



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4062

DATE FILMED 3/26/96 CAMERA NO. 3

CAMERAMAN E.S.

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North Carolina Democratic Party

PO Box 12196 Raleigh, NC 27605 220 Hillsborough St. Raleigh, NC 27603 (919) 821-2777 Fax: (919) 821-2141
September 22, 1994

Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

MUR 4062

SEP 23 2 51 PM '94

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Dear Commissioners:

Tom Hendrickson, on behalf of the Democratic Party of North Carolina, files this complaint under 2 U.S.C. Section 437G(a)(1) charging violations of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. Sections 431 et seq., and related regulations of the Federal Election Commission ("FEC") or "the Commission"), 11 C.F.R. Sections 100.1 et seq., by David Funderburk and the Funderburk for Senate Committee ("the Committee")(referred to collectively hereafter as "Respondents").

Respondents have violated the law by failing to accurately and continuously report debts of the Committee, failing to properly identify and report "disputed" debts, and failing to comply with the FEC's debt settlement requirements. The facts described below may also raise the issue of whether the debts in question resulted from an illegal extension of credit by corporate entities.

The Facts

David Funderburk was a candidate for the Republican party nomination for the United States Senate in 1986. He lost in the primary election. At the end of the primary campaign, the Committee was heavily in debt. Over the years, the debt was not retired. On the Committee's 1993 Mid-Year Report covering the period through June 30, 1993, the debt reported totaled over \$586,000. There had been no change in the amount of the debt from the Mid-Year Report filed a year earlier, covering the period through June 30, 1992.

The debt was owed to only a few vendors, but in large amounts:

Computer Operations and Mail Professionals	\$145,744.93
Arthur Finklestein & Associates	\$ 52,250.00
Jefferson Marketing, Incorporated	\$222,601.09
Campaign Management, Incorporated	\$ 54,337.05
Bedford Printing Company	\$105,930.65
Black, Manafort, Stone & Atwater	\$ 5,000.00
Stephens Center, Inc.	\$ 450.00
Total Debt	\$586,313.72

On December 22, 1993, David Funderburk filed a Statement of Candidacy with the FEC for the Republican nomination for the U.S. House of Representatives. A Statement of Organization for the Funderburk for Congress Committee was filed the same day.

Approximately one month later, on January 31, 1994, the 1986 Funderburk for Senate Committee filed an amendment to its 1993 Mid-Year Report together with a Year-End Report. The Mid-Year Report amendment disclosed that the Committee owed only \$144,319.00. The Year-End Report disclosed that the Committee had no remaining debts and obligations. Yet the Committee showed no receipts on its Mid-Year Report amendment and only \$8,000 in receipts on

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the Year-End Report. Somehow the entire \$586,313.72 debt previously reported had been completely erased.

This was accomplished through an amazing accounting slight of hand. First, on the Mid-Year Report amendment, the Committee eliminated over \$400,000 worth of debts by simply marking each debt as either "adj." (presumably a reference to some type of adjustment), or as "disputed debt." The debt schedule contained the following notes that purported to explain these designations:

- (a) [For "adjusted" debts] These debts were carried at amounts in excess of what was actually owed.
- (b) [For "disputed" debts] The Treasurer has met with these vendors who acknowledge that these debts are in dispute. All documentation relevant to the disputed debts are [sic] under review by the Treasurer.

Then, the Committee in its Year-End Report disposed of the remaining \$144,000 debt by making payments of approximately \$14,000, and deleting the remaining debt by showing a "credit." The result was \$0 debt.

The Law

While the "disappearance" of the Senate Committee's debt was no doubt convenient, it was not legal. A Committee cannot simply wave a magic wand and erase hundreds of thousands of dollars owed to vendors from its books. The Committee failed to comply with the law in several respects.

The Commission's regulations require that committees continuously report debts and obligations "until extinguished." 11 C.F.R. Sections 104.3(d) and 104.11(a). "Extinguished," however, does not mean that a committee may simply "adjust" a debt away and thereby end its obligation to continuously report it. "When such debts and obligations are settled for less than their reported amount or value, each report...shall contain a statement as to the circumstances and conditions under which such debts and obligations were extinguished and the amount paid. See 11 C.F.R. Section 116.7."

Section 116.7 of the Commission's regulations refers to the debt settlement plan that must be submitted to the FEC by any Committee that attempts to settle debts for less than the actual amount owed. See also, 11 C.F.R. Section 116.2. The regulations set out specific procedures for settling such debts:

Every terminating committee...shall file at least one debt settlement plan with the Commission prior to filing its termination report...The terminating committee shall file a debt settlement plan after the creditors included in the debt settlement plan have agreed to the settlement or forgiveness of the particular debt(s) owed to each of them. The terminating committee shall not make any payments to the creditors included in the debt settlement plan until completion of the Commission review. (Emphasis added)

The Commission reviews the debt settlements to ensure that the vendors are not, in effect, making a contribution to the committee by allowing settlement or forgiveness of the outstanding obligations. The regulations require that the Committee continue to report all of its debts and obligations until the Commission's review is completed.

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Disputed debts¹ must be identified by a committee and continuously reported on the Committee's report until the dispute is resolved. 11 C.F.R. Section 116.10. The information that must be reported includes: amounts paid to the creditor, any amount the committee admits that it owes, and the amount that the creditor claims is owed. Where a terminating committee is unable to settle a dispute, it must submit to the Commission, together with its debt settlement plan described above, "a brief description as to the nature of the dispute and the status of the terminating committee's efforts to resolve the dispute." Until the Commission's review of any debt settlement plan is completed, however, the debts continue to be reported.

It is clear that the Funderburk campaign did not comply with any of these requirements. The Committee's debts were not continuously (much less accurately) reported, the Committee did not submit a debt settlement plan to the Commission, and the Committee did not correctly disclose its disputed debts.

The reasons for this non-compliance are stated clearly in an April 3, 1994 News & Observer article where Mr. Funderburk is quoted as saying, "It is my understanding that if you have disputed bills, that you can record it as a zero on the report." The article, written four months after the debts disappeared from the Committee's reports, also states that the Committee is "still negotiating" with the majority of the vendors whose debts had been identified as disputed.

But most of the debt, about \$422,000, was owed to spin-off companies connected to the [North Carolina Congressional] club, such as Jefferson Marketing, Inc., Campaign Management, Inc., and Computer Operations and Mailing Professionals.

Funderburk, who broke with the club several years ago, said [the campaign treasurer] has been unable to reach a debt settlement agreement with Carter Wrenn, the club's executive director and Mark Stephens, another club operative.

"We are still negotiating with them on that," [Funderburk] said. (Emphasis added.)

The disregard for compliance with the Commission's regulations raises an additional question that the Commission must investigate: the issue of whether the original extension of credit by these vendors, the lack of payment for ten years, and the sudden forgiveness of the debts, constitutes an illegal corporate contribution to the Funderburk campaign. Although the FEC apparently looked at this issue in another compliance action earlier, the passage of substantial additional time and the cavalier effort to wipe the debts off the books should make another review mandatory.

Finally, the Commission's regulations provide that "an authorized committee shall not settle any outstanding debts for less than the entire amount owed if any other authorized committee of the same candidate has permissible funds available to pay part or all of the amount outstanding." 11 C.F.R. Section 116.2(c). Funderburk for Congress was established and was

¹Disputed debts are defined in the Commission's regulations as "an actual or potential debt or obligation owed by a political committee, ... where there is a bona fide disagreement between the creditor and the political committee as to the existence or amount of the obligation owed by the political committee."

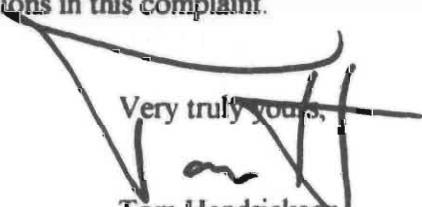
raising funds during the very period that the Funderburk for Senate Committee was removing debts from its report. The Congressional Committee reported receipts of \$125,480 on its Year-End Report, covering the period through December 31, 1993. These funds could have been used to help retire the debts of the Senate Committee. At a minimum, the Senate Committee should have continued to report its debts until it could be determined whether the Congressional Committee had funds to assist with this debt retirement.^{2 3}

The facts of this case point to a huge potential loophole in the limits on contributions and source restrictions set out in the Act and the Commission's regulations. What will prevent a committee from running up large debts that it has no intention of paying, waiting a period of time, and then simply designating the debts as "disputed" or "adjusted" and wiping them off the books? To allow a committee to irresponsibly erase massive debts would make a mockery of the federal campaign laws and the Commission's own regulations.

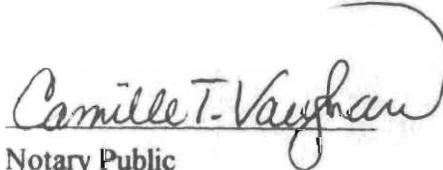
Conclusion

The Commission must conduct a prompt investigation into the facts stated in this complaint and enter into conciliation with the Respondents to remedy the violations by imposing any and all penalties grounded on the violations in this complaint.

Very truly yours,


Tom Hendrickson

Signed and sworn before me
this 22nd day of September 1994.


Notary Public

My commission expires: My Commission Expires 6-16-96

²The Commission should also examine the extensions of credit being made to the Congressional Committee to ensure that it is not enjoying the same freedom allowed the Senate Committee to incur huge debts without any obligation to pay.

³Clearly, David Funderburk was capable of raising funds to reduce this debt since he was raising funds for other political purposes at the same time. In December of 1988, Funderburk established a state political action committee - Conservatives for Freedom PAC - for which he raised funds. Funderburk matter-of-factly explained the genesis of the PAC to the News & Observer in the December 26, 1988 edition, saying, "Several individuals...came to me and suggested I set up a PAC as a potential base for a possible run for office in the future." Conservatives for Freedom PAC received in excess of \$112,000.00 between January 1, 1989 and April 15, 1994.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

SEPTEMBER 30, 1994

Tom Hendrickson
Democratic Party of North Carolina
P.O. Box 12196
Raleigh, NC 27605

RE: MUR 4062

Dear Mr. Hendrickson:

This letter acknowledges receipt on September 23, 1994, of the complaint you filed on behalf of the Democratic Party of North Carolina alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 4062. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Takser

Mary L. Takser, Attorney
Central Enforcementocket

Enclosure
Procedures.

