 million project where radio station across the country will be donating free air time to promote the "Crafted With Pride in the U. S. A." message.

Mr. Hilliken who is also Chairman of Hilliken and Company, the nation's third largest textile manufacturer, has scheduled his visit to coincide with the North Carolina Broadcasters Convention convening in here October 5, 6, and 7. He will preview the radio announcements for the broadcasters at this media conference.

Also attending the conference open to all interested media will be White G. Watkins, Assistant Secretary of Commerce. Mr. Watkins was appointed by Governor Jim Martin earlier this year to focus attention on North Carolina's traditional industries such as the textile industry.

The media conference will begin promptly at 10:30 a.m. in the Stratton room at the Hilton Hotel located on 420 High Street, Winston-Salem. Questions from the members of the media will be welcome.

300 South Stratford Road, Winston-Salem, North Carolina 27103

87040524470

Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted with Pride in the U.S.A.



October 2, 1965

Ms. Ann Finkerton
Carl Byoir & Associates
380 Madison Avenue
New York, New York 10017

Dear Ann,

Here are suggested remarks we have written for the news conference to be held this Saturday. The following is our proposal for an agenda:

- A. Roger Milliken opens the news conference outlining what the radio broadcasters are doing.
- B. Stu will talk about the details of this project.
- C. White Watkins, Assistant Secretary of Commerce for North Carolina will emphasize Governor Martin's excitement about the effort and the fact he will be making a special radio announcement for Crafted With Pride.
- D. Charles Dunn, Executive Vice President of the N. C. Textile Manufacturers Association will talk about what the industry is doing to win the import challenge.
- E. Roger Milliken will close the news conference and play a preview of the radio announcements.

Your ideas, changes, or other suggestions are certainly welcome. I hope you will let us know of your views today so these remarks can be revised and expressed to each of the participants tonight.

I look forward to talking with you when you receive this information.

Sincerely,

Scott
R. Scott Gregory

300 South Stratford Road Winston-Salem, North Carolina 27103

87040524471



Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted with Pride in the U.S.A.

October 28, 1985

Name
Company
Address
City, State zip

Dear first name,

In the next few days you will be receiving "Crafted With Pride" announcements for your station(s) from Warwick Advertising, Incorporated. I want to take this opportunity to thank you for agreeing to run these announcements for your station(s).

I am very proud of the manner in which our industry is responding to the needs of our nation's textile and apparel industry. Because of you, the American public will become aware of the need to buy American-made apparel and home furnishings.

These "Crafted With Pride" announcements are designed to encourage the consumer to look for the "Made in U.S.A." label. I have enclosed a copy of the script for each of the three 30 second announcements you will be receiving.

We are asking that you run these announcements three times a day (ROS) for a year. However, if you want to run them more often than please feel free to do so. Some stations are running these announcements on a saturation schedule for a shorter period of time. We think this is great.

As I promised, I am also enclosing a press release for you to use in anyway you wish to show the public you are involved in this campaign to save jobs, protect our economy, and help one of our most vital industries.

If you have any questions about this program or need any further information, please do not hesitate to call me at (919) 723-4353.

With best wishes, I am,

Sincerely,

Stuart W. Epperson

SWE/kgb

300 South Stratford Road, Winston-Salem, North Carolina 27103

87040524472

Stuart W. Epperson
National Chairman of Radio Broadcasters
for Crafted With Pride in the U.S.A. 8
300 South Stratford Road
Winston-Salem, NC 27103

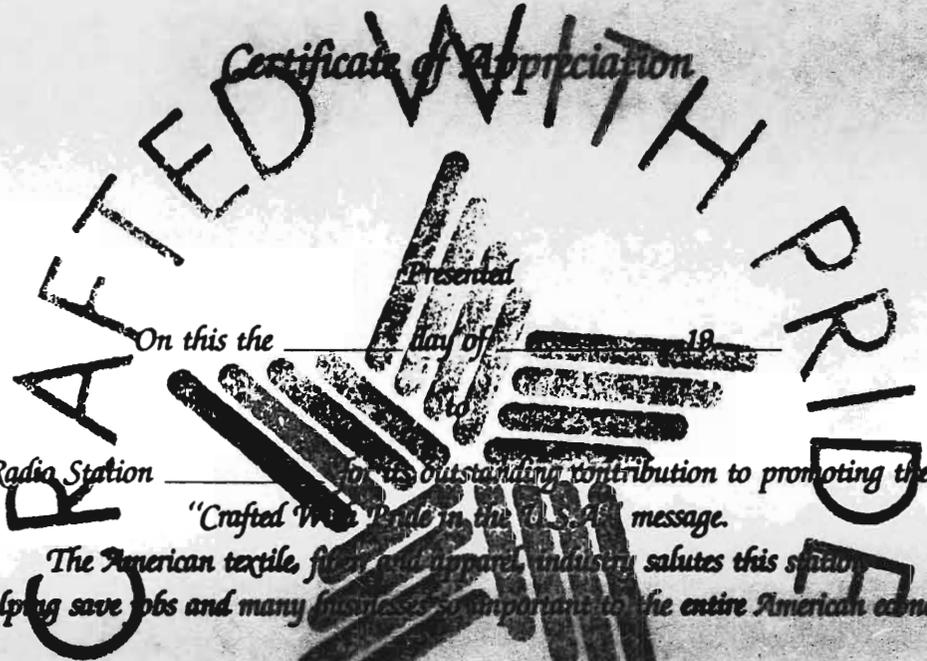
7 0 4 0 5 2 4 4 7 3



WE WANT TO GIVE YOUR STATION \$25,000!

8 7 0 4 0 6 2 4 4 7 4

Certificate of Appreciation



On this the _____ day of _____ 19____

Radio Station _____ for its outstanding contribution to promoting the "Crafted With Pride in the U.S.A." message.

The American textile, fiber and apparel industry salutes this station for helping save jobs and many businesses so important to the entire American economy.

TM

Roger Milligan, Chairman
of the "Crafted With Pride in the U.S.A." Council

Stuart Fox-Epperson, Chairman of Radio Broadcasters
for "Crafted With Pride in the U.S.A."

IN U.S.A.

CREATIVE SUGGESTIONS:

- SPONSOR A WALK-A-TOWN
- SPONSOR A CRAFTED WITH PRIDE RESOLUTION FROM LOCAL GOVERNMENT
- SPONSOR A FASHION SHOW AT LOCAL MALL WITH MADE IN THE U.S.A. APPAREL
- SPONSOR JOINT CONTEST WITH LOCAL RETAIL MERCHANTS-CWP PRIZES
- SPONSOR A TEXTILE MANUFACTURER EDUCATION DAY
- SPONSOR A CONCERT-LOCAL HIGH SCHOOL OR COLLEGE
- SPONSOR A CRAFTED WITH PRIDE DAY
- SPONSOR A CRAFTED WITH PRIDE ESSAY CONTEST
- SPONSOR A CONTEST FOR MOST CREATIVE CWP SPOT(POSSIBILITY FOR NATIONAL)
- SPONSOR ADVERTISING USING CWP LOGO AND THEME, E.G., BILLBOARDS
- SPONSOR A BUMPER STICKER CONTEST
- SPONSOR A TEXTILE TRIVIA CONTEST(CONTACT CHARLIE BIDDLE (212) 619-4397)
- SPONSOR CONTEST-EVERY MADE IN THE USA LABEL PUTS NAME IN HAT FOR DRAWING
- SPONSOR GEORGE WASHINGTON DAY CRAFT SHOW-APPAREL FROM COLONIAL TO PRESENT
- SPONSOR A VALENTINES DAY-"I LOVE MADE IN THE USA APPAREL"
- SPONSOR CASH CALLS OR CONSUMER ITEM TO CALLER AFTER EACH CWP SPOT
- SPONSOR A BASKETBALL TEAM WITH CWP UNIFORMS
- SPONSOR A BASKETBALL OR HOCKEY GAME OFFERING CWP PRIZES
- SPONSOR LOCAL SGA BACK TO SCHOOL-SCHOOL WITH MOST CWP APPAREL WINS
- STAGE AN EVENT: HELICOPTER RIDES: TEXTILE GIVE-A-WAY: PARADES

We trust that these ideas will generate your creativity into high gear. We look forward to hearing from you so please let us know how you are doing. If you need to talk with someone about an idea we are hear to listen. GOOD LUCK!

