

MUR043
CC#

RECEIVED
FEDERAL ELECTION
COMMISSION

LAW OFFICES

BROUGHTON, BROUGHTON, McCONNELL & BOSLEY, P. A.

POST OFFICE BOX 2387

RALEIGH, NORTH CAROLINA 27602

76 JUN 9 10:40

SUITE 900, RALEIGH BUILDING

TELEPHONE
833-2752
AREA CODE 919

J. MELVILLE BROUGHTON, JR.
ROBERT S. BROUGHTON
JOHN D. McCONNELL, JR.
J. MAC BOSLEY
CHARLES P. WILKINS
F. TIMOTHY NICHOLLS
WILLIAM G. ROSS, JR.
GREGORY S. CRAMPTON
THOMAS J. STEVENS

June 7, 1976

77040011884

Mr. John G. Murphy, Jr.
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

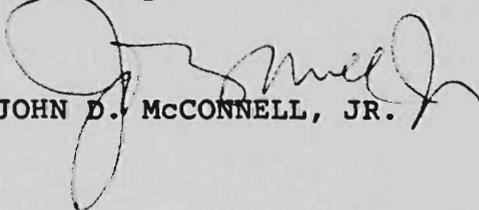
Re: MUR 043 (75)

Dear Mr. Murphy:

Thank you very much for your letter of June 4, 1976. We are glad that you have reached the same conclusion that I did when I looked into the matter and I shall advise my clients of the Commission's conclusion.

With appreciation and best wishes, I am

Sincerely,


JOHN D. McCONNELL, JR.

JDMcCjr/jst

ccs: Mr. L. G. Horton
Mr. Floyd McKissick

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

4 JUN 1976

Mr. John D. McConnell, Jr.
c/o Broughton, Broughton, McConnell
and Boxley, Pitt
P. O. Box 2387
Raleigh, North Carolina 27602

Re: MUR 943 (75)

Dear Mr. McConnell:

This letter is to notify you that the Federal Election Commission has voted to terminate its investigation and close its files in the above-captioned matter. The Commission has concluded that the allegations in the complaint do not set forth reason to believe that any violation of the Federal Election Campaign Act of 1971, as amended, has been committed.

If you have any questions, please do not hesitate to contact me. The attorney who was assigned to this matter is David Spiegel (telephone no. 202-382-4055).

Sincerely yours,

Signed: John G. Murphy, Jr.

John G. Murphy, Jr.
General Counsel

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

770400118015

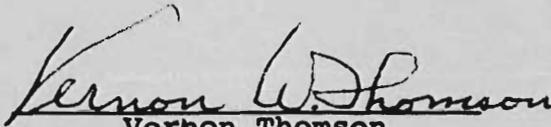
BEFORE THE FEDERAL ELECTION COMMISSION

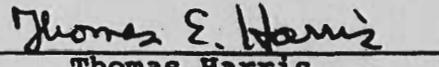
In the Matter of)
)
Stevens for Senate Committee;)
North Carolina Chapter,)
National Committee for a)
Two-Party System; and the)
National Committee for a)
Two-Party System)

MUR 043 (75)

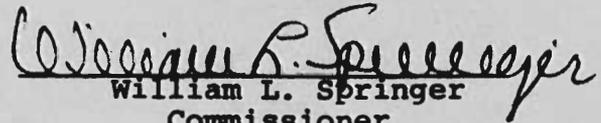
COMMISSION ACTION

The Federal Election Commission has reviewed the matter and has concluded on this basis of the information recently available to it that there is no reason to believe any further investigation is warranted. The Federal Election Commission has accordingly voted, 6 - 0 , to close the file in this matter.

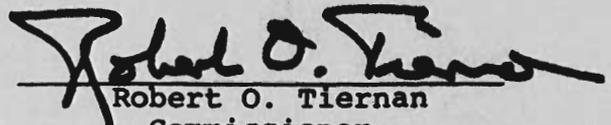

Vernon Thomson
Chairman


Thomas Harris
Vice Chairman


Neil Staebler
Commissioner


William L. Springer
Commissioner


Joan D. Aikens
Commissioner


Robert O. Tiernan
Commissioner

DATE: _____

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

7704001886

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Stevens for Senate Committee;) MUR 043 (75)
North Carolina Chapter,)
National Committee for a)
Two-Party System; and the)
National Committee for a)
Two-Party System)

REPORT OF GENERAL COUNSEL FOLLOWING INVESTIGATION

I. Allegations

This case arose out of several investigative newspaper articles which charged respondents with failing to file registration statements and reports with appropriate Federal election officials. The allegations concerned activities which occurred under the 1971 Act and involved the unsuccessful 1974 campaign by Mr. Stevens for the United States Senate.

II. Evidence

AID conducted an investigation of the allegations by examining records maintained by Federal supervisory officials and appropriate state officials, by auditing all of the records of respondents, and by interviewing persons with knowledge of the facts in these cases. A summary of this investigation is found in the accompanying Report prepared by AID.

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011887

III. Analysis and Recommendations

With regard to the allegations on which this investigation was initiated, the staff fully concurs in the factual findings, legal analysis, and legal conclusions set forth in the detailed report prepared by AID and sent to the Commission on March 18, 1976. These indicate, in essence, that a registration statement and reports have now been filed with the Commission. The Reports Examining Section is now seeking certain amendments to the reports.

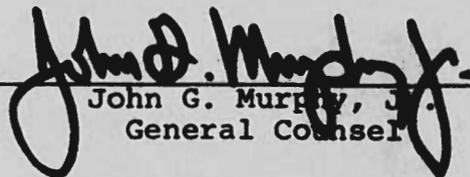
The AID Report also alludes at pp. 7-8 to possible \$610 violations involving two members of the Stevens for Senate Committee who are employees of Broyhill Industries. However, the evidence of such violation, is at best, inconclusive. One employee allegedly advised FEC investigators that she was using company time to do work on the remaining business left over from the Stevens Campaign; the other employee simply indicated that he did some of his committee work while at Broyhill. In both instances the unsworn to, paraphrased comments may have referred to after hours work or work that occurred after normal working day tasks were completed. Furthermore, there is no proof that the services were provided at the behest of the corporation. Thus, under the present facts, the possibility of a \$610 violation is more speculative than real.

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011888

IV. Conclusion

Since the underlying issue on which this matter was barred--failure to file a registration statement or campaign reports--has now been resolved, we recommend that the compliance file in this matter be closed; the possible reporting problems discovered in the course of the audit ~~herein~~ involve unrelated matters and are being handled by the Reports Examining Section. This section will report back to the Office of General Counsel if the matters in question are not satisfactorily resolved.



John G. Murphy, Jr.
General Counsel

DATE: JUN 03 1976

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011889

LAW OFFICES

BROUGHTON, BROUGHTON, MCCONNELL & BOXLEY, P.A.