96043725347



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

SEPTEMBER 30, 1994

Donald N. Schroeder, Treasurer
Funderburk for Congress Committee
121 East Cumberland Ave.
Dunn, NC 28335

RE: MUR 4062

Dear Mr. Schroeder:

The Federal Election Commission received a complaint which indicates that the Funderburk for Congress Committee ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4062. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Committee and you, as treasurer in this matter. 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. Your response, which should be addressed to the General Counsel's Office, 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.

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Donald N. Schroeder, Treasurer
Funderburk for Congress Committee
Page 2

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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 authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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

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FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

SEPTEMBER 30, 1994

Scott B. MacKenzie, Treasurer
Funderburk for Senate Committee
5119A Leesburg Pike #292
Falls Church, VA 22041

RE: MUR 4062

Dear Mr. MacKenzie:

The Federal Election Commission received a complaint which indicates that the Funderburk for Senate Committee ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4062. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Committee and you, as treasurer in this matter. 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. Your response, which should be addressed to the General Counsel's Office, 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.

96043725350

Scott B. MacKenzie, Treasurer
Funderburk for Senate Committee
Page 2

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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 authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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2. Procedures
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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SEPTEMBER 30, 1994

David Funderburk
121 East Cumberland
Dunn, NC 28335

RE: MUR 4062

Dear Mr. Funderburk:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4062. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. 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. Your response, which should be addressed to the General Counsel's Office, 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.

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David Funderburk
Page 2

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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 authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
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9604372533



FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

SEPTEMBER 30, 1994

James P. Cain, Registered Agent
Computer Operations and Mail Professionals
P.O. Box 300004
Raleigh, NC 27622

RE: MUR 4062

Dear Mr. Cain:

The Federal Election Commission received a complaint which indicates that Computer Operations and Mail Professionals may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4062. 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 Computer Operations and Mail Professionals in this matter. 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. Your response, which should be addressed to the General Counsel's Office, 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.

96043725354

James P. Cain, Registered Agent
Computer Operations and Mail Professionals
Page 2

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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 authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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

96043725355



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

SEPTEMBER 30, 1994

James P. Cain, Registered Agent
Jefferson Marketing Inc.
P.O. Box 300004
Raleigh, NC 27622

RE: MUR 4062

Dear Mr. Cain:

The Federal Election Commission received a complaint which indicates that Jefferson Marketing Inc. may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4062. 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 Jefferson Marketing Inc. in this matter. 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. Your response, which should be addressed to the General Counsel's Office, 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.

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James P. Cain, Registered Agent
Jefferson Marketing Inc.
Page 2

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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 authorizing such counsel to receive any notifications and other communications from the Commission.

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Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

SEPTEMBER 30, 1994

James P. Cain, Registered Agent
Campaign Management Incorporated/Hanover Communication Inc.
P.O. Box 300004
Raleigh, NC 27622

RE: MUR 4062

Dear Mr. Cain:

The Federal Election Commission received a complaint which indicates that Campaign Management Incorporated/Hanover Communication Inc. may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4062. 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 Campaign Management Incorporated/Hanover Communication Inc. in this matter. 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. Your response, which should be addressed to the General Counsel's Office, 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.

96043725358

James P. Cain, Registered Agent
Campaign Management Incorporated/Hanover Communication Inc.
Page 2

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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 authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

1. Complaint
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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

SEPTEMBER 30, 1994

Roger L. Jones, Registered Agent
Bedford Printing Company
1107 Capitol Blvd.
Raleigh, NC 27603

RE: MUR 4062

Dear Mr. Jones:

The Federal Election Commission received a complaint which indicates that the Bedford Printing Company may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4062. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Bedford Printing Company Inc. in this matter. 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. Your response, which should be addressed to the General Counsel's Office, 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.

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Roger L. Jones, Registered Agent
Bedford Printing Company
Page 2

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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 authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
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96043725341



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

SEPTEMBER 30, 1994

President
The Stephens Center Inc.
319 Chapanoke Rd.
Garner, NC 27529

RE: MUR 4062

Dear Sir or Madam:

The Federal Election Commission received a complaint which indicates that The Stephens Center Inc. may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4062. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against The Stephens Center Inc. in this matter. 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. Your response, which should be addressed to the General Counsel's Office, 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.

96043725342

President
The Stephens Center Inc.
Page 2

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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 authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

SEPTEMBER 30, 1994

President
Black, Manafort, Stone & Atwater
211 N. Union St.
Alexandria, VA 22314

RE: MUR 4062

Dear Sir or Madam:

The Federal Election Commission received a complaint which indicates that Black, Manafort, Stone & Atwater may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4062. 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 Black, Manafort, Stone & Atwater in this matter. 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. Your response, which should be addressed to the General Counsel's Office, 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.

9604372534

President
Black, Manafort, Stone & Atwater
Page 2

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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 authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

SEPTEMBER 30, 1994

President
Arthur Finkelstein and Associates
16 N. Astor St.
Irvington, NY 10533

RE: MUR 4062

Dear Sir or Madam:

The Federal Election Commission received a complaint which indicates that Arthur Finkelstein and Associates may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4062. 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 Arthur Finkelstein and Associates in this matter. 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. Your response, which should be addressed to the General Counsel's Office, 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.

96043725346

President
Arthur Finkelstein and Associates
Page 2

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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 authorizing such counsel to receive any notifications and other communications from the Commission.

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Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosures

1. Complaint
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HERGE, SPARKS & CHRISTOPHER

ATTORNEYS AT LAW

SUITE 200

8201 GREENSBORO DRIVE

MCLEAN, VIRGINIA 22102

(703) 848-4700

RECEIVED
FEDERAL ELECTION
COMMISSION
ADMINISTRATION
OCT 11 10 53 AM '94
FEDERAL ELECTION
COMMISSION
TELECOPIER NUMBER
(703) 893-7371

J. CURTIS HERGE
ROBERT R. SPARKS, JR.
A. MARK CHRISTOPHER
MATTHEW SCOTT MCCONNELL
PETER N. FARLEY

October 5, 1994

Mary L. Taksar, Esq.
Central Enforcement Docket
Federal Election Commission
999 E Street, N.W.
Washington, D. C. 20463

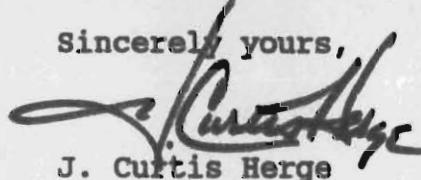
Re: MUR 4062

Dear Ms. Taksar:

In response to your letter to our client dated September 30, 1994, relative to MUR 4062, I am submitting to you herewith the Statement of Designation of Counsel of Arthur J. Finkelstein & Associates. That Statement designates me as that Respondent's counsel in connection with this matter.

Our client intends to submit a response, demonstrating that no further action should be taken against it in this matter. In view of the fact that that response would be ordinarily due on October 18, 1994, and that I am scheduled to be out of town in the interim, I respectfully request an extension until October 31, 1994 within which to submit that response.

Sincerely yours,


J. Curtis Herge

:sbl

Enclosure

9604372538

STATEMENT OF DESIGNATION OF COUNSEL

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Oct 11 3 22 PM '94

MUR 4062

NAME OF COUNSEL: J. Curtis Herge, Esq.

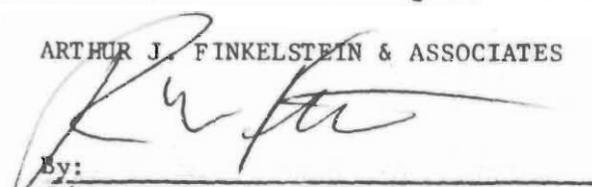
ADDRESS: Herge, Sparks & Christopher
8201 Greensboro Drive, Suite 200
McLean, Virginia 22102

TELEPHONE: (703) 848-4700

< f

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.

ARTHUR J. FINKELSTEIN & ASSOCIATES


By: _____
Signature Ronald Finkelstein,
Vice President

October 4, 1994
Date

RESPONDENT'S NAME: Arthur J. Finkelstein & Associates

ADDRESS: 16 N. Astor
Irvington, New York 10533

HOME PHONE: _____

BUSINESS PHONE: (914) 591-8142

9 6 0 4 3 7 2 5 3 4 9



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 17, 1994

J. Curtis Herge, Esq.
Herge, Sparks & Christopher
Suite 200
8201 Greensboro Drive
McLean, VA 22102

RE: MUR 4062
Arthur J. Finkelstein & Associates

Dear Mr. Herge:

This is in response to your letter dated October 5, 1994, requesting an extension until October 31, 1994 to respond to the complaint filed in the above-noted matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on October 31, 1994.

If you have any questions, please contact Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

96043725370



October 10, 1994

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Oct 17 9 47 AM '94

Ms. Alva E. Smith
Office of General Counsel
Federal Election Commission
Washington, D. C. 20463

RE: MUR 4062

Transmitted Via Facsimile and First Class Mail

Dear Ms. Smith:

During 1986, Campaign Management, Incorporated and Computer Operations and Mailing Professionals, Incorporated were subsidiary companies of Jefferson Marketing, Inc. As President of Jefferson Marketing, I am responding on behalf of all these companies.

We received your notification on October 3, 1994. After an initial telephone conversation with you, I am requesting a 15 day extension, until November 3, 1994, in which to properly respond. October is our busiest month of the year and I request adequate time to properly respond to your inquiry. Additionally, the campaign in question was nearly 10 years ago and I need time for research.

Please be assured that I intend to cooperate fully with any and all requests by the Commission.

Thank you for your consideration.

Sincerely,

Mark L. Stephens
President
Jefferson Marketing, Inc.

MS:e

96043725371





FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 11, 1994

Mark L. Stephens, President
Jefferson Marketing, Inc.
4505 Falls of Neuse Road, Suite 600
Raleigh, NC 27609

RE: MUR 4062

Dear Mr. Stephens:

This is in response to your letter dated October 10, 1994, requesting an extension until November 3, 1994 to respond to the complaint filed in the above-noted matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on November 3, 1994.