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1. The Council is made up of cotton growers, fabric distributors, labor groups, and manufacturers of man-made fibers, fabrics, apparel, and home fashions. The Chairman of the Council is Roger Milliken, Chairman of Milliken and Company.
2. The purpose of the Council is to convince consumers, retailers, and manufacturers of the value of purchasing and promoting U. S. made products.
3. The Council is simply pro-American. It is not anti-Japan, anti-Korea or any other country. The Council is also not asking the consumer to give up quality, fit, or value. When a choice between imported and domestic apparel or home fashions exists, the Council is urging the consumer to buy American. Look and search for items Crafted With Pride in the U. S. A.
4. A great American precedent for this kind of campaign can be found in a statement made by George Washington in 1783 when he stated he hoped it would become, "unfashionable for a gentleman to appear in any other dress except homespun."

WHAT RADIO BROADCASTERS ARE DOING

1. The goal of the radio announcements for Crafted With Pride In The U. S. A. is to increase the awareness of country of origin labels, to intensify the current preference for U. S. made fashions, and to enhance the current perceptions of U. S. apparel.
2. Through direct mail, personal solicitation, and industry publications, the Council is actively seeking stations to air Crafted With Pride announcements.
3. Each station will be asked to run at least three announcements per day (MOS) for one year.
4. Encourage each station to work with local textile plants, managers, and labor organizations to publicize the Crafted With Pride message.
5. The Goal will be to obtain at least \$5 million worth of free air time for Crafted With Pride radio announcements.

87040524476

BEFORE THE
FEDERAL ELECTION COMMISSION

In the Matter of
Neighbors for Epperson

)
)
)
)
)

MUR 2162

AFFIDAVIT OF
STUART W. EPPERSON

Stuart W. Epperson, being duly sworn, deposes and says as follows:

1. My name is Stuart W. Epperson. I have reviewed the complaint filed in the above-referenced matter and furnish this affidavit regarding the facts relevant to the paragraphs in the newspaper article which pertain directly to me.

2. I am currently a candidate for the United States Congress from the Fifth Congressional District of North Carolina. On May 6, 1986 I won the nomination of the Republican Party to Congress, winning a primary in the District.

3. I am the sole owner, and a director and officer of Salem Media of N.C., Inc. which is the licensee of WTOB-AM radio in Winston-Salem, North Carolina. I also have ownership interests in ten other radio stations.

4. At no time did I (or anyone else associated with WTOB, to my knowledge) direct any employee of WTOB to assume the role of a reporter to question Congressman Steve Neal for political purposes.

5. At no time did I (or anyone else associated with WTOB, to my knowledge) direct any employee of WTOB to tape record any speeches made by Mr. Neal for use by any campaign or for any partisan political purpose.

6. The article appearing in the Winston-Salem Journal, of Friday 21, 1986 attributes a statement to Morley Trust, a former employee of WTOB as follows: "The results of that press conference were never broadcast over that station...Stu Epperson took it." This language refers to a tape made by another station employee allegedly at the direction of R. Scott Gregory. The Affidavit of Mr. Gregory adequately addresses the impossibility of Mr. Trust's allegations. I do not know which tape of what press conference Mr. Trust refers to, but in my duties at the station I have handled literally hundreds of tapes, but I have never asked an employee to tape an event for a

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partisan political purpose. It is certainly true that not all tapes that are made are aired. Often tapes are not aired because they are not newsworthy or are not of broadcast quality.

7. The same article refers to an anonymous source of another allegation that I "had asked [the anonymous source] to cover a Neal news conference" and that the tapes were not broadcast by WTOB. I do not recall any situation such as that alleged, but from time to time I asked station employees to cover events. It may have happened, but if a broadcast quality tape concerning Mr. Neal was timely received at the station, I would have been eager to use it on the air. I was particularly anxious to cover events relating to Mr. Neal due to my involvement in the Republican primary last May, and the possibility that I would face Mr. Neal in the General Election in November 1986. I am aware of my obligations as a broadcast licensee to cover local issues, including campaigns, and to do so fairly.

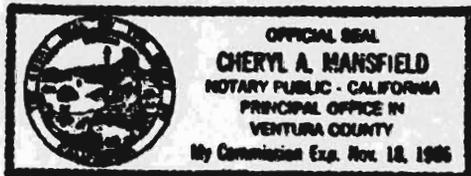
8. The same article says that "[Kahilda Lovell], [Scott] Gregory or [Epperson]" tried to get copies of the tape of Mr. Neal's comments at his January press conference where he announced his candidacy. It is true that I wanted to make sure that this event was covered, and when I learned that the individual that WTOB had sent to cover the event was unable to tape the event, I attempted to get a copy of the tape from another station. As WTOB had covered my announcement in December 1985, I did not want to have the station fail to cover Mr. Neal's announcement due to the malfunction of a tape recorder. I did not seek a copy of this tape for use in my campaign, as alleged by the anonymous individual.

Stuart W. Epperson
Stuart W. Epperson

Subscribed and Sworn To
~~XXXXXXXXXXXX~~

Cheryl A. Mansfield
Notary Public

My Commission Expires: 11/18/86



87040524478

MARCH 7, 1986 6 O'CLOCK W6HP News

(Cynthia Smoot)

"The troubled campaign of Stuart Epperson is back in the news tonight."

(Fred Blackman)

"Eyewitness news has learned the campaign is under investigation by two federal agencies."

(Cynthia Smoot)

"Gary Doyens was the first to report on several apparent election law violations. He joins us live tonight from Winston-Salem."

(Gary Doyens)

"I'm right outside the campaign headquarters of congressional candidate Stuart Epperson. It is the news reports of the last several weeks that have prompted two Forsyth County voters to file complaints with the federal government. Jim Stephens sent his complaint to the Federal Communications Commission."

(Jim Stephens)

9 I can claim to be a true neighbor of Epperson. I am one of the few people in the district who can claim to be a true neighbor for him and I'm against him because of what he is doing to our neighborhood."

7 (Gary Doyens)

4 "What Epperson is doing to this neighborhood is erecting six towers for his radio station WTOB and the people living here don't like it. But Jim Stephens also doesn't like reports that Epperson may have WTOB employees to work on a campaign in violation of federal election law."

5 (Jim Stephens)

0 "Well I think it looks like an underhanded tactic to me."

4 (Gary Doyens)

0 "The FCC isn't Epperson's only problem. He is also under investigation by yet another federal agency. This one the federal elections commission. Lynn Ellis is a democrat and a political science teacher at Salem Academy."

7 (Lynn Ellis)

"Well if I was Stuart Epperson, I would want the thing cleared up. Or if I was Lyons Gray or Steve Neal, I would want to find out if he has been using his employees for his campaign."

(Gary Doyens)

"Do you think its important for the public to have a... to know for sure whether or not he violated election law and all that sort of stuff?"

(Lynn Ellis)

"yea. I think it is very important. Not just him but all candidates. I teach political science and I tell my students that they can have an impact on, on the elections and I think it ought to be investigated."

(Gary Doyens)

"Like Stephens, Ellis is concerned over published reports that Epperson has co-mingled his radio station resources with his campaign. Now late this afternoon we talked with Epperson's campaign manager, Scott Gregory. As in previous weeks Gregory maintains that candidate Epperson and the campaign has not violated any campaign election laws or FCC laws. He says that a full investigation, if it is done will in fact prove that. Back to you in the studio."