SUITE 900, RALEIGH BUILDING
POST OFFICE BOX 2387

RALEIGH, NORTH CAROLINA 27802



7711189J

ION

76 JUN 9 A10:32

FEDERAL ELECTION COMMISSION
OFFICIAL COPY
OFFICE OF GENERAL COUNSEL

Mr. John G. Murphy, Jr.
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

June 1, 1976

TO: Gordon Andrew McKay

THRU: William Oldaker

FROM: David Spiegel

RE: MUR 043 (75)

With respect to the allegations on which this matter was initiated, the Commission has determined that there is no reason to believe that further investigation is warranted.

Your investigative report herein (pp. 4, 6) indicates that there are two additional unrelated matters uncovered by your investigation, which will be dealt with by the Reports Examining Section. We would appreciate if if you would handle these matters according to the procedures set forth in Part IV of the Memorandum of Understanding on Reporting Violations and report back to the Office of General Counsel, if necessary.

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

7700011891



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

22 MAR 1976

043

Mr. John D. McConnell, Jr.
Broughton, Broughton, McConnell
& Boxley, P. A.
Post Office Box 2387
Raleigh, North Carolina 27602

Dear Mr. McConnell:

This will acknowledge receipt of your February 27, 1976 letter and the enclosed information relating to the North Carolina Chapter, National Committee for a Two-Party System. The registration and reports have been forwarded to Reports Examining and Processing for review and will be placed on the public record.

We are in the process of reviewing all the information submitted in your transmittal. We will contact you if additional information is needed to complete the audit.

Sincerely yours,

Signed: John G. Murphy, Jr.

John G. Murphy, Jr.
General Counsel

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011892



2/27



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO FILE

FROM: THOMAS HASELHORST *TH*

DATE: March 19, 1976

SUBJECT: CA-043-75

I met with Mr Janey, legal, on March 8, 1976 to discuss the Investigation Report on CA-043-75. I explained that the committee which allegedly failed to file reports had since filed with the Commission. I advised that although the reports were incomplete, the allegations of the CA were answered and therefore, we felt that the investigation should be closed with Reports Examining & Processing securing corrected reports from the committee. Mr. Janey approved of this action.

77040011893

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL





FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

March 18, 1976

BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of

Stevens for Senate Committee;)
North Carolina Chapter, National)
Committee for a Two-Party System;) MUR 043-75
and the National Committee for a)
Two Party System.)

FINAL INVESTIGATION REPORT

OFFICE OF DISCLOSURE AND COMPLIANCE

I. Background

This report covers an investigation undertaken by the Audit and Investigation Division under the provisions of Section 437(g) of the Federal Election Campaign Act of 1974, as amended, originating from a referral by Thomas P. McNamara, United States Attorney, Raleigh, North Carolina, of newspaper articles by Martin Donsky of the Durham Morning Herald and a phone call from Mr. Donsky. These articles outlined discrepancies in the reports filed with the North Carolina State Board of Elections (hereafter referred to as the State Board) by the North Carolina Chapter, National Committee for a Two Party System (hereafter referred to as the NC Chapter) and the Stevens for Senate Committee, relating to payments between these two committees.

The Stevens for Senate Committee was formed according to the committee's registration statement, to support and promote the candidacy of William E. Stevens for nomination and election to the Office of Senator for the State of North Carolina, and was his only election campaign committee. The 1974 officers of this committee, which had its headquarters in Raleigh, N.C. were Charles R. Jonas, Sr.,

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL



77040011894

chairman and Anne H. Lumsden, treasurer. The 1975 officers of this committee, which has its headquarters in Lenoir, N.C. are: Brent Kincaid, chairman and Clara Main, treasurer.

The National Committee for a Two-Party System (hereafter referred to as the National Committee) and the NC Chapter are organized to educate voters and encourage participation in both parties. The officers of the National Committee, which has its headquarters in Soul City, N.C. are: Floyd B. McKissick, chairman, and Charles Wallace, treasurer. The officers of the NC Chapter, which has its headquarters in Soul City, N.C. are: Larnie Horton, chairman and Floyd B. McKissick, treasurer.

The audit of the Stevens for Senate Committee covered the period of March 1, 1974 through September 30, 1975. The committee reported receipts of \$434,811.98 and expenditures of \$430,394.19 for this period. The audit of the NC Chapter covered the period from May 1, 1973 through December 31, 1975. The Committee had receipts of \$20,115.47 and expenditures of \$17,471.34 for this period.

II. Caveat

This complaint refers to activities which occurred in 1974. Accordingly, the audit and investigation was conducted under the provisions of the Federal Election Campaign Act of 1971 (Public Law 92-225).

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

III. Allegations and Findings

A. Alleged Failure to File a Registration Statement and Reports with the Appropriate Supervisory Officer by the National Committee for a Two-Party System.

Section 303(a) of the Federal Election Campaign Act of 1971 (hereafter referred to as the Act) requires each political committee which anticipates receiving contributions or making expenditures during a calendar year in an aggregate amount exceeding \$1,000 for the purpose of influencing the nomination for election, or election, of any person to Federal office to file with the appropriate supervisory officer a statement of organization. Section 304(a) of the Act requires that each treasurer of a political committee supporting a candidate for election to Federal office shall file with the appropriate supervisory officer reports of receipts and expenditures.

77040011895

The newspaper articles by Mr. Donsky indicated a close interrelation between the National Committee and the NC Chapter. The NC Chapter filed reports with the State Board which contradicted the reports of the Stevens for Senate Committee. The article further inferred direct activity in political campaigns, including Federal election campaigns by the National Committee.

The records of the National Committee, as presented to the FEC staff by Mr. John D. McConnell, Jr. counsel for the committee, indicated that the funds of the National Committee were segregated from those of the NC Chapter. The records disclosed \$1,067 spent by the committee during 1974 to support various candidates. Correspondence of the National Committee showed that these monies came from dinners and receptions held prior to 1974 for the general promotion of the National Committee's goals. Of the total spent to support various candidates, \$30 was a direct contribution to a candidate for state office, \$100 was a direct contribution to a reception for a Federal candidate, and the remaining \$937 was for a political rally to support William Stevens, candidate for the U.S. Senate and T.T. Clayton, candidate for the North Carolina House of Representatives. There were no expenditures in 1973 for Federal Candidates.

Based on these facts, Mr. McConnell was advised, by letter dated February 6, 1976, that the preliminary investigation disclosed that the committee did not have to register or file reports.

B. Alleged Failure to File a Registration Statement and Reports With the Appropriate Supervisory Officer by the North Carolina Chapter, National Committee for a Two-Party System.

