

BEFORE THE FEDERAL ELECTION COMMISSION

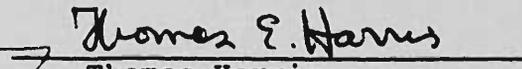
In the matter of )  
 ) MUR 028 (75)  
Southern Bell Telephone )  
and Telegraph Co. )

COMMISSION ACTION

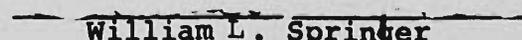
The Federal Election Commission has reviewed this matter and has concluded on the basis of the evidence alluded to in the accompanying staff report that there is no basis for further action under the Federal Election Campaign Act of 1971, as amended, because the allegedly illegal contributions made by Southern Bell are protected by the three year statute of limitations in 2 U.S.C. §455. Accordingly, the Commission has voted, 5 - 1, to close the file in this matter.

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Vernon Thomson  
Chairman

  
Thomas Harris  
Vice Chairman

  
Neil Staebler  
Commissioner

  
William L. Springer  
Commissioner

  
Joan D. Aikens  
Commissioner

  
Robert O. Tiernan  
Commissioner

DATE: JUN 03 1976

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BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of )  
Southern Bell Telephone ) MUR 028 (75)  
and Telegraph Co. )

GENERAL COUNSEL'S REPORT

I. Allegation

This matter was opened internally in August 1975. It involved an allegation that Southern Bell maintained a political fund to make contributions to local, State and Federal candidates in violation of 18 U.S.C. §610.

II. Evidence

The SEC Regional Office in Atlanta took the sworn depositions of approximately 48 top officials, past and present, of Southern Bell over a period of about 5 months in 1975. These depositions were all reviewed by the Office of General Counsel. In addition, this office consulted with attorneys of both the SEC and the Department of Justice.

The SEC depositions revealed that officers and department head level employees had participated in a plan which involved cash amounts of \$25 - \$100 per month. Some of the participating employees testified that they were told by their superiors that their salaries were adjusted to provide

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after tax funds with which they could contribute. These collections span a period going back as far as 1954 and continuing through September 1973. The cash was collected in the states (originally 9 but later Southern Bell was split and retained only 4 states, North Carolina, South Carolina, Georgia and Florida) and in the headquarters of the company in Atlanta by a vice president.

No records are available from the contributors, the collectors, or the distributors of these funds, and any records maintained were destroyed. There is evidence that the vice president of North Carolina initiated a collection system of his own from employees below the department head level and that these employees were told to reimburse themselves through falsified vouchers. The revelation of this latter collection system triggered, at least in part, the dismissal of the North Carolina vice president. The SEC Regional Office recommended no enforcement action.

The SEC investigation does not reveal to whom the monies were given, but does substantiate that some of it was given to Federal candidates. The United States Attorney in North Carolina presented evidence to a grand jury in connection with the activities in North Carolina but no indictments were returned. He was unable to establish that Federal candidates received any of these funds after 1972.

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In January 1975, the company initiated a payroll deduction plan for the department head level and above employees to facilitate political contributions. This plan is very similar to SUN-EPA.

### III. Analysis and Recommendations

While the evidence amassed certainly produces a question of fact as to whether the corporation contributed indirectly to Federal candidates, no evidence of illegal contributions to Federal candidates after 1972 exists. Since the statute of limitations is 3 years [2 U.S.C. §455], there is no basis for a §610 action. Significantly, the Department of Justice has reviewed the matter in connection with North Carolina investigation and has decided not to issue indictments.

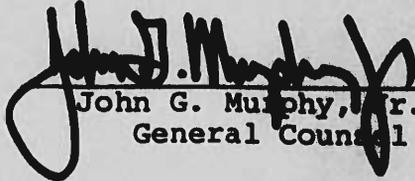
### IV. Conclusion

In light of the extensive investigations which have already been completed by the SEC and the United States Attorney in North Carolina and after reviewing the SEC depositions and speaking with officials of both offices above, we feel the file should be closed. It is unlikely that further investigation will reveal contributions to Federal candidates within the period of limitations.

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The new plan instituted in 1975 appears to be very similar to SUN-EPA and no investigation of it is warranted based on available information.

  
John G. Murphy, Jr.  
General Counsel

DATE: June 3, 1976

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January 29, 1976

MEMORANDUM TO: Stephen Schachman

FROM: Gloria Sulton *G.S.*

SUBJECT: CA 028-75 (Southern Bell)

77040011254  
I spoke to Jim Long of SEC Regional Office in Atlanta. After reviewing the transcripts of testimony of executives of Southern Bell, he has decided to send all transcripts for our review. These should be arriving in a few days.

Our biggest problem will likely be the statute of limitations as the corporate plan was revised in Jan. 1974 and possible violations of 610 probably occurred prior to October 1973.

cc: Dave Spiegel  
Mike Hershman

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December 30, 1975

Joseph L. Grant, Esquire  
Assistant Regional Administrator  
U. S. Securities and Exchange Commission  
1371 Peachtree Street, N.E.  
Atlanta, Georgia 30309

Re: CA-028-75

Dear Mr. Grant:

I am in receipt of the information you forwarded under cover letter dated December 23, 1975. I can assure you that this information shall be kept confidential.

Thank you for your cooperation. I shall await receipt of the additional material.

Sincerely,

Gloria R. Sulton  
Staff Attorney

GSulton:jl:12/30/75

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FEDERAL ELECTION COMMISSION

FEE MEMORANDUM DATED 12/1/75

RE: MOR 028

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 type="checkbox"/>            | (2) Internal rules and practices                          | <input checked="" type="checkbox"/> | (7) Investigatory files                          |
| <input 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

Bill Youell

date

9/28/77

FEDERAL ELECTION COMMISSION

SECURITIES AND EXCHANGE COMMISSION LETTER

TO GLORIA SUTON, ATTORNEY, FEC,

RE: MUROZB (75)

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 type="checkbox"/>            | (2) Internal rules and practices                          | <input checked="" type="checkbox"/> | (7) Investigatory files                          |
| <input 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

Bill Howell

date

9/28/77

FEC 9-21-77

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