(Fred Blackman)

"Some new developments to report tonight in the Epperson for Congress campaign. Two citizen complaints have been filed against the Epperson organization. One charging violation of federal election campaign laws. The other with the Federal Communication Commission charging violations of broadcast rules and regulations. Nightscene reporter Gary Doyens has more on the story."

(Gary Doyens)

"WTOB's new radio towers are located in North Winston-Salem in a neighborhood that doesn't want them. Jim Stephen's lives right across the street and he says Stuart Epperson, the businessman, told the towers decision was strictly business."

(Jim Stephens)

"I feel that any man who would create a nuisance for his neighbors for the sake of his own profit is not a man I want representing me in Congress."

(Gary Doyens)

"Stephens says he has been denied public access files at Epperson's radio station and he wants the FCC to look into that. But he also wants the federal agency to look into reports that Epperson is using station employees to work on his campaign. After we were off camera I talked with Stu Epperson about why he did it and what he stood to gain. That FEC complaint was filed by this woman, Lynn Ellis after she saw the same news reports Stephens did."

(Lynn Ellis)

"I guess that I assumed that once the story was in the newspaper and on t.v. and on the radio that the federal election commission would investigate it. I really didn't have any idea, firstly, that there had to be a citizen complaint filed and secondly that no one had done it right away. So I decided to do it."

(Gary Doyens)

"Campaign manager, Scott Gregory, said late this afternoon that the campaign will cooperate with any investigation, but said he is 100% sure there is no problem anywhere. Meanwhile in Washington the FCC confirms it has received Stephen's complaint, but where it is in the process is confidential. At the FEC, official received the complaint today and will decide next week how aggressively to pursue it. In Winston-Salem, Gary Doyens Eyewitness News Nightscene."

(Fred Blackmore)

"A footnote to this story. In our Eyewitness News 6 O'Clock broadcast, Mr. Epperson chose to make an impromptu appearance which interrupted the live remote segments of Gary's report. That disruption and the subsequent distraction it caused was unfortunate. Mr. Epperson was not scheduled to appear as a guest in that report. Earlier in the afternoon, his campaign manager had already responded to the campaign complaints. His response was an important part of our report. Unfortunately, this disruption greatly overshadowed that material despite our best efforts that response did not get the attention it deserved."

9 7 0 4 0 5 2 4 4 9 0

TRANSCRIPT
NEIGHBOR'S FOR EPPERSON 30-SECOND COMMERCIAL
USING CUT FROM SPEECH MADE BY CONGRESSMAN NEAL

EPPERSON: Paid for by Neighbors for Epperson.

ANNOUNCER: Balancing the budget is the big debate in Washington. President Reagan has taken a stand against a tax increase. In North Carolina, Stephen Neal says this about the budget.

NEAL CUT: What I am really talking about is freezing everything including defense, social security and raising tax revenues.

ANNOUNCER: Neal's GOP opponent Stuart Epperson says.

EPPERSON: I oppose a tax increase because the federal government needs to tighten its belt. Not the American family.

ANNOUNCER: It looks like the issue of taxes will be a big debate in the Epperson-Neal re-match.

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FEDERAL ELECTION COMMISSION
999 B Street, N.W.
Washington, D.C. 20463

RECEIVED

OFFICE OF THE
COMMISSIONER

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

MAY 20 P 2:25

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION:

MUR: 2162
DATE COMPLAINT RECEIVED
BY OGC: April 7, 1986

DATE OF NOTIFICATION TO
RESPONDENTS: April 21, 1986

STAFF MEMBER: L. Tobey

COMPLAINANT'S NAME: P. Lynn Ellis

RESPONDENTS' NAMES: Neighbors for Epperson, and Stephen C. Mathis, as treasurer
Stuart W. Epperson
Salem Media of North Carolina, Inc.
Salem Pregnancy Support, Inc.
"Crafted With Pride"

RELEVANT STATUTE: 2 U.S.C. § 431(8)(A)(ii)
2 U.S.C. § 441b(a)

RELEVANT ADVISORY
OPINIONS: AO 1975-94
AO 1984-24
AO 1984-37

INTERNAL REPORTS
CHECKED: 1985 Year End, 1986 April Quarterly,
and 1986 Pre-Primary Reports for
Neighbors for Epperson

EXTERNAL REPORTS
CHECKED: Federal Communications Commission

SUMMARY OF ALLEGATIONS

Complainant^{1/} alleges that Stuart W. Epperson (a candidate for the U.S. House of Representatives from the 5th District of North Carolina) owns three business: "WTOB", a radio station,

^{1/} Complainant based her allegations on a newspaper article from the Winston-Salem Journal, February 21, 1986, at page 1, column 1. See Complaint (previously circulated).

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"Salem Pregnancy Clinic", and "Crafted With Pride". Complainant further alleges that these businesses made contributions to Epperson's campaign by paying the salaries of employees to work on Epperson's campaign while on company time. The services allegedly included the recording of telephone interviews, news conferences, and speeches, employee attendance at Epperson campaign events, and stuffing envelopes.

STATUS OF INVESTIGATION

1. Radio Station "WTOB"

The complaint refers to a radio station, "WTOB" which is located in Winston-Salem, North Carolina. The North Carolina Secretary of State lists a corporation entitled "WTOB Radio 1380, Inc.", and a copy of the complaint was sent to its registered agent on April 21, 1986. The registered agent responded that WTOB Radio 1380, Inc. was a corporation which had been formed to purchase radio station WTOB (the subject matter of this MUR), but that the sale was not completed because of difficulties in obtaining financing. "WTOB Radio 1380, Inc." continues to be listed by the North Carolina Secretary of State as an existing corporation, but is currently "suspended" by the North Carolina Secretary of State and has no relationship to the radio station WTOB.

This Office contacted the Federal Communications Commission and was advised that WTOB is owned by Salem Media of North Carolina, Inc. (hereinafter, "Salem Media"). Salem Media is

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registered with the North Carolina Secretary of State. This Office has forwarded a copy of the complaint to Salem Media, and is awaiting its answer. This Office will make a full report to the Commission when it has received Salem Media's answer.

2. "Salem Pregnancy Clinic"

The complainant refers to an entity called "Salem Pregnancy Clinic". The North Carolina Secretary of State lists a corporation entitled "Salem Pregnancy Support, Inc." This Office sent a copy of the complaint to its registered agent. On May 7, 1986, this Office was contacted by William E. Wright, an attorney and the Chairman of the Board of Salem Pregnancy Support, Inc. See Attachment V. He requested an extension of time to respond to the complaint until May 23, 1986, because he had very recently assumed his position and become aware of the matter.

This Office granted an extension of time to respond to the complaint until May 23, 1986. This Office will make a full report to the Commission when it has received Salem Pregnancy Support's answer.

3. Neighbors for Epperson

The complaint alleges that Stuart W. Epperson and his campaign committee accepted prohibited corporate contributions. Epperson's campaign committee is registered with the Commission as "Neighbors for Epperson", and the treasurer is Stephen C. Mathis. This Office sent a copy of the complaint to this

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committee. On May 15, 1986, this Office was contacted by William Olson (an attorney) who stated that he would be representing the Committee. Counsel requested an extension of time to respond to the complaint until May 29, 1986. See Attachment VI.

This Office agreed that the due date for the Committee's response would be May 29, 1986. This Office will make a full report to the Commission when it has received the Committee's answer.

4. "Crafted With Pride"

The complaint refers to an entity called "Crafted With Pride". The North Carolina Secretary of State lists no such entity as a North Carolina corporation. This Office will report to the Commission when information is developed to determine the nature of "Crafted with Pride" and its participation in this matter.