As outlined in Part A above, Sections 303(a) and 304(a) of the Act apply to this allegation. Since the NC Chapter is still in operation, Sections 433 and 434 of Title 2 of the U.S.C. also apply.

The newspaper articles by Mr. Donsky indicated that the NC Chapter had failed to file with the State Board. His articles in the Durham Morning Herald prompted an investigation by the State Board. A review of the records on file with the Commission failed to disclose any registration and/or reports being filed by the NC Chapter with a supervisory officer.

A review of the records on file with the State Board

7704001896

indicated that the NC Chapter first filed reports with the state on September 23, 1975. Information on file with the State Board indicated the NC Chapter would be required to file with the Federal Election Commission because of the payments on behalf of the Stevens committee.

Mr. McConnell, attorney for the NC Chapter, was contacted by the FEC staff and an audit of the NC Chapter was conducted. Based on the initial results of this audit, Mr. McConnell was advised by letter, dated February 6, 1976, that the NC Chapter would be required to file a registration statement and reports with the Commission.

On March 3rd, 1976, the Commission received the NC Chapter's registration statement and reports. The statement and reports were referred to Reports Examining and Processing for appropriate action.

A review of these reports indicated that the NC Chapter had not filed complete reports with the Commission. Receipts and expenditures amounting to \$4,277.02 were not included in the reports of the NC Chapter for the years 1974 and 1975. Reports Examining and Processing is now attempting to secure correct, amended reports.

C. Alleged Failure by the Stevens for Senate Committee to Report a \$1,000 Contribution from the North Carolina Chapter, National Committee for a Two-Party System.

Section 304(b) of the Act required that each treasurer of a political committee supporting a candidate for election to Federal office shall file with the appropriate supervisory officer reports of receipts and expenditures disclosing the full name and mailing address of each contributor who has made one or more contributions within the calendar year in an aggregate amount in excess of \$100.

Newspaper articles indicated that the reports of the Stevens committee filed with the State Board failed to disclose a \$1,000 contribution from the NC Chapter, which the NC Chapter reported to the State Board as being made on October 24, 1974. The reports filed by the Stevens committee with the Secretary of the Senate for the period 10/15/74 through 10/24/74 and 10/25/74 through 12/31/74 also failed to disclose any contribution from the NC Chapter.

A review of the State Board's file on the NC Chapter by the FEC staff disclosed a letter dated October 1, 1975

77040011897

SEARCHED
SERIALIZED
INDEXED
FILED

from Mr. Floyd B. McKissick, treasurer of this committee, to Mr. Alex K. Brock, Director of the State Board. This letter identified the contribution as "...a series of small expenditures on his [William Stevens] behalf to campaign workers who were handling polls, bringing voters to the polls, providing gas, etc".

During interviews conducted by the FEC staff it was disclosed by persons associated with the NC Chapter that the money was spent to organize a voter drive encouraging people to vote and, in addition, solicit support for Mr. Stevens. However, persons associated with the Stevens campaign stated that they knew nothing about these actions.

An audit of the records of the NC Chapter disclosed that the check supporting this contribution was made out to "cash". Information subsequently submitted by the NC Chapter identified the cash as being paid to 46 people, with no person receiving more than \$40. These people worked in the voter drive centered in the predominantly black precincts of Durham and Winston-Salem, N.C. on election day.

The information gathered indicates that the NC Chapter was wholly responsible for this expenditure. There is no information to support the assumption that the Stevens committee was aware of the planning or implementing of this voter drive.

D. Alleged Payment by the Stevens for Senate Committee of \$1,420 to the North Carolina Chapter, National Committee for a Two-Party System which was not disclosed by the NC Chapter in Reports Filed with the State Board.

Section 304(b)(4) of the Act requires that the reports of receipts and expenditures filed with the appropriate supervisory officer disclose the name and address of each political committee which transfers funds to or receives funds from the reporting committee.

The newspaper articles by Mr. Donsky indicated that the reports filed by the NC Chapter with the State Board failed to disclose the \$1,420 payment from the Stevens for Senate Committee. The reports filed by the Stevens committee with the State Board and the Secretary of the Senate, for the period 10/25/74 through 12/31/74, indicated the payment was made on October 28, 1974.

A review of the State Board's file on the NC Chapter by the FEC staff disclosed a letter dated October 1, 1975, from Mr. Floyd B. McKissick, treasurer of the NC Chapter,

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011898

to Mr. Brock, Director of the State Board. This letter identified the payment as a "...repayment of loans to his (Williams Stevens) campaign for salaries of two of his campaign workers, these payments being advanced by our organization on September 16, 1974...." The audit of the Stevens committee disclosed that the cancelled check was endorsed for deposit as: "For Deposit Only N C Chapter of the National Committee of the Two Party System". FEC staff interviews with persons associated with the Stevens committee showed that they did remember the payment and that it was for repayment of advances made by the NC chapter to campaign workers of the Stevens committee.

At least one of the recipients of the advances was a member of the North Carolina GOP Committee working for the Stevens committee. None of the persons interviewed remembered why the NC Chapter made the September 16, 1974 advance and the recipients of the advances could not be reached during the investigation. Although the initial reports filed by the NC Chapter with the Commission failed to disclose this transfer, the records of the NC Chapter do reflect this receipt. The Stevens for Senate Committee fully disclosed this payment in its report for the proper period.

IV. Other Possible Violations Discovered During the Investigation

A. Apparent Failure to File a Registration Statement and Reports With the Appropriate Supervisory Officer.

Sections 433 and 434 of Title 2 of the U.S.C. requires and Sections 303 and 304 of the Act required that any committee which contributes in excess of \$1,000 in a calendar year to a candidate or candidates seeking Federal office must file a registration statement and reports with the appropriate supervisory officer.

During the audit of the Stevens for Senate Committee, it was discovered that (1) in early 1974 a golf tournament was organized with the proceeds to be given to the Stevens committee and 2) in December, 1974, a committee was organized to hold a reception on March 27, 1975, with the proceeds to go to the Stevens committee and the committee supporting a candidate for North Carolina Attorney General. The reports filed by the Stevens committee with the Secretary of the Senate reported as transfers-in \$15,000 from the golf tournament and \$3,200 from the reception. A review of the

FEDERAL ELECTION COMMISSION
 OFFICIAL FILE COPY
 OFFICE OF GENERAL COUNSEL

77040011899

records filed with the various supervisory officers disclosed no reports from either of the committees sponsoring the events.

Since the above matters do not deal directly with the issues of this investigation and would not normally fall within the area of the Audit and Investigation Division, it was decided to refer these items to the appropriate FEC staff. On February 23, 1976, the AID staff referred this matter to Reports Examining and Processing.