If you have any questions, please contact Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

95043725372

HERGE, SPARKS & CHRISTOPHER

ATTORNEYS AT LAW

SUITE 200

8201 GREENSBORO DRIVE

MCLEAN, VIRGINIA 22102

(703) 848-4700

J. CURTIS HERGE
ROBERT R. SPARKS, JR.
A. MARK CHRISTOPHER
MATTHEW SCOTT McCONNELL
PETER N. FARLEY

October 12, 1994

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
OCT 13 1 00 PM '94
TELETYPE UNIT (703) 899-3971

Mary L. Taksar, Esq.
Central Enforcement Docket
Federal Election Commission
999 E Street, N.W.
Washington, D. C. 20463

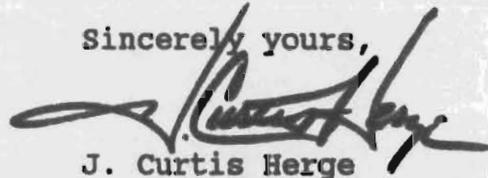
Re: MUR 4062

Dear Ms. Taksar:

In response to your letter dated September 30, 1994, relative to MUR 4062, I am submitting to you herewith the Statement of Designation of Counsel of Black, Manafort, Stone & Atwater. That Statement designates me as that Respondent's counsel in connection with this matter.

We intend to submit a response, demonstrating that no further action should be taken against Black, Manafort, Stone & Atwater in this matter by reason of the fact that the organization no longer exists. In view of the fact that that response would be ordinarily due on October 18, 1994, and that I am scheduled to be out of town in the interim, I respectfully request an extension until October 31, 1994 within which to submit that response.

Sincerely yours,



J. Curtis Herge

:sbl

Enclosure

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 4062

NAME OF COUNSEL: J. Curtis Herge, Esq.

ADDRESS: Herge, Sparks & Christopher
8201 Greensboro Drive, Suite 200
McLean, Virginia 22102

TELEPHONE: (703) 848-4700

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.

10-10-94
Date

Charles Bluff *
Signature

RESPONDENT'S NAME: Black, Manafort, Stone & Atwater

ADDRESS: 211 N. Union Street
Alexandria, Virginia 22314

HOME PHONE: _____

BUSINESS PHONE: _____

* Note: This Statement was signed by the former President
of Black, Manafort, Stone & Atwater, a defunct corporation,
for the sole purpose of designating a representative to
respond on behalf of that former entity.

96043725374



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 21, 1994

J. Curtis Herge
Herge, Sparks & Christopher
Suite 200
8201 Greensboro Drive
McLean, VA 22102

RE: MUR 4062
Black, Manafort, Stone &
Atwater

Dear Mr. Herge:

This is in response to your letter dated October 12, 1994, requesting an extension until October 31, 1994 to respond to the complaint filed in the above-noted matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on October 31, 1994.

If you have any questions, please contact Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

96043725375

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

SCOTT B. MACKENZIE

Oct 14 1 33 PM '94

October 13, 1994

Ms. Mary L. Taksar, Esq.
General Counsel's Office
Federal Election Commission
999 E Street, NW
Washington, DC 20463

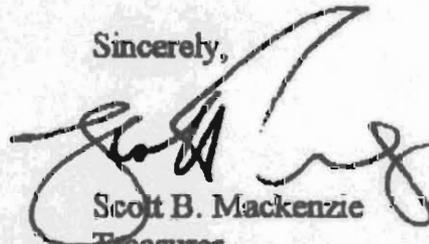
Re: MUR 4062, Funderburk for Senate

Dear Ms. Taksar:

I received a copy of MUR 4062 on Wednesday, October 5, 1994. I understand that the committee has 15 days in which to file its response (October 20, 1994). However, the committee is unable to prepare an adequate response within 15 days and provide the time needed by our attorney to review the response and suggest changes.

Therefore, I wish to request a 20 day extension of time to file the committee's response to MUR 4062. Thank you for considering this request and please let me know at your earliest convenience whether this extension has been granted.

Sincerely,



Scott B. Mackenzie
Treasurer

Funderburk for Senate

96043725376



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

October 17, 1994

Scott B. Mackenzie, Treasurer
Funderburk for Senate Committee
5119A Leesburg Pike #292
Falls Church, VA 22041

RE: MUR 4062

Dear Mr. Mackenzie:

This is in response to your letter dated October 13, 1994, requesting a twenty-day extension to respond to the complaint filed in the above-noted matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on November 9, 1994.

If you have any questions, please contact Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

96043725377

HERGE, SPARKS & CHRISTOPHER

ATTORNEYS AT LAW
SUITE 200

8201 GREENSBORO DRIVE
MCLEAN, VIRGINIA 22102

(703) 848-4700

OCT 19 10 12 AM '94

TELECOPIER NUMBER
(703) 893-7371

J. CURTIS HERGE
ROBERT R. SPARKS, JR.
A. MARK CHRISTOPHER
MATTHEW SCOTT McCONNELL
PETER N. FARLEY

October 18, 1994

Federal Election Commission
999 E Street, N.W.
Washington, D. C. 20463

Attention: Alva E. Smith
Office of General Counsel

Re: MUR 4062 (Arthur J.
Finkelstein & Associates)

Dear Sir or Madam:

By letter dated September 30, 1994, Arthur J. Finkelstein & Associates ("AJF") was notified by the Federal Election Commission that a complaint had been filed which indicates AJF may have violated the Federal Election Campaign Act of 1971, as amended. By letter to the Commission, dated October 5, 1994, we submitted the Statement of Designation of Counsel of AJF and requested an extension, until October 31, 1994, within which to file a substantive response on behalf of AJF. That request was granted by letter dated October 17, 1994.

Enclosed is the Affidavit of the Vice President of AJF, which sets forth the facts of this matter as they relate to AJF. It is evident that the following conclusions should be drawn from the enclosed Affidavit:

(1) The services provided by AJF to Funderburk for Senate '86 ("the Committee") were provided in the ordinary course of its business;

(2) The credit extended by AJF to the Committee was extended in the ordinary course of its business and on terms substantially similar to extensions of credit by AJF to its non-political debtors of similar risk and size of obligation;

(3) AJF followed its established procedures and its past practices in approving the extension of credit to the Committee; AJF received payments for prior services within time frames that are

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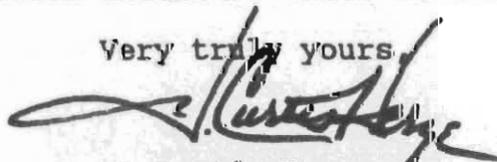
typical in the trade; and, the extension of credit conformed to the usual and normal practice in the industry; and,

(4) AJF treated the debt in a commercially reasonable manner, pursuing remedies customarily pursued by AJF in similar circumstances involving non-political debtors.

It should also be noted that, when final payment was negotiated between AJF and the Committee, the Treasurer of the Committee presented AJF with a Federal Election Commission form entitled, Debt Settlement Plan. As requested, AJF signed and returned that form to the Committee when it received final payment. AJF believed then, and believes now, that the Committee took all required steps in having the debt settlement approved and that no further action was required to be taken by AJF.

On behalf of Arthur J. Finkelstein & Associates, we submit that no further action should be taken in this matter.

Very truly yours,



J. Curtis Herge

:sbl

Enclosure

cc: Arthur J. Finkelstein & Associates

96043725379

BEFORE THE FEDERAL ELECTION COMMISSION

OCT 19 10 15 AM '94
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

In the Matter of
ARTHUR J. FINKELSTEIN &
ASSOCIATES,
Respondent.

MUR 4062

AFFIDAVIT

RONALD FINKELSTEIN, being duly sworn, deposes and states:

1. That he is Vice President, and an employee of, Arthur J. Finkelstein & Associates, 16 North Astor, Irvington, New York, 10533.

2. That Arthur J. Finkelstein & Associates (hereinafter referred to for convenience as "AJF") is a respondent in MUR 4062 as a result of a complaint filed with the Federal Election Commission in which it was alleged, inter alia, that AJF extended credit to a principal campaign committee, Funderburk for Senate '86 (hereinafter referred to for convenience as "the Committee"), in violation of the Federal Election Campaign Act of 1971, as amended.

3. That he is familiar with the services rendered by AJF to the Committee, the amounts invoiced thereon, the payments received therefor, and the efforts made by AJF to collect the balance due.

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Herge, Sparks
& Christopher
Attorneys at Law
8201 Greensboro Drive
McLean, Virginia 22102
(703) 848-4700

4. That AJF is in the business of performing public opinion surveys for political committees and commercial businesses, in interpreting the results of such surveys and in providing political consulting services to candidates for public office and their committees.

5. That it is the standard and ordinary practice of AJF to perform public opinion surveys for its political and commercial customers, to deliver the results of those surveys and, thereupon, to invoice their customers a normal and usual charge for the nature and type, e.g. number of samples, number of questions, amount of relevant technical data ordered, of the survey in question. The amount and terms of credit extended by AJF to its political customers is substantially similar to the amount and terms of credit extended by AJF to its commercial customers of similar risk and size of obligation.

6. That AJF was engaged by the Committee in September, 1985 to perform a survey of voters in North Carolina. That survey was performed, the results were delivered to the Committee and, on October 2, 1985, AJF rendered an invoice to the Committee for \$18,500.00, the usual and normal charge of AJF for the nature and type of survey in question.

7. That in October, 1985 the Committee paid AJF the sum of \$5,000.00 on account of the outstanding balance due.

8. That AJF was engaged by the Committee in January, 1986 to perform a second survey of voters in North Carolina. That survey was performed, the results were delivered to the Committee and, on February 5, 1986, AJF rendered an invoice to

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the Committee for \$33,500.00, the usual and normal charge of AJF for the nature and type of survey in question. In addition, on February 19, 1986, AJF rendered an invoice to the Committee for an additional \$616.15 for expenses.

9. That in February, 1986 the Committee paid AJF the sum of \$616.15 in payment of the invoice for expenses.

10. That AJF was engaged by the Committee in February, 1986 to perform a third survey of voters in North Carolina. That survey was performed, the results were delivered to the Committee and, on February 21, 1986, AJF rendered an invoice to the Committee for \$4,750.00, the usual and normal charge of AJF for the nature and type of survey in question.

11. That in March, 1986 the Committee paid AJF the sum of \$5,000.00 on account of the outstanding balance due.

12. That AJF was engaged by the Committee in April, 1986 to perform a fourth survey of voters in North Carolina. That survey was performed, the results were delivered to the Committee and, on April 11, 1986, AJF rendered an invoice to the Committee for \$14,000.00, the usual and normal charge of AJF for the nature and type of survey in question.

13. That in April, 1986, at the time the Committee ordered the fourth survey, AJF did not consider the account of the Committee to be delinquent, in that payments had been made on that account and it was relatively early in the campaign period to expect a committee to generate the funds necessary to discharge the obligation in full.