Charles N. Steele
General Counsel

May 20, 1986
Date

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

Attachments

1. Letter to Complainant P. Lynn Ellis
2. Letter to Salem Media of North Carolina, Inc.
3. Letter to Salem Pregnancy Support, Inc.
4. Letter to Neighbors for Epperson
5. Letter from Salem Pregnancy Support, Inc.
6. Letter from counsel for Neighbors for Epperson

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 21, 1986

P. Lynn Ellis
1174 S. Hawthorne RD
Winston-Salem, N.C. 27103

Dear Ms. Ellis:

This letter will acknowledge receipt of a complaint filed by you which we received on April 18, 1986, which alleges possible violations of the Federal Election Campaign Act of 1971, as amended, (the "Act"), by the Neighbors for Epperson, et al. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to this office. We suggest that this information be sworn to in the same manner as your original complaint. For your information, we have attached a brief description of the Commission's procedures for handling complaints. We have numbered this matter under review MUR 2162. Please refer to this number in all future correspondence. If you have any questions, please contact Lorraine F. Ramos at (202) 376-3110.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure

87040524486



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Salem Media of North Carolina, Inc.
c/o House, Blanco and Osborn, PA
Registered Agents
P.O. Drawer 25008
Winston-Salem, N.C. 27114-25008

Re: MUR 2162

Gentlemen:

This letter is to notify you that the Federal Election Commission received a complaint which alleges that the WTOB Radio, which is owned by Salem Media of North Carolina, Inc., may have violated certain sections of the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2162. Please refer to this number in all future correspondence.

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

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

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

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-2-

If you have any questions, please contact Laurence Tobey, the attorney assigned to this matter, at (202) 376-8200. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures
Complaint
Procedures
Designation of Counsel

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T65ay



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 21, 1986

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Salem Pregnancy Support Clinic
Attn: C. Hunter Dockery, Registered Agent
3416 Healy Dr #205
Winston-Salem, NC 27103

Re: MUR 2162

Dear Mr. Dockery:

This letter is to notify you that the Federal Election Commission received a complaint which alleges that Salem Pregnancy Support Clinic may have violated certain sections of the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2162. Please refer to this number in all future correspondence.

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

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

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

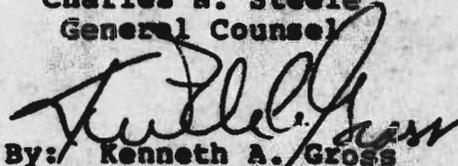
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-2-

If you have any questions, please contact Laurence Tobey, the attorney assigned to this matter at (202) 376-8200. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Charles N. Steele
General Counsel



By: Kenneth A. Gross
Associate General Counsel

Enclosures
Complaint
Procedures
Designation of Counsel

87040524490



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 21, 1986

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Neighbors for Epperson
Stephen C. Mathis, Treasurer
P.O. Box 5374
Winston-Salem, NC 27106

Re: MUR 2162

Dear Mr. Mathis:

This letter is to notify you that the Federal Election Commission received a complaint which alleges that Neighbors for Epperson and you, as treasurer, may have violated certain sections of the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2162. Please refer to this number in all future correspondence.

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

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

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

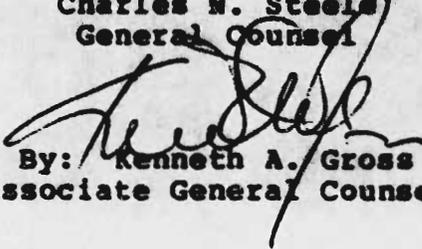
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If you have any questions, please contact Laurence Tobey, the attorney assigned to this matter at (202) 376-8288. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

Enclosures
Complaint
Procedures
Designation of Counsel

cc: Stuart Watson Epperson

87040524492

Wright

RECEIVED AT THE
GOA 445
36 MAY 9 48:

Law Offices
PETREE STOCKTON & ROBINSON
Formerly Petree, Stockton, Robinson, Vaughn, Glaze & Muready
and Farris, Mallard, Cummings & Boe, P.A.

May 7, 1986

Mr. Lawrence Tobey, Esquire
Federal Election Commission
Washington, D.C. 20463

Re: Salem Pregnancy Support, Inc.

Dear Mr. Tobey:

This letter is to confirm our telephone conversation of May 7, 1986 concerning your recent inquiry based on a complaint concerning Salem Pregnancy Support, Inc.

As I explained to you on the telephone, I became Chairman of the Board of this organization on May 5, 1986, and only learned of this matter very recently. I do, therefore, greatly appreciate your agreeing to set May 23, 1986, as the new due date for our response to your inquiry. We will make every effort to furnish you all of the information you need and I am confident that you will agree that there is no basis whatsoever for the allegations in the complaint.

Thank you for your cooperation in this matter. If there is anything I can do to help you, please contact me and I will do my best to meet your requests.

Sincerely yours,
Bill Wright
William E. Wright

WEW:rw

W. H. PETREE
R. M. STOCKTON, JR.
WALTER ROBINSON
R. C. VAUGHN, JR.
RICHARD E. GLAZE
JAMES W. MAREADY
JAMES ALBERT
JIMMY HUMPHREY
JAMES M. HUMPHRY, JR.
ROBERT E. BOE
D. S. FARRIS
WALTER M. LEARD
THOMAS E. CUMMINGS
ROBERT L. EDWARDS
C. PENN CRAWLER, JR.
JOHN M. HARRINGTON
GEORGE L. LITTLE, JR.
ANNIS H. KEENE, JR.
R. B. LANTIER, JR.
JOHN L. BARBER
MICHAEL BOE
FRANK MURPHY
ROBERT J. LANTIER
W. T. COMERTON, JR.
STOCKTON & STEELE
C. GRAY WILSON
JOHN E. MITCHELL
DAVID B. HAMPTON
JAMES M. ISEMAN, JR.
E. JOSEPH TRACY, JR.
DANIEL R. TAYLOR, JR.
ROBERT E. ESLECK
MORT D. GOLDSTEIN
ELIZABETH L. MOORE

MICHAEL ROBINSON
ROBERT E. PRICE, JR.
PENNYL PEARSON
WILLIAM POTT, JR.
LEON E. PORTER, JR.
JEFFREY C. HOWARD
BRUCE A. BUCKLEY
L. ELIZABETH HENRY
RICHARD I. KESHAN
RODRICK J. ENNS
MOLLY BARBER
J. NEIL ROBINSON
JANE C. JACKSON
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J. STEPHEN SHI
WILLIAM E. WRIGHT
KEVIN J. MILLER
EILEEN M. DERMOTT TAYLOR
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STEPHEN E. BYRD
STEVE M. PHARR
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R. RYND LUCKER
RICHARD E. GLAZE, JR.

Of Counsel
Robert G. Stockton
William A. Brackney

H. C. Hubson
(1896-1970)
David P. Underwood
(1941-1982)

87040524493

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WILLIAM P. HARPER, JR. (NC)

DANIEL F. HAYES (DC, NY)
PAUL E. ZAHN (PA, NY)
NANCY A. CHILES (SC)
ROBERT R. WARCHOLA, JR. (FL)

OF COUNSEL
GUY O. FARLEY, JR. (VA)

May 16, 1986

MAY 16 1986
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FAIRFAX, VIRGINIA 22030
(703) 948-2300
150 BROADWAY
NEW YORK, NEW YORK 10038
(212) 406-4948
SUITE 600
480 WALNUT STREET
PHILADELPHIA, PENNSYLVANIA 19102
(215) 546-4430
530 NORTH BLOUNT STREET
RALEIGH, NORTH CAROLINA 27604
(919) 834-8888
28 BROAD STREET
(P.O. BOX 67, ZIP 29401)
CHARLESTON, SOUTH CAROLINA 29401
(803) 783-2323

37040524494

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attention: Laurence Tobey, Esquire

Re: MUR 2162

Dear Mr. Tobey:

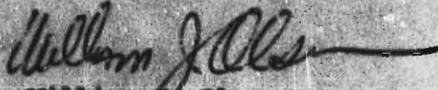
Enclosed is the executed Statement of Designation of Counsel by Stephen C. Mathis, Treasurer, Neighbors for Epperson, respondent in MUR 2162.