B. Apparent Use of Corporate Facilities and Personnel to Support the Activities of a Political Committee and Candidate.

Section 610 of Title 18 of the U.S.C. prohibits corporations from making contributions to a candidate for Federal office. Section 434(b)(2) of the Amended Act requires disclosure of the full name and mailing address of each person who has made one or more contributions to or for such committee or candidate within the calendar year in an aggregate amount or value in excess of \$100.

Mr. Stevens, a senior executive with Broyhill Industries, Inc., moved his committee to Lenoir, N.C. in January, 1975. The committee still functions to pay campaign debts and to solicit contributions for these payments. At the time the committee moved its headquarters, a new chairman and treasurer were named. The new chairman is Mr. Brent Kincaid, Credit Manager for Broyhill Industries, and the new treasurer is Mrs. Clara Main, Mr. Stevens personal secretary at Broyhill Industries.

The FEC staff conducted the audit of the Stevens committee in the corporate headquarters of Broyhill Industries. The site was chosen by the committee because the records are stored there. During the audit, the staff learned that the records are kept in a locked file located in an area with other files of Broyhill Industries.

During the exit conference with the FEC staff, Mrs. Main noted that she does almost all of her work as treasurer of the committee on "company time". This included processing of contributions, paying of debts, filing the required committee reports and clerical work involved with solicitation of funds. During 1975 the committee reported receiving \$102,984.35 and expending \$102,426.05.

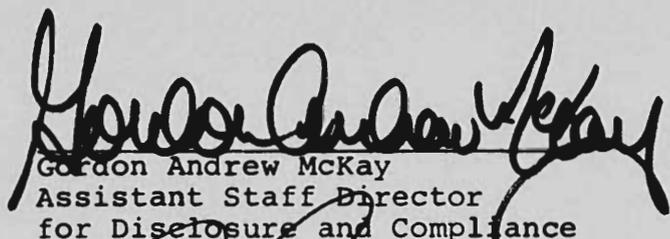
FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011900

Mr. Kincaid disclosed that his work with the committee was done at various times. His duties included contacting potential contributors, dealing with creditors, negotiating settlements on outstanding debts, and assisting Mrs. Main with her work. Mr. Kincaid was unsure how much of his work was done on "company time", but he did state that he did some of his work at Broyhill Industries. He estimated that he spent about two weeks working for the committee at various times.

There is no agreement whereby the committee reimburses Broyhill Industries for the use of their facilities or personnel. Mr. Kincaid and Mrs. Main were unsure if any of the officers or directors of the company were aware of the committee's use of company facilities and personnel. Mr. Kincaid pointed out in this interview that they were aware of the illegality of corporate contributions but they felt that there was no problem since Mr. Stevens had been defeated. We leave the determination to the OGC as to whether these activities constitute corporate contributions.

7704001901


Gordon Andrew McKay
Assistant Staff Director
for Disclosure and Compliance


Peter Roman
Chief Investigator


Michael Hershman
Assistant Chief Investigator


Thomas Haselhorst
Lead Investigator

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

March 18, 1976

2/26



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO FILE

FROM: THOMAS HASELHORS *TH*

DATE: MARCH 8, 1976

SUBJECT: CA-043-75

Based on a request from Reports Examining & Processing, I contacted Mr. Kincaid, Chairman of the Stevens for Senate Committee to determine who was the treasurer of the Governor's Invitational Golf Tournament so that they could be contacted regarding their failure to file with the FEC. Mr. Kincaid advised that Mr. Harold Lawing worked with the tournament. I contacted Mr. Lawing, a Broyhill Ind. employee, and he thought that it was Anne Lumsden.

I contacted Mrs. Lumsden who advised that the treasurer was Fae Madigan, Cary, NC. I passed this information to Reports Examining & Processing for their action.

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011902



2/25



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO FILE

FROM: THOMAS HASELHORST

DATE: MARCH 3, 1976

SUBJECT: CA-043-75

The original of the committee registration and reports received today accompanying the February 27, 1976 letter from Mr. John D. McConnell, JR were forwarded by Craig Crooks to Patricia Schering, Chief, Reports Examining and Processing. Copies of these reports are maintained in the CA-043-75 supplemental file titled N.C. Chapter, Comm for 2-Pty System.

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011903



CA-043-75

RECEIVED
FEDERAL ELECTION
COMMISSION

2/17

RECEIVED
FEDERAL EL
COMMISS

LAW OFFICES

BROUGHTON, BROUGHTON, McCONNELL & BOXLEY, P. A.

POST OFFICE BOX 2387

RALEIGH, NORTH CAROLINA 27602

76 MAR 3

9:36

TELEPHONE

833-8774

76 MAR 3

AREA CODE 919

SUITE 900, RALEIGH BUILDING

J. MELVILLE BROUGHTON, JR.
ROBERT B. BROUGHTON
JOHN D. McCONNELL, JR.
J. MAC BOXLEY
CHARLES P. WILKINS
F. TIMOTHY NICHOLLS
WILLIAM G. ROSS, JR.
GREGORY B. CRAMPTON
THOMAS J. STEVENS

February 27, 1976

Mr. Gordon Andrew McKay
Assistant Staff Director for
Disclosure and Compliance
Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20463

Dear Mr. McKay:

Enclosed you will find the folloiwng: xerox copy of two campaign transmittal reports filed by the Two Party System, N. C. Chapter, with the North Carolina State Board of Elections covering all receipt and expenditures. Also, enclosed are those items discussed with Mr. Craig Crooks and others, all of which were received by me today. We also enclose FEC Form 1 which has been filled out to the best of my client's ability. It is my belief that the filing of this information in addition to what has been gleaned from your audit will fully comply with the spirit of the Federal Election Law, if not the letter, this being especially true since my clients do certify to you that they intend to make no further political campaign contributions; and, in fact, made none during the year 1975.

As Mr. Crooks and his associates have gathered, this Committee is without funds to hire an accountant to recompile these materials and transfer the same to your forms; but if after reviewing the enclosed, such is required by your office, please promptly advise me and I shall request them to hire an accountant immediately.

The reason we did not respond to your letter within 10 days was because of the difficulty we had in locating the expenditure items for the Get Out The Vote Campaign in 1974, which we had been working on since Mr. Crooks was here.

Very truly yours

John D. McConnell, Jr.
JOHN D. McCONNELL, JR.