14. That it has been the common experience of AJF, in providing comparable services over the past twenty years, that its customers cannot or do not pay in full for the services of AJF in advance or, most frequently, even within a 180-day period. Similar businesses in the industry experience the same result. Periodic payments on account are standard and, for that reason, the usual and normal practice of AJF is to extend credit to all its customers on the same basis and terms as that extended to the Committee. The terms of credit extended by AJF includes the imposition of service charges (or interest) on outstanding balances due, such charges being imposed to encourage and induce payment as promptly as possible.

15. That AJF imposed service charges at the rate of 1.25% per month (15% per annum) on the outstanding balance due from the Committee. Such service charges were imposed and added monthly to the balance due from the Committee. The records of AJF reveal that, by mid-1989, an aggregate of \$17,479.10 in service charges had been invoiced to the Committee, increasing the overall balance due AJF by the Committee to \$74,229.10 by July 31, 1989.

16. That the custom and practice of AJF, in attempting to collect accounts receivable, is (a) to add service charges, (b) to make demands for payment by telephone, (c) to make demands for payment by letter, (d) to refuse to perform additional services for a customer when the payment history on an account reveals that good faith payments on account have not been made over a reasonable period of time, and (e) to initiate collection

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proceedings in circumstances that indicate the delinquent customer has funds available to justify the time and cost of such proceedings.

17. That, in addition to imposing service charges to the unpaid balance due, your deponent made innumerable demands for payment by telephone calls to the Committee and its representatives.

18. That, in addition to the four original invoices for the services rendered by AJF to the Committee, AJF sent forty-four (44) follow-up letters to the Committee demanding payment.

19. That, by reason of the telephone calls and follow-up demand letters, the Committee paid AJF \$1,000.00 in July, 1986, \$3,000.00 in January, 1987, \$2,000.00 in September, 1987, \$1,000.00 in December, 1987, and \$922.00 in July, 1988.

20. That AJF performed no additional services for the Committee or its candidate after producing the April, 1986 survey referred to in paragraph 12 of this Affidavit.

21. That AJF did not institute collection proceedings against the Committee because, upon information and belief, the Committee had no funds on hand which would satisfy a judgment and/or justify the expenditure of additional time and expense involved in such proceedings.

22. That, upon information and belief, the Committee's attempts to solicit contributions to pay campaign debts were unsuccessful.

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23. That, in late November, 1993 a representative of the Committee telephoned me and proposed that the debt be settled for a sum which I recall was approximately \$2,500.00, more or less; that I rejected the offer and counter-proposed a settlement for \$5,000.00; that negotiations ensued and I ultimately agreed to settle for \$3,775.00 on condition that AJF receive a cashier's check in that amount within a matter of days.

24. That, by letter dated December 2, 1993, the Treasurer of the Committee wrote AJF and tendered to AJF a cashier's check in the amount of \$3,775.00 on condition that AJF sign an "FEC Debt Settlement Plan" which the Treasurer enclosed with his letter.

25. That, in the good faith commercial belief that the proffered \$3,775.00 was more than could reasonably be recoverable under alternative means, AJF willingly accepted the \$3,775.00 payment in full satisfaction of the outstanding obligation and signed and returned the "FEC Debt Settlement Plan" to the Treasurer of the Committee.

26. That the steps taken by AJF to collect the debt owed by the Committee were as vigorous as those AJF pursues against all its debtors in similar circumstances.

27. That AJF believed and presently believes that the Committee submitted the "Debt Settlement Plan" to the Federal Election Commission for approval as required by law and, to the best of deponent's knowledge, there having been no further communication on the subject, believed and presently believes that all required formalities had been met, that no further

action was required by AJF and that the debt had been lawfully discharged.

IN WITNESS WHEREOF, your deponent RONALD FINKELSTEIN, has executed this Affidavit this 17th day of October, 1994.

R Finkelstein
RONALD FINKELSTEIN

STATE OF NEW YORK)
) SS:
COUNTY OF WESTCHESTER)

SWORN TO and SUBSCRIBED before me this 17th day of October, 1994, by RONALD FINKELSTEIN.

James Mertz
NOTARY PUBLIC

My Commission Expires: MARCH 14, 1996.

JAMES MERTZ
Notary Public, State of New York
No. 4923378
Qualified in Westchester County
Commission Expires March 14, 1996

96043725306

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
OCT 28 12 39 PM '94



October 24, 1994

Ms. Mary L. Taksar, Attorney
Central Enforcement Docket
Federal Election Commission
Washington, DC 20463

Reference: MUR 4062

Dear Ms. Taksar:

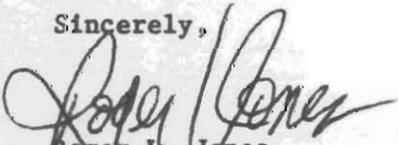
The owner and President of Bedford Printing Company, Edna Beford, died in March of this year. She was the person who handled the Funderburk for Senate '86 Committee account when it originated in 1985.

The Funderburk for Senate '86 Committee account in the amount of \$106,569.90 had been outstanding since 1986 and only one payment was received through November, 1993. In August of 1993, Mrs. Bedford and I met concerning an offer by the Funderburk for Senate '86 Committee to settle the account for ten percent of the balance due.

I am knowledgeable of the fact that Mrs. Bedford made numerous efforts to collect this debt between its origination date in 1985 and December, 1993. Since over seven years had transpired and there seemed to be no indication that the debt would ever be paid, I recommended to Mrs. Bedford that she accept the offer by the Funderburk for Senate '86 Committee to pay ten cents on the dollar. To do so would at least be receiving something, and the account could be closed. She agreed and the Funderburk for Senate '86 Committee agreed, so the company accepted the ten percent as full settlement of the account and charged off the balance of the account as a bad debt.

All materials relating to this matter were in the possession of Mrs. Bedford. If you have further questions, you should contact the Executor for her estate, E. H. Bridger, Attorney.

Thank you.

Sincerely,

Roger L. Jones
General Manager

RLJ/pm

95043725397

HERGE, SPARKS & CHRISTOPHER

ATTORNEYS AT LAW

SUITE 200

8201 GREENSBORO DRIVE

MCLEAN, VIRGINIA 22102

(703) 848-4700

J. CURTIS HERGE
ROBERT R. SPARKS, JR.
A. MARK CHRISTOPHER
MATTHEW SCOTT McCONNELL
PETER N. FARLEY

TELECOPIER NUMBER
(703) 883-7371

October 28, 1994

Hand-Delivered

Federal Election Commission
999 E Street, N.W.
Washington, D. C. 20463

Attention: Alva E. Smith
Office of General Counsel

Re: MUR 4062 (Black, Manafort,
Stone & Atwater)

Dear Sir or Madam:

By letter dated September 30, 1994, the Federal Election Commission notified Black, Manafort, Stone & Atwater that a complaint had been filed which alleged, *inter alia*, that Black, Manafort, Stone & Atwater may have violated the Federal Election Campaign Act of 1971, as amended, in extending credit to the 1986 Funderburk for Senate Committee. By letter to the Commission dated October 12, 1994, we submitted the Statement of Designation of Counsel of Black, Manafort, Stone & Atwater and requested an extension, until October 31, 1994, within which to file a response on behalf of our client. That request for an extension was granted by letter dated October 21, 1994.

Black, Manafort, Stone & Atwater, Inc. was engaged in the business of providing campaign consulting services to candidates and committees. On May 23, 1986, Black, Manafort, Stone & Atwater, Inc. changed its name to Campaign Consultants, Inc. The last full year Campaign Consultants, Inc. engaged in business was 1990. In 1991, Campaign Consultants, Inc. terminated doing business and all operations ceased. No other entity succeeded to or acquired the right to be paid amounts due Campaign Consultants, Inc. at the time it went out of business.

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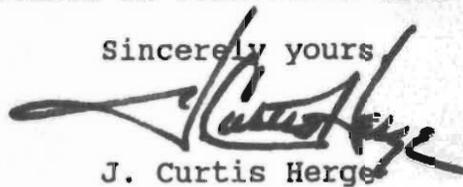
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OFFICE OF GENERAL
COUNSEL

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Federal Election Commission
October 28, 1994
Page 2

By reason of the fact that Black, Manafort, Stone & Atwater, Inc. a/k/a Campaign Consultants, Inc. is defunct, no further action should be taken in connection with this matter.

Sincerely yours



J. Curtis Herge

:sbl

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November 7, 1994

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Nov 17 9 35 AM '94

Ms. Alva E. Smith
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

RE: MUR 4062

Dear Ms. Smith:

I was to have had a response in your office on November 3, 1994. Due to business work load, I have been unable to complete the response. I am currently working to complete my response and ask the Commission's indulgence for a few extra days. I will have the response in your office no later than Thursday, November 10, 1994 -- if not before.

I apologize for any inconvenience and wish the Commission to know I will fully cooperate to resolve this matter.

Sincerely,

Mark L. Stephens

MLS:e

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COMMISSION
MAIL ROOM
Nov 17 8 58 AM '94

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FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

FUNDERBURK for SENATE '86 NOV 8 12 07 PM '94

November 8, 1994

Ms. Mary L. Taksar, Esq.
General Counsel's Office
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

Re: MUR 4062 (Funderburk for Senate, Funderburk for Congress, and David B. Funderburk)

Dear Ms. Taksar:

The following is the response of the Funderburk for Senate Committee to the complaint filed by the North Carolina Democrat Party.

The complaint states that the committee has failed to accurately and continuously report debts and obligations. In addition, the complaint misstates several facts related to the filing of a termination report by the Funderburk for Senate Committee.

Upon assuming the role of Treasurer on August 9, 1993; my first order of business was to confirm the debt figures as reported on the mid-Year 1993 FEC Disclosure Report. This was accomplished by sending confirmation letters to each of the reported vendors.

Debt figures were subsequently adjusted to reflect the amounts outstanding on the vendors books. Later payments were made to the Bedford Printing Company and Arthur Finkelstein & Associates to eliminate those outstanding debts.

The remaining amounts outstanding to Computer Operations and Mail Professionals; Jefferson Marketing; and Campaign Management are

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considered to be in "dispute". The Federal Regulations at sub-section 116.10(a) state:

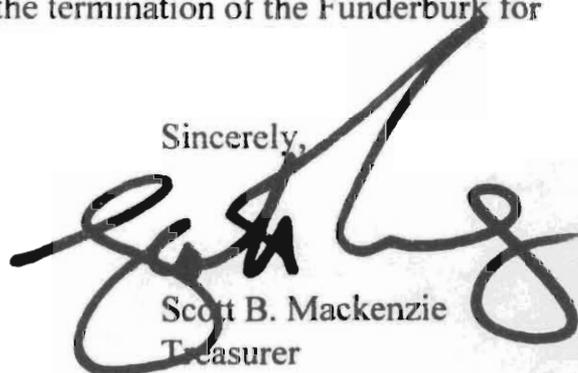
A political committee shall report a disputed debt in accordance with 11 CFR 104.3(d) and 104.11 if the creditor has provided something of value to the political committee. (Emphasis added.)