Confirming our telephone conversation of May 15, 1986. We represent Neighbors for Epperson. When we spoke, we requested an extension of time in which to file its response in Matter Under Review 2162 from Friday, May 16, 1986 to Thursday, May 29, 1986. We confirm that you granted this extension.

The request for an extension of time was based on the North Carolina primary election being held on Tuesday, May 6, 1986; the difficulty of completing our response long-distance; and the unanticipated somewhat early birth of our daughter.

Thank you for your assistance.

Sincerely yours,


William G. Olson

Enclosure

cc: Neighbors for Epperson
Stephen C. Mathis, Treasurer

87040524495

STATEMENT OF DESIGNATION OF COUNSEL

NUR 2162

NAME OF COUNSEL: William Olson

ADDRESS: Smiley, Olson, Gilman and Pangia

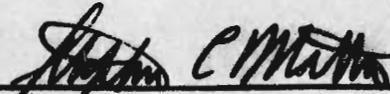
1815 H Street, NW

Washington, D.C. 20006

TELEPHONE: (202) 466-5100

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

5/1/86
Date


Signature

RESPONDENT'S NAME: Stephen C. Mathis

ADDRESS: P.O. Box 5374

Winston-Salem, N.C. 27103

HOME PHONE: 919-765-1233

BUSINESS PHONE: 919-768-3290

87040524496

6 MAY 16 7:45 AM
CLERK

GC# 505

36 MAY 16 P

RECEIVED
Office of the
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OF COUNSEL
GUY O. FARLEY, JR. (VA)

May 16, 1986

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87040624497

Kenneth A. Gross, Esquire
Associate General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

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William J. Olson

Enclosure

cc: Neighbors for Epperson
Stephen C. Mathis, Treasurer

87040524498

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MUR 2162

NAME OF COUNSEL: William Olson

ADDRESS: Smiley, Olson, Gilman and Panga
1815 H Street, NW
Washington, D.C. 20006
(202) 466-5100

TELEPHONE:

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
96 MAY 16 P 4: 50

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

5/1/86
Date

Stephen C. Mathis
Signature

RESPONDENT'S NAME: Stephen C. Mathis

ADDRESS: P.O. Box 5374
Winston-Salem, N.C. 27103

HOME PHONE: 919-765-1233

BUSINESS PHONE: 919-768-3290

87040524499

Law Offices
PETREE STOCKTON & ROBINSON
Formerly Petree, Stockton, Robinson, Vaughn, Glaze & Maready
and Farris, Mallard, Cummings & Booe, P.A.

RECEIVED AT THE F
GCA 445
86 MAY 9 8:5

May 7, 1986

Mr. Lawrence Tobey, Esquire
Federal Election Commission
Washington, D.C. 20463

Re: Salem Pregnancy Support, Inc.

Dear Mr. Tobey:

This letter is to confirm our telephone conversation of May 7, 1986 concerning your recent inquiry based on a complaint concerning Salem Pregnancy Support, Inc.

As I explained to you on the telephone, I became Chairman of the Board of this organization on May 5, 1986, and only learned of this matter very recently. I do, therefore, greatly appreciate your agreeing to set May 23, 1986, as the new due date for our response to your inquiry. We will make every effort to furnish you all of the information you need and I am confident that you will agree that there is no basis whatsoever for the allegations in the complaint.

Thank you for your cooperation in this matter. If there is anything I can do to help you, please contact me and I will do my best to meet your requests.

Sincerely yours,

Bill Wright

William E. Wright

WEW:rw

W. H. PETREE
R. M. STOCKTON, JR.
NORWOOD ROBINSON
R. C. VAUGHN, JR.
RICHARD E. GLAZE
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I. ELIZABETH HENRY
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RICHARD E. GLAZE, JR.

Of Counsel
Robert C. Stockton
William A. Bruckstein

R. C. Hudson
(1896-1970)
David P. Underwood
(1911-1982)

37040624500

RECEIVED AT THE FED
OCC#159
86 APR 7 09:31
M 2162

1174 S. Hawthorne Road
Winston-Salem, N.C. 27103
(919) 723-3381
March 31, 1986

86 APR 7 AID: 52

GENERAL COUNSEL

Mr. Kenneth A. Gross
Associate General Counsel
Federal Election Commission
Washington, D. C. 20463

Re: Letter dated March 17, 1986 filed with the Federal Election Commission concerning alleged campaign violations of Stuart Epperson in the Fifth District of North Carolina.

This is to affirm that the letter cited above was written by me, signed by me, and, to the best of my knowledge, is true.

The allegations against Mr. Epperson are based on the attached newspaper article from the Winston-Salem Journal dated Feb. 21, 1986.

P. Lynn Ellis
P. Lynn Ellis

Nancy M. Newton
Notary Public

My Commission expires November 2, 1987

87040524501



SPORTS

MARYLAND BEATS CAROLINA 77-72

OVERTIME UPSET — PAGE 31



STATE/LOCAL

WF STUDENTS PETITION, RALLY OVER PLAN TO RAISE TUITION

TRUSTEES TO DECIDE TODAY — PAGE 14



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CLOUDY: A 40 percent chance of rain. High, 60; low, 40s. Details, Page 2.

WINSTON-SALEM JOURNAL

FRIDAY, FEBRUARY 21, 1986

89TH YEAR No. 328

WINSTON-SALEM, N.C.

★ 52 PAGES

PRICE: 25 CENTS

WTOB Employees Say Epperson Used Them to Track Neal

By Betsi S. Robinson
JOURNAL REPORTER

Employees of radio station WTOB were asked by station owner Stuart W. Epperson and others to pose as WTOB news reporters to get information for Epperson's congressional campaign, four current or former employees told the Journal.

The employees said that the tapes they were asked to make of telephone conversations and news conferences they attended were never broadcast over WTOB news, but instead were turned over to Epperson's campaign.

Epperson and his campaign workers deny the allegations, saying that everything they've done is legal and that they have gone out of their way to be fair to other candidates in the 5th District congressional race.

Federal elections laws say that an employee of a corporation cannot work for a campaign unless the work is volunteered or the corporation is reimbursed by the candidate for the employee's work, according to Karen Finucan, a public affairs specialist with the Federal Election Commission.

Part of a speech by Rep. Stephen L. Neal that was taped by a WTOB employee is being used in an

Epperson advertisement that has aired this week on local radio stations.

The 30-second ad attacks Neal's stand on taxes and uses a comment he made last August in a speech to a Lion's Club here.

"That tape came from a speech that was taped by someone at WTOB," said Scott Gregory, Epperson's campaign manager. "I don't know who taped it. Yes, it was retrieved from WTOB, but I don't see anything wrong with that. I don't know that there is any law against that."

Henry Heidtmann, an advertising salesman who left WTOB in January, said that in November he

was asked to tape a speech that Rep. Stephen L. Neal was giving at the Ramada Inn in Clemmons.

Epperson will face Neal, the incumbent Democrat, if he beats fellow Republican Lyons Gray in the May primary.

Heidtmann said that Gregory asked him to tape the speech. At the time Gregory was public affairs director at WTOB.

"I was given \$25 to go out and tape Steve Neal's address saying I was part of the press of WTOB. I was supposed to give that tape to Scott so he could transcribe it and use it. . . . It never went on the

See Epperson, Page 4



STUART W. EPPERSON

RJR Wants To Become RJR Nabisco

Name Change Will Take



Marcos' Support Crumbled

Epperson

Continued From Page 1

air," Heidtmann said in a telephone interview Wednesday night from Atlanta, where he now lives.

"I went out and did it and gave the tape back to Scott, and he kept it on file. Why was I going out there? Because I was told that they wanted to have some things that they could bring up when it came time for the campaign," he said. "I wasn't a reporter. I was a salesman."

Morley Trust, a former WTOB employee who left the station last August, confirmed what Heidtmann said.

"What he is saying is true. They did the same things while I was there. He (Gregory) asked (another employee) to do the same thing, and I know he did the same things. ... It was in the guise of reporting," said Trust, who now works as a marketing consultant.