JDMcCjr/jst
Enclosures

cc: Mr. L. G. Horton
Mr. Floyd McKissick

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011904

2/18

A SUMMARY OF EXPENDITURES FOR "GETTING VOTE OUT" IN PRE-
DOMINANTLY BLACK PRECINCTS, NOVEMBER 5, 1974 BY THE TWO
PARTY SYSTEM. FOR THE STEVENS CAMPAIGN

DURHAM

<u>Precinct</u>	<u>Name</u>	<u>Address</u>	<u>Amount</u>
Hillside	Richard Taylor	NCCU Student (Rocky Mt.)	\$24.00
Hillside	Diane Williams	NCCU Student	\$12.00
Whitted	George Kee	2215 S. Alston Ave. Durham, N. C.	\$24.00
Lyon Park	Pearlean Yarborough	NCCU Student	\$24.00
Lyon Park	Brenda Mason	NCCU Student	\$24.00
W. G. Pearson	Maurice Davis	NCCU Student	\$24.00
Bragtown	Mrs. Thompson	c/o Rev. Harold Cobb 912 Brandon St. Durham, N. C.	\$12.00
Bragtown	Rev. Harold Cobb	(same as above)	\$24.00
Fuller School	Rev. Z. D. Harris	c/o Mrs. Green	\$12.00
Fuller School	Mrs. Green		\$12.00
Durham College	Arthur Bradley	NCCU Student	\$24.00
Durham College	Willie Stewart	NCCU Student	\$12.00
Sheppard High	Jeff Thompson	609 Lawson Street Durham, N. C.	\$24.00
Sheppard High	Earl Young	410 E. Pilot Street Durham, N. C.	\$24.00
Burton School	Herman C. Byrd	Bacon St. -Durham, N. C.	\$24.00

Supervisors & Organizers with Cars:

Mr. Freddie Anderson - 2932 Cedarwood Drive, Durham, N. C. -----	\$20.00
Mrs. Freddie Anderson - 2932 Cedarwood Drive, Durham, N. C. -----	\$15.00
Mr. Parham E. Shaw - 1202 Red Oak Avenue, Durham, N. C. -----	\$20.00
Mrs. Parham E. Shaw - 1202 Red Oak Avenue, Durham, N. C. -----	\$15.00
Mr. Stahl Perry (handbills) - 2929 Driftwood Drive, Durham, N. C. -----	\$ 5.00
Michael & Jeanette Jordan @\$5.00 each- (handbills)-2920 Driftwood Dr. -----	\$10.00

Total-----\$385.00

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

Note: For Food & Gas ----- \$ 50.00

Total Expenditures----- \$435.00

2/19

A SUMMARY OF EXPENDITURES FOR "GETTING VOTE OUT" IN PRE-
DOMINANTLY BLACK PRECINCTS, NOVEMBER 4, 1974 BY THE TWO
PARTY SYSTEM. FOR THE STEVENS CAMPAIGN

WINSTON-SALEM

Supervisor & Coordinator Address & Phone # Amount

Geneva J. Cuthrell 2621 Burgandy Street \$ 40.00
Winston-Salem, N. C.
788-2128

Drivers

Henry Gaddy \$ 25.00

Charles Smith \$ 25.00

Melvin J. Griffin, Jr. \$ 25.00

Robert Galloway, Jr. \$ 25.00

Micheal Conrad \$ 25.00

Alice E. Johnson \$ 25.00

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

Canvassers

Lylla McNeill \$ 25.00

Lester Ferrell \$ 20.00

Jimmie Smith \$ 20.00

Andrew Jarrett \$ 20.00

Poll Workers

Dobbie Daniels \$ 20.00

Karen D. Cuthrell \$ 20.00

Richard F. Jenkins, Jr. \$ 20.00

Dykter Ward \$ 20.00

Belinda Rhodes \$ 20.00

Micheal Folkes \$ 20.00

Cynthia Elaine Haywood Student W. S. S. U. \$ 20.00

Sihovette Littlejohn Student W. S. S. U. \$ 20.00

77040011906

2/20

Union Workers

Sandra Evans	Student W. S. S. U.	\$ 30.00
Starla Littlejohn	Student W. S. S. U.	\$ 30.00
Twana Graham		\$ 30.00
Teresa Dais		\$ 30.00
Bonita West		\$ 5.00
Clarence West		\$ 5.00
Total Expenditures-----		\$565.00

77040011907

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

2/26/76

2/21

TO: Mr. John D. McConnell

FROM: Larnie G. Horton

Attached please find cancelled checks and bank statements for The Two Party System for March, 1974 - December, 1974.

Also, attached are two (2) expenditure reports for the two (2) Fund Raising Events sponsored by The N.C. Chapter of the Two Party System: May 25, 1973, and February 28, 1975. ALB

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011908

2/22

North Carolina Chapter of the National Committee for a
Two-Party System

February 28th, 1975 Fund Raising Affair:

Total Proceeds ----- \$5,335.00

Expenses Incurred ----- \$2,445.38

- (1) Postage ----- \$100.00
- (2) Glover Printing ----- \$222.61
- (3) Fallon's Florist ----- \$ 23.40
- (4) International Flower Mart----- \$ 6.74
- (5) Cocktails ----- \$287.40
- (6) Police Service ----- \$ 24.25
- (7) The Eliminators Band ----- \$600.00
- (8) Howard Johnson's ----- \$997.57
- (9) Travel ----- \$183.41

\$2,445.38

Total Proceeds \$5,335.00
 Total Expenses Inc. - \$2,445.38
 Net Proceeds \$2,889.62

77040011909

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

2/23

NORTH CAROLINA CHAPTER OF THE NATIONAL
COMMITTEE FOR A TWO PARTY SYSTEM

FINANCIAL STATEMENT

May 25, 1973 - Fund Raising Event:

Total Income \$12,316.44

Expenditures

Post Office Box Rent	3.60
Ramada Inn - Room Rental	26.00
Wake County Board of Alcoholic Control (Board Meeting-Greensboro, N.C.)	49.70
Glover Printing, Inc. (Programs)	65.21
Glover Printing, Inc.	192.02
Glover Printing, Inc. (Invitation - Reprint)	14.25
Georgia's Restaurant (Charlotte, N.C. - Meeting)	22.50
Stephenson Music Company (Rental Piano)	41.40
The Hilton Inn (Guest Suite)	55.22
Fallon's Florists (Heal Table Arrangement)	5.20
Albemarle Duplicating Center (Printed Materials)	.55
Stone's Southern School Supply Company (Supplies for Banquet)	11.35
Wake County Board of Alcoholic Control (Guest Suite)	31.85
The Hilton Inn (Guest Room)	16.64
Shearton Motor Inn (Board Meeting-Greensboro, N.C.)	39.90
Price Candy Company (Banquet & Cocktail Hour)	3,412.72
Mayor Johnny Ford (Speaker's Expenses)	186.55
Bennie Richardson (Entertainer - Cocktail Hour)	40.00
Ed Sexton (Speaker's Expenses)	200.00
Charles Hurst (Speaker's Expenses)	200.00
Supplies for Guest Room	4.10

7704001910

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY

N.C. Chapter of the National
Committee for a Two Party System
Financial Statement Continued

2/24

Gas & One Meal - Oscar Fields	5	9.50
Charmain Baldwin (Secretarial Services)		50.00
Charles Hurst (Speaker) (Rental Tuxedo)		29.02
		<hr/>

TOTAL Expenditures \$ 4,707.28

Balance in Treasure \$ 7,609.16

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011911

2/16



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

February 26, 1976

Ms. Anne H. Lumsden
512 Orange Street
Raleigh, North Carolina 27609

Re: CA-043-75

Dear Ms. Lumsden:

This will acknowledge receipt of your February 12, 1976 letter submitting additional information relating to the audit of the Stevens for Senate Committee. We are presently re-evaluating the audit results based on this information. We will contact you if additional information is needed.