The nature of our "dispute" centers upon whether the creditor provided something of value to the committee.

Given that these "disputed debts" had been carried for the past eight (8) years with no prospect of eliminating them, the committee believes that it acted appropriately in filing a termination report after failing to come to any agreement with the vendors in question.

The committee respectfully requests that no further action be taken in this matter and that the Commission accept the termination of the Funderburk for Senate Committee.

Sincerely,



Scott B. Mackenzie
Treasurer

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November 11, 1994

Ms. Mary L. Taksar
Office of General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Nov 14 12 22 PM '94

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

RE: MUR 4062

Transmitted Via Facsimile and First Class Mail

Dear Ms. Taksar:

This response is from Jefferson Marketing, Inc., Campaign Management, Inc. and Computer Operations and Mailing Professionals, Inc.

I. Alleged reporting violations by Funderburk for Senate Committee:

Mr. Hendrickson, Chairman of the North Carolina Democrat Party, alleges Funderburk for Senate violated the Federal Election Campaign Act by improperly reporting debts owed to Jefferson Marketing, Inc. and others.

Jefferson Marketing had no prior knowledge of Funderburk for Senate's handling of these debts in its FEC reports. It is not responsible for this action by the Funderburk for Senate Committee.

II. Allege Corporate Contributions.

Mr. Hedrickson also states the settlement of Funderburk for Senate's debts by various vendors may raise the issue of a corporate donation.

Jefferson Marketing has not agreed to settle, forgive or otherwise compromise debts owed by Funderburk for Senate. When offered a settlement, it rejected it.

III. Background.

Jefferson Marketing extended credit to Funderburk for Senate Committee in 1986. Since that time, the ownership and officers of Jefferson Marketing have changed.

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However, prior to 1986 and since, extending credit to federal candidates has been a normal business practice for Jefferson Marketing. Prior to 1986, Jefferson Marketing had never settled or forgiven debts to a federal candidate. All invoices were paid in full. Since 1986, Jefferson Marketing has continued to have an excellent history of collections. It has never settled a federal candidate's debt for a lesser amount.

Prior to the 1986 primary election, Jefferson Marketing attempted to collect debts owed by Funderburk for Senate Committee. Enclosed are two (2) letters sent prior to election day 1986, asking for immediate payment of invoices (exhibits A & B).

When Funderburk for Senate failed to make payments on April 11, 1986 prior to the primary election, Jefferson Marketing informed Funderburk for Senate it was ceasing all credit extensions (exhibit C).

Mr. Hedrickson's statement that Funderburk for Senate made no payments to Jefferson Marketing for ten (10) years is inaccurate. The debt owed by Funderburk for Senate to Jefferson Marketing was reduced by \$212,959.20 between 1986 and 1989. Funderburk for Senate also paid Jefferson Marketing \$181,000 for services rendered during this period.

After the 1986 primary, Ambassador Funderburk's efforts to raise money to pay the campaign debt, through personal solicitations and events were limited. Consequently, Jefferson Marketing played a major role in raising funds for the Committee through direct mail fundraising. After October, 1988, Ambassador Funderburk did not sign fundraising letters. Jefferson Marketing continued debt reduction using other signatures. Around April, 1989, even though Jefferson Marketing was willing to continue to try to raise funds to pay Funderburk for Senate's debts, Ambassador Funderburk decided fundraising for the Committee should cease.

At that point, Jefferson Marketing considered legal action to collect the debts. However, to its knowledge, Ambassador Funderburk did not have the personal ability to make any substantial payment on these debts. And it was also unclear, legally, that a court would hold him liable for the Committee's debts.

Since Jefferson Marketing did not believe Ambassador Funderburk had the ability to personally pay the debt, Jefferson Marketing concluded a lawsuit would cost the company additional expense -- with no chance of recovering the debt. Its only recourse was to seize the Committee's only asset -- its donor list.

In 1993, Ambassador Funderburk announced he would run for

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Congress. However, by then the statute of limitations for collecting debts under North Carolina law had expired and legal action was no longer an option for Jefferson Marketing. Nonetheless, the company again attempted to collect the 1986 campaign debt. On August 20, 1993, it forwarded copies of invoices to Ambassador Funderburk's representative, Mr. Scott MacKenzie (exhibit D).

In October, 1993, the President of Jefferson Marketing met with Mr. MacKenzie and Mr. David Tyson, who were representing Ambassador Funderburk. Mr. MacKenzie and Mr. Tyson suggested a \$15,000 settlement and requested backup to all invoices. Jefferson Marketing agreed to provide the information requested and took the offer under consideration.

On March 7th, Jefferson Marketing informed Funderburk for Senate (exhibit E):

1. Any settlement would require FEC approval in advance;
2. Asked which invoices they were disputing and why;
3. Asked for a meeting to discuss the disputes.

On April 13th, Jefferson Marketing asked Funderburk for Senate why (exhibit F):

1. They had not responded to Jefferson Marketing's March 7th letter;
2. Expressed Jefferson Marketing's surprise at press reports that Funderburk for Senate was contesting all Jefferson Marketing, Inc.'s invoices and;
3. Advised Funderburk for Senate that Jefferson Marketing believed Ambassador Funderburk had responsibility for this debt (exhibit F).

On March 26, 1994, (exhibit G) Jefferson Marketing requested payment in full. JMI suggested a substantial, one-time, immediate payment followed by monthly payments until the debt was settled. Had Funderburk for Senate agreed to this, Jefferson Marketing would have regained legal recourse had Funderburk for Senate failed to make subsequent payments. However, Funderburk for Senate did not accept Jefferson Marketing's proposal.

Since Jefferson Marketing had no legal recourse under North Carolina law to collect these debts, there was little it could do other than hope Funderburk for Senate would agree to cooperate voluntarily.

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SUMMARY

Jefferson Marketing has an excellent record of payment from numerous federal candidates. It extended credit to Funderburk for Senate in the normal course of business. It attempted to collect past due invoices prior to election day, 1986. When inadequate payments were made, Jefferson Marketing ceased credit extension prior to the election.

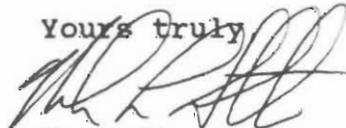
After the election, Jefferson Marketing directed a direct mail fundraising effort for Funderburk for Senate to raise funds to repay the Committee's debts. The debt owed to Jefferson Marketing, Inc. was reduced by over \$200,000.

Jefferson Marketing considered legal action after Ambassador Funderburk stopped the Committee's fundraising, but decided not to proceed because of Ambassador Funderburk's inability to pay the debts and Jefferson Marketing would incur additional expenses with no chance of recovery. Jefferson Marketing then took the only other step available to it by taking possession of the Committee's asset, its mailing list.

Jefferson Marketing again pursued payment of the debt when Ambassador Funderburk announced his 1994 congressional campaign. It refused to settle or forgive Funderburk for Senate's debts. And instead, proposed Funderburk for Senate pay its debts in full, and in such a way that would have given Jefferson Marketing legal recourse had Funderburk for Senate failed to do so. The Funderburk for Senate Committee did not agree to JMI's proposal.

In view of these facts, Jefferson Marketing and subsidiaries, request the Commission find no "reason to believe" that it violated the Federal Election Campaign Act.

Yours truly



Mark Stephens

MS:e
Enclosures

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COMPUTER OPERATIONS & MAILING PROFESSIONALS

INCORPORATED

Post Office Box 26514 • Raleigh, NC 27611 • (919) 782-5431

March 11, 1986

Mr. Calvin Kirven, Treasurer
Funderburk for Senate Committee
3800 Barrett Drive
Raleigh, N. C. 27619

Dear Mr. Kirven:

My records indicate that \$24,642.67 has been billed to the Funderburk Campaign for computer and mailing services in January 1986.

As of this date, we have not received payment on any of these invoices.

Furthermore, there is an undetermined amount of billings to be forwarded to you for February and March.

Please pay the invoices you now have so that your credit rating at Computer Operations & Mailing Professionals will not be adversely affected.

Your attention to this matter would be greatly appreciated.

Yours truly,

Mark L. Stephens
President

MLS/h

CC Bookkeeping

Exhibit A

9604302537



COMPUTER OPERATIONS & MAILING PROFESSIONALS

INCORPORATED

Post Office Box 26514 • Raleigh, NC 27611 • (919) 782-5437

March 28, 1986

Mr. Calvin Kirven
Treasurer
Funderburk for Senate
3800 Barrett Drive
Raleigh, N. C. 27619

Dear Mr. Kirven:

Thank you for your recent letter concerning Funderburk for Senate's January invoices.

My most recent requests still shows \$25,272.30 in billed invoices for January and my bookkeepers are in the process of preparing February's invoices.

Although I do not yet know the amount of the February invoices, I fear that our Funderburk receivables are becoming alarmingly high and request payment of the January invoices as soon as possible.

Your attention to this matter would be greatly appreciated.

Sincerely,

Mark L. Stephens

MLS/h

Exhibit B

9604325308



JEFFERSON
MARKETING, INC.

April 11, 1986

Mr. Calvin Kirven
Funderburk for Senate
Post Office Box 25234
Raleigh, North Carolina 27611

Dear Calvin:

In reviewing the accounts receivables for JMI and JMI's 6 subsidiaries, it has become apparent that our invoices are just not being paid.

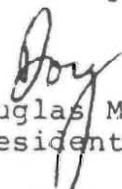
As of the end of March, Funderburk for Senate owed JMI \$301,031.40 of which \$204,783.36 was over 90 days old. In addition, you owe Computer Operations and Mailing Professionals \$25,272.30, Campaign Management \$16,447.59, Libery Consultants \$11,152.47, Communications South \$22,148.34, and Fiscal Operations Services \$3,379.57.

Calvin, this has put our company and its subsidiaries under a huge financial burden. I realize that your primary is less than 3 weeks away, but we need some money.

Therefore, I am informing you that JMI will cease extending Funderburk for Senate any additional credit for any work other than fundraising work. The reason that we will continue to do your fundraising, is because we expect to be paid from the proceeds of that fundraising. We expect to be paid the lions share of our fundraising costs so that our overall bills do not increase but instead decrease. If you want any other services they will have to be provided on a cash upfront basis.