"The results of that press conference were never broadcast over that station," Trust said. "Stu Epperson took it."

Both Heidtmann and Trust said that they left WTOB because of disputes over pay.

Two other WTOB employees, one current and one former, spoke to the Journal on the condition that they not be identified. They said that they, too, were asked to do similar tasks since last fall while working on WTOB time.

"On a couple of occasions he (Gregory) wrote out questions that he wanted me to ask Congressman Neal," one current employee said. "I called him (Neal) up on the phone. ... I would actually tape the conversations and return the tapes to Scott Gregory."

The employee, who said that Epperson also had asked him to cover a Neal news conference, said that none of the taped interviews with Neal were broadcast over WTOB news.

Another former WTOB employee said that he was asked to staff envelopes for Epperson fund-

raisers while at work. "Yes, yes, yes, it's true," he said. "By no means was it in line with the job I was supposed to do."

The employee also said that he felt pressured by Epperson campaign people to volunteer his time at nights to do campaign work and attend functions.

"Even though I was getting paid by WTOB, they expected me as an employee to be there," he said. "I was hired to work for WTOB solely, and being expected to be involved in politics was not anticipated when I was hired, or I wouldn't have taken the job."

Miss Finucan said that the activities described by the WTOB employees are legally questionable.

"If they were doing this on their own time, that is OK," she said. "If they were doing it on company time, and the company was paying for that, it would be questionable. I can't say that it is absolutely wrong ... but I can say it would raise a question."

A candidate can contract with an employee of a corporation for work, if he discloses it on his financial reports. And a candidate can also make incidental use of certain facilities of the corporation, such as telephones, if he reimburses the corporation.

Epperson's financial reports show no payments to WTOB for use of its employees for any campaign work.

Miss Finucan said that a person is considered a candidate by law if he shows an intent to run for office or raises or spends \$5,000 on behalf of his candidacy.

It is unclear exactly when Epperson organized his campaign group, called Neighbors For Epperson, but at least one campaign worker began work last November.

No complaints have been lodged with the FEC against Epperson's campaign, Miss Finucan said. Investigations are conducted only if a complaint is filed by an individual or by a member of the commission, or if misinformation is found on a financial report.

In response to the allegations, Epperson said

yesterday: "We never have used this radio station for a political campaign. I understand there is a thin line there, but we are going to maintain that posture."

Epperson said that WTOB employees were sent to cover news conferences because "we have an obligation to cover newsworthy events and to record them."

He said that people with no reporting experience were sent to cover the events because WTOB has a small staff and his employees are expected to do many jobs.

"And I suppose there is nothing wrong with telling them what questions to ask if they are in the public interest. The lack of experience on someone's part as a reporter is a very good reason to give them questions to ask," he said.

When asked why the tapes were not used on the air, Epperson said: "If they were not on the air, then I would just have to assume that it was not newsworthy or just not recorded properly. Believe me ... there is nothing hidden in this thing."

Epperson said that the meetings in question were public and that if he wanted to get information for his campaign he could have sent a campaign worker.

He said that if WTOB employees were asked to do campaign work on company time then WTOB was reimbursed for their work. "If we did not reimburse, then it was done on a volunteer basis."

He said that the employees misunderstood what they were being asked to do.

"I think perhaps the root is that they are misinterpreting our efforts to cover fully all the candidates and to show a total impartiality toward candidates. They are looking at that as some sort of political ploy," he said.

Gregory also denied the allegations that he asked WTOB employees to tape news events for Epperson's campaign. Gregory said that he asked Heidtmann to cover only one of Neal's speeches at the request of David Plyler, the station's general manager.

Gregory also said that Heidtmann asked him

for help with questions to ask Neal at that speech. "The only reason I ever suggested things to people about questions to ask were times when they asked me to suggest questions," he said.

Gregory did say that he accepted tapes of interviews and news conferences from the employees.

"Some people left the tapes with me. I don't know why they left the tapes with me. Maybe they had it in their minds that these were being done because Stu wanted it done. I don't know where the tapes came from," he said.

Gregory said that if anyone asked WTOB employees to cover news conferences it was Plyler.

But Plyler said yesterday that only twice did he ask a WTOB employee to cover news conferences. He said that he never saw any tapes from the news conferences that the other employees say that they were asked to cover.

"They haven't been asked by me. If it's been done, it's been done without my knowledge," he said.

"Prior to Stuart's announcement as a bona fide candidate for political office, I did give Scott Gregory the latitude to do things like that," Plyler said, referring generally to assigning employees to tape interviews and news conferences. But, Plyler said, if the tapes were used for campaign purposes, "it was incorrect and should not have been done."

Local reporters have also raised questions about the role of another WTOB employee, Kahlida Lovell, who covered a Neal news conference in January.

The reporters say that Ms. Lovell identified herself at the news conference as being with WTOB, but later she, Gregory or Epperson tried to get copies of their tapes of Neal's comments for use in the Epperson campaign.

The reporters include Paul Brown, news director of WPAQ in Mount Airy, which is owned by Epperson's brother, Ralph. "It seemed the height of impropriety to call me with that kind of request," Brown said.

Reynolds

Continued From Page 1

yesterday that the move is a planned strategy to put more emphasis on Nabisco and less on R.J. as a tobacco company.

"Corporations change their names primarily for one reason — beyond a perception of the public," said. "You lose a bit of identity, that's just the idea. The company bought a very large parking lot — concern — one that should be R.J. Reynolds' future outside of R.J. As an astute businessman, R.J. Reynolds, you would have nearsighted to think that they were going to continue to be what they ways been."

"I like the fact that they're dropping R.J.R.," said. "They're melding it with Nabisco is a very good name."

Wilson said that the subsidiaries of R.J.R. will continue to operate under their current names and that domestic and international companies will keep the full name of R.J. Reynolds. Nabisco will continue to be the name of the food and beverage company operating companies Heubach Kentucky Fried Chicken will keep their names.

The shareholders will be asked to approve the new name at the company's annual meeting April 23 in Wilmington, Del. Proxy materials will be mailed to R.J.R. shareholders in early March, will discuss the proposal to change the name.

In addition to the name change, shareholders will be asked to approve an increase in the number of authorized shares of R.J.R.'s common stock from 200 million to 600 million and an increase of preferred stock from 20 million to 25 million shares.

8794052403

Shuttle

Continued From Page 1

the senior vice president in charge of the Morton Thiokol division that makes the rocket boosters.

Morton Thiokol's launch approval, headed by Thiokol's chief engineer,

Challenger's O rings will be 20 degrees colder than those of the Discovery flight and they would not be as resilient, but that temperature data were not conclusive that the rings

after he was indicted in an unrelated matter involving his time as an executive at General Dynamics. Hollings asked Graham sharp questions earlier in the week when the nation's

subcommittee had hoped to hold a private meeting with McDonald, the engineer who argued against the launch, but when the booster maker's

Rec. 3-21-86
Aikens

1174 S. Hawthorne Road
Winston-Salem, N.C. 27103
(919) 723-3381
March 17, 1986

Commissioner
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

26 MAR 21 1986 P12:51

OFFICE OF THE REC
COMMISSION SECRETARY

Dear Commissioner:

A February, 1986 television report aired on Channel 8 in High Point, N.C. and subsequent stories in the Winston-Salem Journal and on Channel 8 raise some very important questions for the voters in the Fifth Congressional District.

At question is whether Republican candidate Stuart W. Epperson violated Federal Election Commission laws by using his employees at WTOB Radio for political purposes to either contribute to or fund his campaign for Congress. In addition, these stories also suggest that Mr. Epperson used his connections with "Crafted with Pride" and the Salem Pregnancy Clinic to do the same.

It is my understanding that Federal elections laws say that an employee of a corporation cannot work for a campaign unless the work is volunteered or the corporation is reimbursed by the candidate for the employee's work. Therefore, I would like to file this official complaint as a citizen of the Fifth Congressional District of North Carolina and call for an investigation of Mr. Epperson's campaign. If Mr. Epperson is guilty of violating our election laws, his activity undermines our democratic system.