Thank you for your cooperation in this matter.

Sincerely,

Gordon Andrew McKay
Gordon Andrew McKay
Assistant Staff Director for
Disclosure and Compliance

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011912



CA-043-75

2/15

RECEIVED
FEDERAL ELECTION
COMMISSION

February 12, 1976
512 Orange Street
Raleigh, N. C. 27609

76 FEB 17 P 1: 11

Mr. Tom Haselhurst
Federal Election Commission
1325 K Street NW
Washington, D. C. 20463

Dear Mr. Haselhurst:

I have spent some time on the Stevens for Senate records for 1974 this week and found one large item that accounts for the differences you noted, I believe. The Committee received a check from the Governor's Invitational Golf Tournament in the amount of \$15,000.00 that was endorsed and given directly to the bank to retire the \$15,000.00 note that Mr. Stevens had signed. It therefore did not appear in the bank statements, but I had noted the transaction in the stubs of my major bank account to ensure that it was reported. It was then duly reported in the June 1--August 31 report for 1974 as income and expense (See page 1 of part 5 for transfer income and page 5 of part 9 for expense.) It is also listed on the appropriate page as a debt reduction.

Since this amount is so close to the amounts you figured that the expenses and income were different from the bank statements, and since you said that you did not figure outstanding checks, etc., into your totals, I hope you will agree that this accounts for the basic differences in our figures.

Sincerely yours,

Anne H. Lumsden

Anne H. Lumsden
(Mrs. John C.)

AHL:s

cc: Mr. W. E. Stevens

77040011913

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

Mrs. John C. Lumsden
512 Orange Street
Raleigh, N. C. 27609

FEDERAL ELECTION
COMMISSION



76 FEB 17 P 1:06

Mr. Tom Haselhurst
Federal Election Commission
1325 K Street NW
Washington, D. C. 20463

ATTENTION: AID

RECEIVED
FEB 17 1976
FEDERAL ELECTION COMMISSION

CA-043-75

2/13

RECEIVED
FEDERAL ELECTION
COMMISSION

LAW OFFICES

BROUGHTON, BROUGHTON, McCONNELL & BOXLEY, P. A.

POST OFFICE BOX 2387

76 FEB 13 All: 26 RALEIGH, NORTH CAROLINA 27602

J. MELVILLE BROUGHTON JR.
ROBERT S. BROUGHTON
JOHN D. McCONNELL, JR.
J. MAC BOXLEY
CHARLES P. WILKINS
F. TIMOTHY NICHOLLS
WILLIAM G. ROSS, JR.
GREGORY S. CRAMPTON
THOMAS J. STEVENS

SUITE 900, RALEIGH BUILDING

TELEPHONE
833-2782
AREA CODE 919

February 11, 1976

77040011915

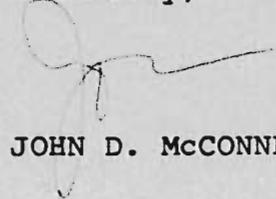
Mr. Craig Crooks
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Dear Mr. Crooks:

I was glad to receive the letter from Mr. McKay dated February 6, 1976, and to discuss the North Carolina Two Party Chapter of the National Election for a Two Party System with you. We are almost completely ready to file those items requested by Mr. McKay, but I did want to point out that with the mails being what they are, these items were just received by us on this day; and we will do our best to get them filed within 10 days of this letter.

With appreciation and best wishes, I am

Sincerely,



JOHN D. McCONNELL, JR.

JDMcCjr/jst

cc: Mr. Floyd McKissick

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

LAW OFFICES

BROUGHTON, BROUGHTON, McCONNELL & BOXLEY, P.A.

SUITE 900, RALEIGH BUILDING

POST OFFICE BOX 2387

RALEIGH, NORTH CAROLINA 27602

RA
COM



PROCLAIM LIBERTY THROUGHOUT ALL THE LAND
USA 13c



76 12 12 11:24

Mr. Craig Crooks
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

OFFICIAL MAIL
FEDERAL ELECTION COMMISSION
DIVISION

709 04 11 18

CA-043-75

2/12

LAW OFFICES
BROUGHTON, BROUGHTON, McCONNELL & BOXLEY, P. A.
POST OFFICE BOX 2247
RALEIGH, NORTH CAROLINA 27603

J. MELVILLE BROUGHTON, JR.
ROBERT B. BROUGHTON
JOHN D. McCONNELL, JR.
J. MAC BOXLEY
CHARLES P. WILKINS
F. TIMOTHY NICHOLLS
WILLIAM G. ROSS, JR.
GREGORY S. CRAMPTON
THOMAS J. STEVENS

SUITE 900, RALEIGH BUILDING
76 FEB 12 A3:15

TELEPHONE
833-2752
AREA CODE 919

February 9, 1976

77040011917

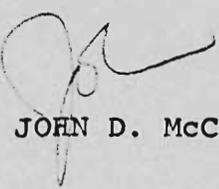
Mr. Craig Crooks
Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20463

Dear Mr. Crooks:

I had expected to hear something from you in response to my letter of January 30, 1976. If the recent Supreme Court's decision means that you will be taking no further action at this time, I would certainly like to know that as well.

If you would just like to give me a call about this at your convenience, that will be fine.

With best wishes, I am

Sincerely,


JOHN D. McCONNELL, JR.

JDMcCJr/jst

ccs: Mr. L. G. Horton
Mr. Floyd McKissick

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011918

LAW OFFICES

BROUGHTON, BROUGHTON, McCONNELL & BOXLEY, P.A.

SUITE 900, RALEIGH BUILDING

POST OFFICE BOX 2387

RALEIGH, NORTH CAROLINA 27602

76 FEB 12 A 3: 10



PROCLAIM LIBERTY

13c



POSTAGE WILL BE PAID BY ADDRESSEE

Mr. Craig Crooks
Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20463

CA #0043

2/14

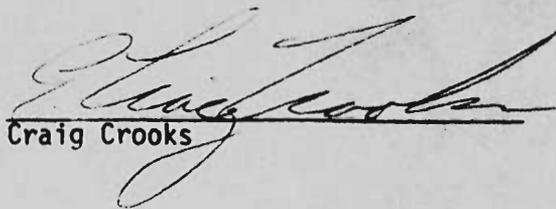


FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

February 11, 1976

Received call on this date at approximately 1:25 p.m.
from John McConnell, Attorney for the North Carolina
Chapter of the National Committee for a Two Party System.
He was filling out report forms and had questions on
filling out unitemized expenditures.