Calvin, I hope that you can understand my situation and appreciate that we cannot keep doing business with you unless we get paid.

Sincerely,


Douglas M. Davidson
President

CC: Mark Stephens
Mike Holt
Paula Kay
Ann May
Terry Edmondson

Exhibit C

9604372539



August 20, 1993

Mr. Scott B. MacKenzie
5119 A Leesburg Pike, #292
Falls Church, Virginia 22041

Dear Mr. MacKenzie:

Per your request, I have enclosed copies of unpaid invoices to the Funderburk campaign from Jefferson Marketing and its subsidiaries.

The total outstanding is \$438,528.30 and are listed by company as follows:

Jefferson Marketing, Inc.	\$ 238,196.32
Computer Operations and Mailing Professionals, Inc.	\$ 145,744.93
Campaign Management, Inc.	\$ 10,915.37
Liberty Consultants, Inc.	\$ 43,671.68

As you are aware, all of these invoices are past due. It appears from your letter you are attempting to arrange some form of payment of these invoices. I would be happy to discuss this with you.

Sincerely,

Mark L. Stephens
President

MLS:e
Enclosures

Exhibit D

96043725400



March 7, 1994

Mr. David Tyson
Right Concepts
14325 Willard Road
Suite 201
Chantilly, Virginia 22021

Dear David:

Regarding our joint efforts to settle the 1986 campaign debt with Jefferson Marketing and subsidiaries: It is our understanding that the FEC guidelines on debt settlement require FEC approval of any debt settlement prior to any cash exchange.

In other words, the Committee must apply for approval before JMI accepts a check. If JMI takes a check without FEC approval, it is possible that the FEC could find both JMI and the Funderburk Committee to be in violation of the Act.

I suggest the following course of action:

- 1) The Committee has stated it wishes to dispute certain billings. In fact, it has requested, and received from my office, all billings and back-up documentation. I have not received from the Committee information on the invoices it is actually disputing.
- 2) Once I have received that information from you, I request that we meet, come to an agreement on undisputed invoices, place the agreed amount of payment into an escrow account and file a settlement agreement with the FEC. If the FEC agrees with our settlement proposal, then JMI will remove the settlement payment from the escrow account.

This seems to me to be the logical and proper way to resolve this matter.

As you may be aware, the current owners and management of JMI were not a part of the JMI decision to extend credit or determine the amount of credit extended to Funderburk for Senate.

Exhibit E

96043725401

Page Two

Years later, when we purchased the company, I would have vigorously pursued payment had I felt recourse was available -- either from the campaign or Ambassador Funderburk. Neither -- to my knowledge -- could make payment.

With the emergence of this year's Congressional campaign, I feel a settlement is desirable and available. I believe it should be resolved at greatest possible speed and within the guidelines and regulations of the Federal Election Commission.

Please let me know when I can expect to receive information on the invoices you are disputing and when we can meet to finalize a proposed agreement.

Yours truly,



Mark L. Stephens
President

MS:e

cc: Ambassador David Funderburk
Funderburk for Congress

bc: Bob Rosser
Calvin Kirven

fc: Legal/FEC/Funderburk

96043725402



April 13, 1994

Ambassador David Funderburk
Funderburk for Congress
121 East Cumberland Street
Dunn, North Carolina 28834

Dear Ambassador Funderburk:

Enclosed is an article from the News and Observer dated April 3, 1994.

I want to clearly state my understanding of four issues mentioned in the article:

- 1) You indicated in the article that negotiations are ongoing, yet I have not received a response to my letter of March 7, 1994 to you and David Tyson, suggesting a course of action and an immediate meeting to find an FEC-approved resolution to this matter.
- 2) The article indicated that your campaign had contested all our invoices. This is news to me. In fact, we have not received any indication that invoices had been "disputed".
- 3) It is erroneous to believe you have no legal or ethical responsibilities to try to retire the campaign debt. Enclosed is a second article summarizing a 1993 Federal Court decision that held former Attorney General Thornburgh personally liable for his Senate campaign debt of \$300,000 -- most of that owed to a single direct mail marketing firm.
- 4) Carter Wrenn, nor anyone with the National Conservative Club, has been involved with any recent negotiations to pay or settle Funderburk for Senate campaign debts with JMI. The enclosed article gave the opposite impression.

In fact, to my knowledge, Carter Wrenn has little or no knowledge of the current status or proposed details of our negotiations.

I realize that I neither owned, managed nor set policy for JMI in 1985-86 and that my knowledge of the circumstances of this debt and your campaign is therefore

Exhibit F

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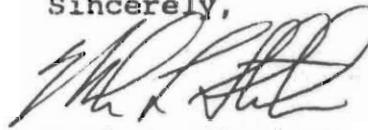
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limited. But I am very serious about seeking a resolution to this matter. The important thing is to move this process along. I ask again that you and/or your campaign agree to meet and find a fair resolution that we can submit to the FEC for approval.

I hope -- as you indicated in the article -- your intentions are to act in good faith regarding the JMI debt.

I look forward to your response.

Sincerely,



Mark L. Stephens
President

MLS:e

cc: David Tyson

re: Calvin Kruen

of: Legal - handbook

96043725404

Under
the



DOME

Campaign haunted by old debts

David Funderburk is the David Copperfield of this year's congressional race.

By using some creative book-keeping, Funderburk has made the most of an 8-year-old, \$586,313 campaign debt disappear.

Funderburk said he's just trying to clear the books from his unsuccessful 1986 Senate campaign.

But one of his opponents, Louisburg lawyer Larry Norman, is trying to make the debt an issue in the Republican primary in the 2nd District congressional race.

In a recent fund-raising letter, Norman charges that Funderburk's old debt would make him politically vulnerable in the general election if he should be the nominee.

"I am concerned that the Democrats will make mince-meat out of Mr. Funderburk's record," Norman wrote. "I can see the TV commercial right now. 'David Funderburk ran up a debt of over \$586,000 the last time he ran for office in 1986. Is David Funderburk a real conservative or just another BIG SPENDER?'"

Funderburk dismisses Norman's criticism as a "personal back-door negative attack."

"That reflects how far behind he is, how desperate he is," Funderburk said. "He can't win on his own merits."

The campaign debt was left over from the spring of 1986, when Funderburk lost a GOP primary in the U.S. Senate race to U.S. Sen. Jim Broyhill.

Funderburk said he had little to do with the Senate debt, because his Senate campaign was run entirely by the National Congressional Club (now called the National Conservative Club), the Raleigh-based political organization long associated with U.S. Sen. Jesso Helms.

The debt has remained on the books all these years. But when he started thinking about running for Congress last year, Funderburk tried to erase it.

He hired Scott Mackenzie, a GOP campaign finance manager who has worked for Ronald Reagan, Jack Kemp and Pat Buchanan, to see if the debtors would agree to a settlement.

Mackenzie was able to reach a settlement last year with three firms — Bedford Printing Co. in Raleigh, consultant Charles Black of Alexandria, Va., and pollster Arthur Finkelstein of New York.

"I don't know of anybody who has gone back and done what we tried to do and that is really try to do something to resolve it," Funderburk said.

But most of the debt, about \$422,000, was owed to spin-off companies connected to the club, such as Jefferson Marketing Inc., Campaign Management Inc., and Computer Operations and Mailing Professionals.

Funderburk, who broke with the club several years ago, said Mackenzie has been unable to reach a debt settlement agreement with Carter Wrenn, the club's executive director and Mark Stephens, another club operative.

"We are still negotiating with them on that," he said.

But in a campaign report filed at the end of 1993, Funderburk wiped the debt off his books, calling them a "disputed debt."

Funderburk said the move is legal.

"It is my understanding that if you have disputed bills, that you can record it as a zero on the report," he said.

Candidates in the May 3 primary are Funderburk, a former U.S. ambassador to Romania; Norman; Ted Stone, a Durham inspirational speaker; and Hal Sharpe, a Nashville newspaper publisher.

NO 4-3-94

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#4

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#3

HEADLINE Thornburgh ordered to pay campaign debts
Credit: AP
LENGTH ESTIMATED INFORMATION UNITS: 1.6 Words: 159
DATE 06/19/93
SOURCE LANCASTER NEW ERA LANCASTER, PA. (LANC)
Section: NEWS
Page: A-2

(Copyright 1993 Lancaster Newspapers)

* AUSTIN, Texas (AP) - A judge is ordering former U.S. Attorney General Richard Thornburgh to help pay nearly \$300,000 in connection with back campaign debts from his failed 1991 U.S. Senate race in Pennsylvania.

Thornburgh, his campaign committee and campaign treasurer Raymond Dimuzio were sued for the debts by Texas political consultant Karl Rove. The former attorney general had said in court his campaign committee - not himself - was liable for money owed.

But U.S. District Judge Sam Sparks ruled Friday that Thornburgh and his campaign committee are both responsible for the debt. He excused Dimuzio from the judgment.

"Thornburgh's argument was essentially that running a campaign was like betting on the stock market - if the candidate loses, you lose your investment in the campaign," a jubilant Rove said Friday. "That's not the way it goes. The candidate has to make every effort to pay off his debts."

Rove sued for direct-mailing services he provided in the Senate race.

End of Story Reached

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P 713 249 815



Certified Mail Receipt

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to Amb. David Funderburk	
Funderburk for Congress	
Street & No. 121 East Cumberland St.	
PO., State & ZIP Code Dunn, NC 28834	
Postage	\$.29
Certified Fee	2.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$ 2.29
Postmark or Date Letter dated 4/13/94	

PS Form 3800, June 1990



May 26, 1994

Ambassador David Funderburk
Funderburk for Congress
121 East Cumberland Street
Dunn, North Carolina 28834

Dear Ambassador Funderburk:

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I am writing to respond to the proposal David Tyson made to Bob Rosser on the telephone on Friday, May 6, 1994. David, on behalf of Funderburk for Senate, proposed that the Committee make a payment of \$15,000 to Jefferson Marketing as settlement of debts of \$438,528. After careful consideration and discussion with counsel, I would like to ask you to consider whether this proposal would really serve the best interest of either Funderburk for Senate or Jefferson Marketing.

Please allow me to briefly review the circumstances as I understand them. As you know, I did not become President of Jefferson Marketing until long after the 1986 primary election. Further, while I understand that the financial interests of Funderburk for Senate and Jefferson Marketing may differ, at the same time, I believe it is accurate to state that Funderburk for Senate and Jefferson Marketing share a similar interest in not taking any action that is even remotely questionable under the Federal Election Act or which your political opponents could misconstrue to allege that due to your current campaign, you or Jefferson Marketing violated the Federal Election Act in order to settle this debt for political reasons. That's why I hope you and your advisors will give consideration to my views.