Four current or former employees of WTOB, a radio station owned by Mr. Epperson, said that they were asked to cover news conferences for the campaign while on company time. The tapes of these news conferences were never aired on WTOB, but they were turned over to the Epperson campaign. One employee stated that he felt pressured by the campaign to volunteer his time to work for the campaign. In addition, stories aired on Channel 8 suggest that Mr. Epperson also used people on his payroll at "Crafted with Pride" to do campaign work.

87040624504

Federal Election Commission
Page 2

If these questions turn out to be violations of the law, the people in the Fifth District must decide if Mr. Epperson is fit to serve in Congress. If these allegations are not true, Mr. Epperson deserves to have his name cleared. But the facts should be made known. That is why an immediate FEC investigation is needed.

Your prompt response is appreciated.

Sincerely,

P. Lynn Ellis

P. Lynn Ellis

Enclosure

cc: Ms. Karen Finucan
Federal Election Commission

Nancy M. Newton
Notary Public

My commission expires 11-2-87

87040624505



SPORTS
MARYLAND BEATS
CAROLINA 7-72
 CONTAINS UPSET — PAGE 11



STATE/LOCAL
WF STUDENTS PETITION, RALLY
OVER PLAN TO RAISE TUITION
 TRUSTEES TO DECIDE TODAY — PAGE 14



INSIDE TODAY

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Business	17-19	Entertainment	
Calendar	32	Obituary	
Classified	20-22	Special	
Comics	25, 26		

CLOUDY, A 19 percent chance of rain.
 High, 60s; low, 40s.

WINSTON-SALEM JOURNAL

FRIDAY, FEBRUARY 21, 1986

89TH YEAR NO. 328

WINSTON-SALEM, N.C.

★ 52 PAGES

PRICE: 25 CENTS

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See Epperson, Page 4



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 RJR Nabisco

Name Change Will Take



Marcos'
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Epperson

Continued From Page 1

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Morley Trust, a former WTOB talk show host who left the station last August, confirmed what Heidtmann said.

"What he is saying is true. They did the same things while I was there. He (Gregory) asked (another employee) to do the same thing, and I know he did the same things. ... It was in the guise of reporting," said Trust, who now works as a marketing consultant.

"The results of that press conference were never broadcast over that station," Trust said. "Stu Epperson took it."

Both Heidtmann and Trust said that they left WTOB because of disputes over pay.

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"Even though I was getting paid by WTOB, they expected me as an employee to be there," he said. "I was hired to work for WTOB solely, and being expected to be involved in politics was not anticipated when I was hired, or I wouldn't have taken the job."

Miss Finucan said that the activities described by the WTOB employees are legally questionable.

"If they were doing this on their own time, that is OK," she said. "If they were doing it on company time, and the company was paying for that, it would be questionable. I can't say that it is absolutely wrong ... but I can say it would raise a question."

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Reynolds

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Shuttle

Continued From Page 1

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Im Complaint

March 12, 1986

Ms. P. Lynn Ellis
1174 S. Hawthorne Road
Winston-Salem, N.C. 27103

Dear Ms. Ellis:

This will acknowledge receipt of your letter which we received on March 7, 1986, inquiring about a possible violation of the Federal Election Campaign Act of 1971, as amended ("the Act").

The 1976 amendments to the Act and Commission regulations require that a complaint meet certain specific requirements. Since your letter does not meet these requirements, the commission can take no action at this time to investigate this matter.

However, if you desire the Commission to look into the matter discussed in your letter, to determine if the FECA has been violated, a formal complaint as described in 2 U.S.C. 437g(a) (1) must be filed. Requirements of this section of the law and Commission regulations at 11 C.F.R. §111.4 which are a prerequisite to Commission action are detailed below:

- (1) A complaint must be in writing. (2 U.S.C. § 437g(a) (1)).
- (2) Its contents must be sworn to and signed in the presence of a notary public and shall be notarized. (2 U.S.C. §437g(a) (1)).
- (3) A formal complaint must contain the full name and address of the person making the complaint. This information will be made known to any and all respondents upon the notification of the complaint.
- (4) A formal complaint should clearly identify as a respondent each person or entity who is alleged to have committed a violation. (11 C.F.R. §111.4).

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- (5) A formal complaint should identify the source of information upon which the complaint is based. (11 C.F.R. §111.4).
 - (6) A formal complaint should contain a clear and concise recitation of the facts describing the violation of a statute or law over which the Commission has jurisdiction. (11 C.F.R. §111.4).
 - (7) A formal complaint should be accompanied by supporting documentation if known and available to the person making the complaint. (11 C.F.R. §111.4).

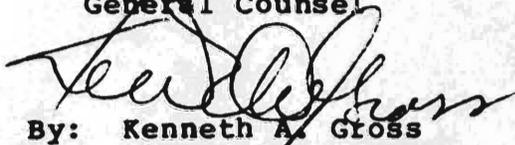
Finally, please include your phone number, as well as the full names and addresses of all respondents.

Enclosed are excerpts of the Commission regulations, and your attention is directed to 11 C.F.R. §111.4 through 111.10 that deal with preliminary enforcement procedures. I trust these materials will be helpful to you should you wish to file a legally sufficient complaint with the Commission. The file regarding this correspondence will remain confidential for a fifteen day time period during which you may file an amended complaint as specified above. Please forward to us any additional information or correspondence that you may have regarding this matter.

If we can be of any further assistance, please do not hesitate to call me at (202) 376-8200.

Sincerely,

Charles N. Steele
General Counsel


By: Kenneth A. Gross
Associate General Counsel

Enclosures
Excerpts
Procedures

cc: Respondents

GCC#9921

3-7-86

1174 S. Hawthorne Road
Winston-Salem, N.C. 27103
March 3, 1986

86 MAR 7 P 3:

86 MAR 7 P 4: 36

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

Commissioner
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

Dear Commissioner:

A February 20 television report aired on Channel 8 in High Point, N.C. and subsequent stories in the Winston-Salem Journal and on Channel 8 raise some very important questions to the voters in the Fifth Congressional District.

At question is whether Republican candidate Stuart W. Epperson violated Federal Election Commission laws by using his employees at WTOB Radio for political purposes to either contribute to or fund his campaign for Congress. In addition, these stories also suggest that Mr. Epperson used his connections with "Crafted with Pride" and the Salem Pregnancy Clinic to do the same.

It is my understanding that corporate contributions and/or funding to a political campaign are against the law. Therefore, I would like to file this official complaint as a citizen of the Fifth Congressional District of North Carolina and call for an investigation of Mr. Epperson and his campaign. If Mr. Epperson is guilty of violating our election laws, his activity undermines our democratic system.

Two current employees and two former employees of WTOB, a radio station owned by Mr. Epperson, said that they were asked to cover news conferences for the campaign while on company time. The tapes of these news conferences were never aired on WTOB, but they were turned over to the Epperson campaign.

The story says that WTOB was not reimbursed for the services of its employees by the Epperson campaign. In addition, the television stories suggest that Mr. Epperson also used his chairmanship of "Crafted with Pride" to further his campaign. This, too, would appear to be a corporate contribution to the Epperson campaign, indicating that Mr. Epperson has illegally used a network of profit and non-profit corporations to contribute to his campaign.

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RECEIVED
OFFICE OF THE
GENERAL COUNSEL

86 MAR 7

Federal Election Commission
Page 2

If these questions turn out to be actual violations of the law, the people in the Fifth District must decide if Mr. Epperson is fit to serve in Congress. But they should have all the facts first. That is why an immediate FEC investigation is needed.

Your prompt response is appreciated.