Craig Crooks

77040011919

OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL





FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

February 6, 1976

Mr. John D. McConnell, Jr.
Broughton, Broughton, McConnell, & Boxley, P.A.
Suite 900, Raleigh Building
Raleigh, North Carolina 27602

Dear Mr. McConnell:

An audit of the North Carolina Chapter of the National Committee for a Two-Party System by representatives of the Federal Election Commission last week revealed that the North Carolina Chapter must fulfill the registration and reporting requirements prescribed by the Federal Election Campaign Act of 1971. The Committee may file a cumulative report of all receipts and expenditures to date; however, the report should begin with the cash-on-hand as of April 7, 1972, the effective date of the Act.

In the spirit of promoting full and timely disclosure, the North Carolina Chapter of the National Committee for a Two-Party System should fulfill its registration and reporting obligation within ten days from receipt of this letter. Forms are enclosed for this purpose.

The Commission's preliminary audit indicates that the National Committee for a Two-Party System is not required to file either a registration or disclosure form with the Federal Election Commission at this time.

If further guidance or assistance is required, please do not hesitate to contact Mr. Craig Crooks by mail or telephone (202/382-6023).

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

Sincerely,

Gordon Andrew McKay
Assistant Staff Director for
Disclosure and Compliance

7704011920



Enclosures as stated

CA-043-75
2/6

RECEIVED
LAW OFFICES
FEDERAL ELECTION
COMMISSION
BROUGHTON, BROUGHTON, McCONNELL & BOXLEY, P.A.

SUITE 800, RALEIGH BUILDING
RALEIGH, NORTH CAROLINA 27603
FEB 3 12:48

POST OFFICE BOX 2287
TELEPHONE 919 833-2782

J. MELVILLE BROUGHTON, JR.
ROBERT S. BROUGHTON
JOHN D. McCONNELL, JR.
J. MAC BOXLEY
CHARLES F. WILKINS
F. TIMOTHY NICHOLLS
WILLIAM G. ROSS, JR.
GREGORY B. CRAMPTON

January 30, 1976

Mr. Craig Crooks
Federal Election Commission
1325 K Street N.W.
Washington, D. C. 20463

Dear Mr. Crooks:

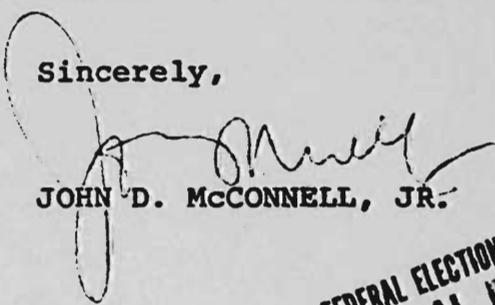
After meeting with you the other day, Mr. McKissick did locate his recap of every disbursement made by the National Committee for a Two Party System since its inception in 1972. It appears that there were several minor political contributions, and I call your particular attention to check #113 for \$50, checks #129, #130, #131, #132, #133, and #136 through #148; but in my opinion, these would not constitute the \$1,000 limit, even if all given to one particular candidate which apparently they were not.

Mr. McKissick informs me that this Committee intends never to make any political contributions of any kind to any candidates in the future, and will continue to operate only if it is able to procure a tax exempt status; otherwise, it will disband.

After reviewing the enclosed and receiving the foregoing information, we hope that it will not be necessary for them to make a formal filing; but we shall certainly abide by the directions of the Commission.

Looking forward to hearing from you, and with best wishes, I am

Sincerely,



JOHN D. McCONNELL, JR.

JDMcCjr/jst
Enclosure
cc: Mr. Floyd McKissick

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011921

2/7

THE NATIONAL COMMITTEE FOR A TWO-PARTY SYSTEM
POST OFFICE BOX 128
SOUL CITY, NORTH CAROLINA 27553

DISEURSEMENTS FOR 1972

<u>DATE</u>	<u>CHECK NO.</u>	<u>PAYABLE TO</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
12/9/72	101	Dorothy L. Waller	reimbursement for basic groceries for Board of Directors Luncheon Meeting	10.51
12/29/72	102	F.B. McKissick	reimbursement for advance to Brenda Pettross, secretarial services	200.00
12/29/72	103	The Washington Hilton	deposit for hospitality suite Inaugural expenses	320.00
12/29/72 - Payment to Mechanics and Farmers Bank for Two-Party System Checkbook 8.12				

DISEURSEMENTS FOR 1973

1/15/73	104	Ideal Florist	payment for flowers to Mrs. Ruby Lawrence	15.50
2/1/73	105	McKissick Enterprises	payment for mileage expense use of Dodge 128 miles/11¢ use by Two-Party System Board members from Raleigh-Durham Airport to Soul City	14.08
4/23/73	106	Diners Club	March 20 Executive Committee Meeting Two-Party System/Dinner for Members charged to account of F.B. McKissick	135.69
5/28/73	107	Charles Hurst	payment for expenses incurred on trip to Tuskegee, Alabama/organizing meeting of Tuskegee, Alabama Chapter/Two-Party System	195.42
	108	VOID		
6/7/73	109	F.B. McKissick, Jr.	payment for photographs taken at North Carolina Chapter Two/Party System Banquet/Raleigh, N.C.	27.00
	110	VOID		
7/16/73	111	F. B. McKissick	reimbursement for payment of Lodging Holiday Inn, Henderson, Executive Committee Meeting/Two-Party System	70.15