Though Jefferson Marketing's primary goal was -- and is -- to be repaid, it was also concerned that the campaign debt is handled in a way that fully complies with the FEC regulations. I am concerned that the actions now proposed by your Committee could immediately involve Funderburk for Senate in a dispute with the FEC. And that Jefferson Marketing, even though it does not concur with Funderburk for Senate's actions, might be dragged into that dispute as a creditor of the Funderburk for Senate Committee.

For instance, one of my concerns is that the FEC regulations regarding debt settlements are very specific and require the Commission's approval in advance.

Exhibit G

It is unclear to me whether Funderburk for Senate is prepared to do this, or whether it has done it in the other settlements it reached with vendors.

Please let me explain several other facts I am concerned about. I realize that in reviewing past events I may risk stirring up old antagonisms. But I hope you will understand that is not my intent and I hope will accept this letter as a sincere effort to reach an agreement that is in our mutual interests.

Prior to the 1986 primary, you were aware that the Funderburk for Senate Committee had incurred a debt. Part of that debt was owed to you.

After the primary, Funderburk for Senate made payments to vendors (including Jefferson Marketing) either in full or in part and the debt to you was paid as well. During the period after the primary, you decided your efforts to raise money through fundraising events and personal solicitations would be minimal. Later, you decided not to sign fundraising letters to help raise funds and finally you decided to order a halt to all fundraising activities by Funderburk for Senate Committee. Even though Jefferson Marketing and others were willing to continue to work with Funderburk for Senate to raise funds to pay these debts, you decided debt from the Senate campaign was not your responsibility regardless of the impact that action had upon the vendors owed.

At that point, Jefferson Marketing took the only practical steps available to it, taking possession of the assets that were available from the campaign committee, mainly the donor list. Of course, Jefferson Marketing and the other vendors could have taken legal action, but since your personal ability to pay these bills was to our knowledge non-existent, this would have been fruitless and so no one did. In fact, rather than diminish the debt we were owed, it would have increased it by adding legal fees and other new expenses.

I understand there were disagreements between Funderburk for Senate and Jefferson Marketing, and between the agents of Funderburk for Senate, about your decision to discontinue fundraising. Again, I hope you will understand I do not mention these facts to stir up old animosities, but instead because I think they must be considered in order to reach an agreement that is both fair and will unquestionably pass muster with the FEC.

I am also aware, as you are, that the statute of limitations for legal action to collect these bills has long passed and that Jefferson Marketing has no legal recourse even if Funderburk for Senate refuses to make any further payments. However, in our minds, that does not release you from the ethical obligation to make an effort to pay those your Committee owes after they

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provided services to Funderburk for Senate in good faith. After all, neither you nor your agents have provided us any documentation questioning any of the invoices we have provided you.

After the 1986 primary, you were not expected to raise the money to pay these debts alone. However, it seems reasonable to conclude that, as the candidate, you should have shared responsibility for the campaign's debt, even though you contended you did not.

Today, the people who have suffered a financial loss due to your Senate campaign are the vendors like Jefferson Marketing. It would be even more unfortunate, if in addition to this financial loss, Jefferson Marketing were to incur the expense of an FEC proceeding because of a rash or ill-conceived attempt by your Committee to eliminate these debts in a way that could be attacked by your political opponents as a violation of the Federal Election Act. I hope you agree such a development would not be in the best interest of either Funderburk for Senate or Jefferson Marketing.

If the newspaper reports are accurate, your current Committee has raised over \$180,000. I do not know how Jefferson Marketing can accept, or how Jefferson Marketing or Funderburk for Senate can justify to the FEC a settlement of 3.5 cents on a dollar to settle \$438,528 in debts, when your Committee is raising hundreds of thousands of dollars.

At the same time, we do not believe you or your current Committee has the ability to repay Jefferson Marketing in one lump sum. With that in mind, I hope you will consider the following proposal as a solution to this problem that is in both our interests.

In May, 1994, Funderburk for Senate will make a substantial one-time payment to Jefferson Marketing to reduce its debts. Then, each month through October 31, 1994, Funderburk for Senate will continue to make a substantial monthly payment of an amount we mutually agree to. If you win the general election, your ongoing Committee should continue to and, if possible, accelerate the payment schedule. If you are unsuccessful and can demonstrate to Jefferson Marketing that the Committee and you personally no longer have the ability to maintain the payment schedule, Jefferson Marketing will then consider a reasonable settlement proposal at that time, provided it complies with the Federal Election Act.

I realize this is not the response you had hoped for. But I hope you will understand the concerns I have expressed, not just about the financial fairness of David's proposal, but because neither Funderburk for Senate or Jefferson Marketing has any interest in

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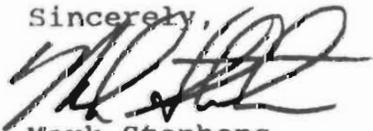
being involved in an FEC dispute or having to defend ourselves if your opponents or the press claim this debt settlement was made for political reasons, even though that is untrue.

I sincerely believe it is in your interest -- and ours -- to be able to state that you are being responsible for the obligations your campaign incurred and that in fact, you are making payments on them. I would think that would be a more responsible position in the view of the public, the press and the FEC than having to explain settling \$438,528 in debts for 3.5 cents on the dollar at a time when your current campaign is raising hundreds of thousands of dollars.

I believe such an agreement is in your interest and Jefferson Marketing's, both financially and from our mutual interest in avoiding even the appearance that this debt was settled in any way for political reasons.

I believe the proposal I have made is one of avoiding these unfortunate circumstances for both of us. Please give it your consideration and let me hear from you.

Sincerely,

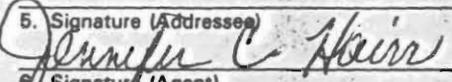


Mark Stephens
President

cc: Mr. Thomas Farr
Mr. David Tyson

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9 6 0 4 3 7 2 5 4 1 2

SENDER: <ul style="list-style-type: none"> • Complete items 1 and/or 2 for additional services. • Complete items 3, and 4a & b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery. 		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Ambassador David Funderburk Funderburk for Congress 121 East Cumberland Street Dunn, NC 28834		4a. Article Number P 713 249 816	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery 5-27-94	
5. Signature (Addressee) 		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent)			
PS Form 3811, November 1990 * U.S. GPO: 1991-287-068 DOMESTIC RETURN RECEIPT			

P 713 249 816



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 Do not use for International Mail
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Street & No		Funderburk for Congress	
		121 E Cumberland St.	
PO State & ZIP Code		Dunn, NC 28834	
Postage		\$.29
Certified Fee			2.00
Special Delivery Fee			
Restricted Delivery Fee			
Return Receipt Showing to Whom & Date Delivered			
Return Receipt Showing to Whom, Date, & Address of Delivery			
TOTAL Postage & Fees		\$	2.29

PS Form 3800, June 1990

5/26/94
 Funderburk for Congress

STEPHENS CENTER, INC.

PHONE 779-8649

319 Chapanoke Road, Suite 106 · Raleigh, NC 27603

Dec 14 11 47 AM '94

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

December 1, 1994

Mary L. Taksar, Attorney
Central Enforcement Docket
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

RE: MUR 4062

Dear Ms. Taksar:

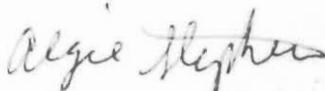
Your letter of September 30, 1994, concerning MUR 4062, was received in my office November 28, 1994. I would like to demonstrate to you, that I was not aware any action taken by The Stephens Center, Inc. was in violation of the law.

David Funderburk leased space from this company during the campaign. If there was a balance due when he vacated the space, it would have been written off as a bad debt many years ago. I would not go to the expense of trying to collect an amount as small as \$450.00. Also I would not have carried this bad debt on the books for more than one year. I did not realize this might be in violation of the law. Please do not take any action against this company due to our inadvertent error.

I have no knowledge of David Funderburk's reasons for removing the debt in 1993, but it was not due to any correspondence with me or this company.

If I can be of further assistance, please feel free to contact me.

Sincerely,



Algie Stephens
President

AS/fl

96043725413



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 18, 1995

Scott B. MacKenzie, Treasurer
Funderburk for Senate Committee
5119A Leesburg Pike #292
Falls Church, VA 22041

RE: MUR 4062

Dear Mr. MacKenzie:

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On your Mid-Year Report (1/1/94-6/30/94) you requested that the Federal Election Commission permit the Funderburk for Senate Committee ("Committee") to terminate pursuant to 2 U.S.C. § 433(d) and Section 102.3 of the Commission's Regulations. Because of the ongoing enforcement matter involving your Committee, this request has been denied. Therefore, you are reminded that the Committee must continue to file all the required reports with the Commission until such time as the enforcement matter has been closed as to the Committee.

If you have any questions, please contact Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

cc: Reports Analysis Division



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 7, 1995

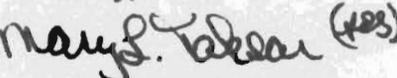
Donald N. Schroeder, Treasurer
Funderburk for Congress (1994)
121 E. Cumberland Avenue
Dunn, NC 28335

RE: MUR 4062
Funderburk for Congress (1994) and Donald N. Schroeder, as treasurer

Dear Mr. Schroeder:

You requested, on your Termination Report (1/1/95-6/30/95), that the Federal Election Commission permit Funderburk for Congress (1994) ("Committee") to terminate pursuant to 2 U.S.C. § 433(d) and Section 102.3 of the Commission's Regulations. Because of the ongoing enforcement matter involving your Committee, this request has been denied. Therefore, you are reminded that the Committee must continue to file all the required reports with the Commission until such time as the enforcement matter has been closed as to the Committee.

If you have any questions, please contact Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar, Attorney
Central Enforcement Docket

cc: Reports Analysis Division

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BEFORE THE FEDERAL ELECTION COMMISSION FEB 6 12 10 PM '96

In the Matter of

)
) Enforcement Priority
)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. INTRODUCTION

This report is the General Counsel's Report to recommend that the Commission no longer pursue the identified lower priority and stale cases under the Enforcement Priority System.

II. CASES RECOMMENDED FOR CLOSING

A. Cases Not Warranting Further Pursuit Relative to Other Cases Pending Before the Commission

A critical component of the Priority System is identifying those pending cases that do not warrant the further expenditure of resources. Each incoming matter is evaluated using Commission-approved criteria and cases that, based on their rating, do not warrant pursuit relative to other pending cases are placed in this category. By closing such cases, the Commission is able to use its limited resources to focus on more important cases.