Sincerely,

P. Lynn Ellis

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Enclosure

cc: Ms. Karen Pinucan
Federal Elections Commission

87040524511

SPORTS

MARYLAND BEATS CAROLINA 77-72

OVERTIME UPSET — PAGE 31



STATE/LOCAL

WF STUDENTS PETITION, RALLY OVER PLAN TO RAISE TUITION

TRUSTEES TO DECIDE TODAY — PAGE 14



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WINSTON-SALEM JOURNAL

FRIDAY, FEBRUARY 21, 1986

89TH YEAR No. 328

WINSTON-SALEM, N.C.

★ 52 PAGES

PRICE: 25 CENTS

WTOB Employees Say Epperson Used Them to Track Neal

By Betsi S. Robinson
JOURNAL REPORTER

Employees of radio station WTOB were asked by station owner Stuart W. Epperson and others to pose as WTOB news reporters to get information for Epperson's congressional campaign, four current or former employees told the Journal.

The employees said that the tapes they were asked to make of telephone conversations and news conferences they attended were never broadcast over WTOB news, but instead were turned over to Epperson's campaign.

Epperson and his campaign workers deny the allegations, saying that everything they've done is legal and that they have gone out of their way to be fair to other candidates in the 5th District congressional race.

Federal elections laws say that an employee of a corporation cannot work for a campaign unless the work is volunteered or the corporation is reimbursed by the candidate for the employee's work, according to Karen Finucan, a public affairs specialist with the Federal Election Commission.

Part of a speech by Rep. Stephen L. Neal that was taped by a WTOB employee is being used in an

Epperson advertisement that has aired this week on local radio stations.

The 30-second ad attacks Neal's stand on taxes and uses a comment he made last August in a speech to a Lion's Club here.

"That tape came from a speech that was taped by someone at WTOB," said Scott Gregory, Epperson's campaign manager. "I don't know who taped it. Yes, it was retrieved from WTOB, but I don't see anything wrong with that. I don't know that there is any law against that."

Henry Heidtmann, an advertising salesman who left WTOB in January, said that in November he

was asked to tape a speech that Rep. Stephen L. Neal was giving at the Ramada Inn in Clemmons.

Epperson will face Neal, the incumbent Democrat, if he beats fellow Republican Lyons Gray in the May primary.

Heidtmann said that Gregory asked him to tape the speech. At the time Gregory was public affairs director at WTOB.

"I was given \$25 to go out and tape Steve Neal's address saying I was part of the press of WTOB. I was supposed to give that tape to Scott so he could transcribe it and use it.... It never went on the

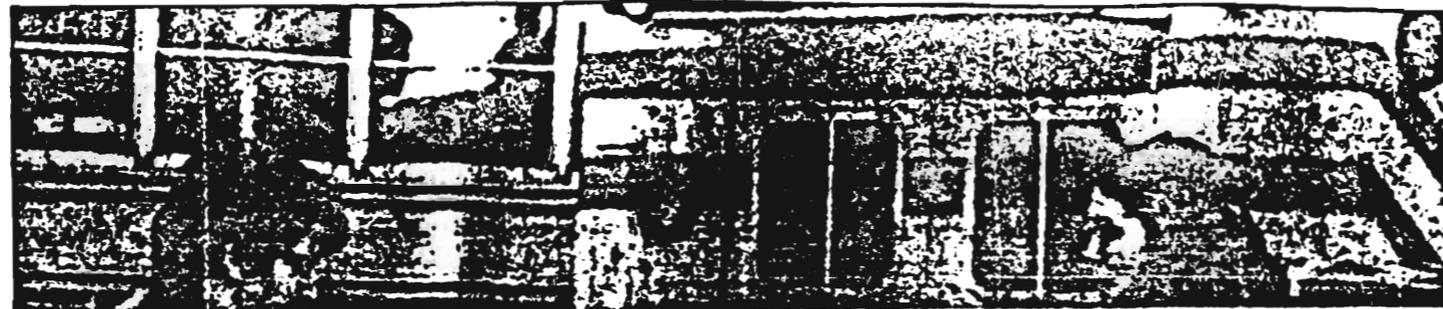
See Epperson, Page 4



STUART W. EPPERSON

RJR Wants To Become RJR Nabisco

Name Change Will Take



Marcos' Support Crumbles

Reynolds

Continued From Page 1

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Epperson

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"I went out and did it and gave the tape back to Scott, and he kept it on file. Why was I going out there? Because I was told that they wanted to have some things that they could bring up when it came time for the campaign," he said. "I wasn't a reporter. I was a salesman."

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FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

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Date Filmed 1/29/87 Camera No. --- 2

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WASHINGTON, D.C. 20463

2/13/87

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Washington, DC 20036

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PS Form 381, Oct 1980

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(The restricted delivery fee is charged in addition to the return receipt fee.)
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Sales Program Support, Inc.
1001 W. 4TH ST
WINSTON-SALEM, NC 27101

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CERTIFIED COD

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12/12/80

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7. UNABLE TO DELIVER BECAUSE:

7a. EMPLOYEE'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Mon 2:02 - 6ET

1 2 3 4 5 6 7 8 9 0

PS Form 3811, Dec. 1980
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● **SENDER:** Complete items 1, 2, 3, and 4.
Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
 Show to whom and date delivered
 Show to whom, date, and address of delivery

2. **RESTRICTED DELIVERY**
(The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$

3. **ARTICLE ADDRESSED TO:**
 P. Lynn Ellis
 1174 S. Huntington
 Wichita, Kansas 67202

4. **TYPE OF SERVICE:** **ARTICLE NUMBER**
 REGISTERED INSURED
 CERTIFIED COD
 EXPRESS MAIL
 743843

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE Addressee Authorized agent
 P. Lynn Ellis

5. **DATE OF DELIVERY** **POSTMARK**
 12 29 86

6. **ADDRESSEE'S ADDRESS (Only if required)**

7. **UNABLE TO DELIVER BECAUSE:** 7b. **EMPLOYEE'S INITIALS**

2700150400

SENDER: Complete items 1, 2, 3, and 4.
 Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).

Show to whom and date delivered 6
 Show to whom, date, and address of delivery... 6
 RESTRICTED DELIVERY 6
(The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$ _____

3. **ARTICLE ADDRESSED TO:**
 Smully, Oliver Gilman F Pangin
 1815 H St, N.W.
 Washington, DC 20002 3604

4. **TYPE OF SERVICE:** **ARTICLE NUMBER**
 REGISTERED INSURED
 CERTIFIED COD
 EXPRESS MAIL
 903541

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

SIGNATURE Addressee Authorized agent
 Ms. Patchiff

5. **DATE OF DELIVERY** **POSTMARK**
 7/24/86

6. **ADDRESSEE'S ADDRESS (City if required)**

7. **UNABLE TO DELIVER BECAUSE:** **7a. EMPLOYEE'S INITIALS**

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

MUR 2162-LET

~~Liddy # 5688~~
~~March 24 3020~~ *NO LW*

3 7 1 1 0 4 1 0 0 2 5

5 Form 381, Dec. 1960

● SENDER: Complete items 1, 2, 3, and 4.
 Add your address in the "RETURN TO" space on reverse.

(CONSULT POSTMASTER FOR FEES)

1. The following service is requested (check one).
 Show to whom and date delivered —c
 Show to whom, date, and address of delivery.. —c

2. **RESTRICTED DELIVERY** —c
(The restricted delivery fee is charged in addition to the return receipt fee.)

TOTAL \$ _____

3. ARTICLE ADDRESSED TO:
*Wanda Thelen Forgiato
 4741 S. Hillman
 1615 L St. NW
 Washington DC 20036*

4. TYPE OF SERVICE: ARTICLE NUMBER
 REGISTERED INSURED
 CERTIFIED COD
 EXPRESS MAIL
743840

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE Addressee Authorized agent
[Signature]

5. DATE OF DELIVERY POSTMARK
12/29/86

6. ADDRESSEE'S ADDRESS (Only if requested)

7. UNABLE TO DELIVER BECAUSE: 7a. EMPLOYEE'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

MAR 21 62 L.T.