Having evaluated incoming matters, this Office has identified 10 cases which do not warrant further pursuit relative to the other pending cases.¹ A short description of each case and the factors leading to assignment of a relatively

1. These matters are: MUR 4165 (Attachment 2); MUR 4187 (Attachment 3); MUR 4188 (Attachment 4); MUR 4199 (Attachment 5); MUR 4211 (Attachment 6); MUR 4212 (Attachment 7); MUR 4216 (Attachment 8); MUR 4224 (Attachment 9); MUR 4243 (Attachment 10); MUR 4245 (Attachment 11).

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low priority and consequent recommendation not to pursue each case is attached to this report. See Attachments 2-11. As the Commission requested, this Office has attached the responses to the complaints for the externally-generated matters and the referrals for matters referred by the Reports Analysis Division in instances where this information was not previously circulated. See Attachments 2-11.

B. Stale Cases

Investigations are severely impeded and require relatively more resources when the activity and evidence are old. Consequently, the Office of General Counsel recommends that the Commission focus its efforts on cases involving more recent activity. Such efforts will also generate more impact on the current electoral process and are a more efficient allocation of our limited resources. To this end, this Office has identified 33 cases that

do not

warrant further investment of significant Commission resources.²

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2. These matters are: PM 308 (Attachment 12); RAD 94L-29 (Attachment 13); RAD 94L-34 (Attachment 14); RAD 94NF-10 (Attachment 15); RAD 94NF-13 (Attachment 16); MUR 4027 (Attachment 17); MUR 4028 (Attachment 18); MUR 4033 (Attachment 19); MUR 4042 (Attachment 20); MUR 4045 (Attachment 21); MUR 4047 (Attachment 22); MUR 4049 (Attachment 23); MUR 4057 (Attachment 24); MUR 4059 (Attachment 25); MUR 4062 (Attachment 26); MUR 4065 (Attachment 27); MUR 4066 (Attachment 28); MUR 4067 (Attachment 29); MUR 4069 (Attachment 30); MUR 4070 (Attachment 31); MUR 4077 (Attachment 32); MUR 4079 (Attachment 33); MUR 4086 (Attachment 34); MUR 4089 (Attachment 35); MUR 4095 (Attachment 36); MUR 4099 (Attachment 37); MUR 4102 (Attachment 38); MUR 4104 (Attachment 39); MUR 4111 (Attachment 40); MUR 4113 (Attachment 41); MUR 4117 (Attachment 42); MUR 4127 (Attachment 43); and MUR 4132 (Attachment 44).

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Since the recommendation not to pursue the identified cases is based on staleness, this Office has not prepared separate narratives for these cases. As the Commission requested, the responses to the complaints for the externally-generated matters and the referrals for the internally-generated matters are attached to the report in instances where this information was not previously circulated. See Attachments 12-44.

This Office recommends that the Commission exercise its prosecutorial discretion and no longer pursue the cases listed below in Section III.A and III.B effective February 13, 1996. By closing the cases effective February 13, 1996, CED and the Legal Review Team will respectively have the additional time necessary for preparing the closing letters and the case files for the public record.

III. RECOMMENDATIONS

A. Decline to open a MUR and close the file effective February 13, 1996 in the following matters:

- 1) PM 308
- 2) RAD 94L-29
- 3) RAD 94L-34
- 4) RAD 94NF-10
- 5) RAD 94NF-13

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B. Take no action, close the file effective February 13, 1996, and approve the appropriate letter in the following matters:

- 1) MUR 4027
- 2) MUR 4028
- 3) MUR 4033
- 4) MUR 4042
- 5) MUR 4045
- 6) MUR 4047
- 7) MUR 4049
- 8) MUR 4057
- 9) MUR 4059
- 10) MUR 4062
- 11) MUR 4065
- 12) MUR 4066
- 13) MUR 4067
- 14) MUR 4069
- 15) MUR 4070
- 16) MUR 4077
- 17) MUR 4079
- 18) MUR 4086
- 19) MUR 4089
- 20) MUR 4095
- 21) MUR 4099
- 22) MUR 4102
- 23) MUR 4104
- 24) MUR 4111
- 25) MUR 4113
- 26) MUR 4117
- 27) MUR 4127
- 28) MUR 4132
- 29) MUR 4165
- 30) MUR 4187
- 31) MUR 4188
- 32) MUR 4199
- 33) MUR 4211
- 34) MUR 4212
- 35) MUR 4216
- 36) MUR 4224
- 37) MUR 4243
- 38) MUR 4245

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2/6/96
Date


Lawrence M. Noble
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Enforcement Priority) Agenda Document #X96-13

CORRECTED CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission, do hereby certify that the Commission decided by votes of 4-0 to take the following action in the above-captioned matter:

A. Decline to open a MUR and close the file effective March 5, 1996, in the following matters:

- 1) PM 308
- 2) RAD 94L-29
- 3) RAD 94L-34
- 4) RAD 94NF-10
- 5) RAD 94NF-13

B. Take no action, close the file effective March 5, 1996, and approve appropriate letter in the following matters:

- 1) MUR 4027
- 2) MUR 4028
- 3) MUR 4033
- 4) MUR 4042
- 5) MUR 4045
- 6) MUR 4047
- 7) MUR 4049
- 8) MUR 4057
- 9) MUR 4059

(continued)

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Federal Election Commission
Certification: Enforcement Priority
March 6, 1996

Page 2

- 10) MUR 4062
- 11) MUR 4065
- 12) MUR 4066
- 13) MUR 4067
- 14) MUR 4069
- 15) MUR 4070
- 16) MUR 4077
- 17) MUR 4079
- 18) MUR 4086
- 19) MUR 4089
- 20) MUR 4095
- 21) MUR 4099
- 22) MUR 4102
- 23) MUR 4104
- 24) MUR 4111
- 25) MUR 4113
- 26) MUR 4117
- 27) MUR 4127
- 28) MUR 4132
- 29) MUR 4165
- 30) MUR 4187
- 31) MUR 4188
- 32) MUR 4199
- 33) MUR 4211
- 34) MUR 4212
- 35) MUR 4216
- 36) MUR 4224
- 37) MUR 4243
- 38) MUR 4245

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(continued)

Federal Election Commission
Certification: Enforcement Priority
March 5, 1996

Page 3

Commissioners Aikens, Elliott, McDonald, and Thomas
voted affirmatively on the above-noted decisions.
Commissioner McGarry was not present.

Attest:

3/7/96
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 7, 1996

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Tom Hendrickson
Democratic Party of North Carolina
P.O. Box 12196
Raleigh, NC 27605

RE: MUR 4062

Dear Hendrickson:

On September 23, 1994, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action in the matter. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 5, 1996. This matter will become part of the public record within 30 days.

The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437(g)(a)(8).

Sincerely,

Mary L. Taksar #28

Mary L. Taksar, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 7, 1996

Scott B. MacKenzie, Treasurer
Funderburk for Senate Committee
5119A Leesburg Pike #292
Falls Church, VA 22041

RE: MUR 4062

Dear Mr. MacKenzie:

On September 30, 1994, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against Funderburk for Senate Committee and you, as treasurer. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 5, 1996.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact the Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar (Hes)

Mary L. Taksar, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 7, 1996

Donald N. Schroeder, Treasurer
Funderburk for Congress Committee
121 East Cumberland Avenue
Dunn, NC 28335

RE: MUR 4062

Dear Mr. Schroeder:

On September 30, 1994, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against Funderburk for Congress Committee and you, as treasurer. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 5, 1996.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact the Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar (Res)

Mary L. Taksar, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 7, 1996

The Honorable David Funderburk
U.S. House of Representatives
427 Cannon Bldg
Washington, D.C. 20515

RE: MUR 4062

Dear Representative Funderburk :

On September 30, 1994, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against you. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 5, 1996.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact the Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar (HES)

Mary L. Taksar, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 7, 1996

Mark L. Stephens, President
Jefferson Marketing, Inc.
4505 Falls of Neuse Rd., Suite 600
Raleigh, NC 27609

RE: MUR 4062
Campaign Management, Inc./Hanover Communication, Inc., Computer
Operations and Mail Professionals, and Jefferson Marketing, Inc.

Dear Mr. Stephens :

On September 30, 1994, the Federal Election Commission notified Campaign Management, Inc./Hanover Communication, Inc., Computer Operations and Mail Professionals, and Jefferson Marketing, Inc. of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against the above-mentioned corporations. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 5, 1996.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

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Mark Stephens
Page 2

If you have any questions, please contact the Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar (yes)

Mary L. Taksar, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 7, 1996

Roger L. Jones, General Manager
Bedford Printing Company
1107 Capital Blvd.
Raleigh, NC 27603

RE: MUR 4062

Dear Mr. Jones:

On September 30, 1994, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against the Bedford Printing Company. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 5, 1996.

The confidentiality provisions of 2 U.S.C. § 437g(a)(2) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact the Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar (yes)

Mary L. Taksar, Attorney
Central Enforcement Docket

96043725429



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 7, 1996

Algie Stephens, President
Stephens Center, Inc.
319 Chapanoke Road, Suite 106
Raleigh, NC 27603

RE: MUR 4062

Dear Mr. Stephens:

On September 30, 1994, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against Stephens Center, Inc. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 5, 1996.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact the Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar (JES)

Mary L. Taksar, Attorney
Central Enforcement Docket

96043725430



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 7, 1996

J. Curtis Herge, Esq.
HERGE, SPARKS & CHRISTOPHER
8201 Greensboro Drive, Suite 200
McLean, VA 22102

RE: MUR 4062
Black, Manafort, Stone and Atwater

Dear Mr. Herge:

On September 30, 1994, the Federal Election Commission notified your client, Black, Manafort, Stone and Atwater, of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your client. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 5, 1996.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact the Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar (HES)

Mary L. Taksar, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 7, 1996

J. Curtis Herge, Esq.
HERGE, SPARKS & CHRISTOPHER
8201 Greensboro Drive, Suite 200
McLean, VA 22102

RE: MUR 4062
Arthur J. Finkelstein and Associates

Dear Mr. Herge:

On September 30, 1994, the Federal Election Commission notified your client, Arthur J. Finkelstein and Associates, of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your client. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on March 5, 1996.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact the Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar (H23)

Mary L. Taksar, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4062

DATE FILMED 3/26/96 CAMERA NO. 3

CAMERAMAN E.S.

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