THE NATIONAL COMMITTEE FOR A TWO-PARTY SYSTEM
DISBURSEMENTS CONTINUED--

Page 2

2/8

DISBURSEMENTS FOR 1973 continued

9/7/73	112	Eastern Airlines	2 round/trip tickets for F.B. McKissick/T.T. Clayton Two-Party System organizing meeting of Pensacola, Florida Chapter of Two Party System	217.10
9/11/73	113	Atlantans for Maynard Jackson (for Mayor)	contribution	50.00
9/17/73	114	F.B. McKissick	reimbursement for out of pocket expenses on trip to Pensacola, Florida/organizing meeting of Pensacola Chapter/Two-Party System	56.67
9/18/73	115	Congressional Black Caucus Dinner	partial payment for table of 10/Dinner attended by Two-Party System Board members	200.00
9/19/73	116	Creative Printers	payment in full for printing 100 Charter Certificates	95.58
11/3/73	117	Ramada Inn South	payment for Lodging/State Republican Convention held in Raleigh, N.C.	10.22
11/7/73	118	A&P Grocery Store	Consumable supplies for Two-Party System Brunch for Board of Directors meeting	50.00
10/29/73	119	Ramada Inn South	deposit for 3 double rooms/Nov. 2-3 State Republican Convention, Raleigh, N.C.	56.16
11/12/73	120	Rosa Russell	food preparation for Two-Party System Board of Directors Brunch/Meeting	20.00
11/12/73	121	Evelyn Bullock	food preparation for Two-Party System Board of Directors Brunch/Meeting	20.00
11/13/73	122	Evelyn McKissick	reimbursement for out-of-pocket expenses incurred for Two-Party System Board of Directors Brunch/Meeting	7.90
11/15/73	123	New York Hilton	expenses paid in full, hotel bill for Archie Moore incurred Two-Party System meeting - 10/13/72, speaker for occasion	150.27
11/19/73	124	Henderson Fruit and Produce	Consumable supplies for Two Party System Board of Directors Brunch/Meeting	34.72

2/9

DISBURSEMENTS FOR 1973 continued--

11/19/73	125	F.B. McKissick	reimbursement for consumable supplies/purchase for Two-Party System Brunch Meeting of Board of Directors and hotel bill for Board Member (Johnny Ford) and one secretary	108.90
12/6/73	126	Macon's Office Equipment	office supplies	40.67
127	- V O I D			
12/11/73	128	McKissick Enterprises	mileage expense for use of Dodge 510 miles/11¢ per mile. (use by Board Members (from Raleigh-Durham airport to Soul City	56.10
			INTANGIBLES TAX DEDUCTED BY MECHANICS AND FARMERS BANK	1.08

DISBURSEMENTS FOR 1974

1/25/74	129	Night of Honors/Hugh Scott Salute	contribution	100.00
3/22/74	130	Elna B. Spaulding Durham, N.C.	campaign contribution	30.00
8/28/74	131	WARR Radio Station	24 announcement spots/30 sec. political rally/Sept. 5, 1974, Bill Stevens, U.S. Senate/ T.T. Clayton, N.C. House of Representatives	30.00
8/28/74	132	Reid Sign Co.	banner (Two-Party System) 12 x 5 political rally - Sept. 5, 1974	20.00
8/30/74	133	Evelyn McKissick	food for political rally, Sept. 5 Bill Stevens & T.T. Clayton	100.00
			134 V O I D	
			135 V O I D	
9/4/74	136	Moore's Bldg. Supply	materials for steps for platform political rally, Sept. 5	49.56

2/10

DISBURSEMENTS FOR 1974 continued--

9/4/74	137	Edna Wright	preparation of food for political rally - Sept. 5.	12.00
9/5/74	138	Dilliards	150 lbs. BBQ, 100 doz. hush puppies political rally, Sept. 5, 1974	339.00
9/5/74	139	Edna Wright	food preparation for political rally Sept. 5, 1974	25.00
9/5/74	140	Mamie Tunstall	food preparation for political rally Sept. 5, 1974	25.00
9/5/74	141	Nicasio Martinez	building steps/platform for political rally, Sept. 5, 1974	40.00
9/6/74	142	James Smith	expenses incurred for band, Universal Attractions, political rally	20.00
9/9/74	143	WARR Radio Station	10 announcements for political rally	12.50
9/9/74	144	American Bakeries Co.	payment in full for consumable supplies for political rally - Sept. 5.	10.52
9/9/74	145	Henderson Fruit & Produce	consumable supplies for political rally	89.05
9/9/74	146	Henderson Wholesale Meat Co.	7 turkeys for political rally	87.15
7	147	VOID		
12/20/74		Coca-Cola Bottling Co.	beverages for political rally	47:22
DEPOSIT TICKETS FROM MECHANICS AND FARMERS BANK				2.58
INTANGIBLES TAX DEDUCTED BY MECHANICS AND FARMERS BANK				.79

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

DISBURSEMENTS FOR 1975

9/17/75	149	Raleigh City Coach Lines	transportation roundtrip Raleigh - Soul City - Committee of 100 Republican Members Meeting/sponsored by North Carolina Chapter of Two Party System Sept. 19-20, 1975	137.00
9/17/75	150	Edna Wright	Food and services/Committee of 100 Republicans Meeting & Brunch	160.00
11/17/75	151	Fund for a Representative Congress	payment for two tickets Fund for a Representative Congress Dinner/November 19, 1975	100.00
INTANGIBLES TAX DEDUCTED BY BANK				.70

CA-043-75¹²
2/2

RECEIVED
LAW OFFICES
FEDERAL ELECTION
COMMISSION
BROUGHTON, BROUGHTON, McCONNELL & DOWLEY, P.A.

SUITE 800, RALEIGH BUILDING
RALEIGH, NORTH CAROLINA 27602
18 JAN 19 10:58

POST OFFICE BOX 2387
TELEPHONE 919 833-2752

J. MELVILLE BROUGHTON, JR.
ROBERT S. BROUGHTON
JOHN D. McCONNELL, JR.
J. MAC BOXLEY
CHARLES R. WILKINS
F. TIMOTHY NICHOLLS
WILLIAM G. ROSS, JR.
GREGORY B. CRAMPTON

January 15, 1976

77040011926

Mr. Michael Hershman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

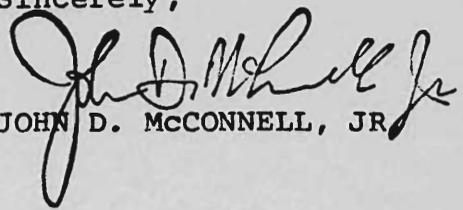
Dear Mr. Hershman:

I enclose for your information copy of letter you wrote to Mr. McKissick and copy of letter I wrote to you back in November. I regret the delay in getting back to you but I had to do some research regarding the local chapter's parent organization before doing so. My research reveals that all that is required of the local chapter here is that they comply with Section 434(a) (2) and the purpose of my writing is to ask if there are any prescribed forms for this as set forth in Section 434(a) (1). If you would be kind enough to respond to this inquiry by either telephone or letter, I will certainly appreciate it; and we will then be able to promptly comply.

It is also my understanding that the National organization is about to disband and I would like to inquire if there are prescribed forms for this purpose also.

With appreciation for your assistance, and with best wishes, I am

Sincerely,


JOHN D. McCONNELL, JR

JDMcCjr/jst
Enclosures

ccs: Mr. L. G. Horton
Mr. Floyd McKissick

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

Floyd B. McKissick
Attorney and Counselor at Law

November 21, 1975

Mr. John D. McConnell, Jr.
Attorney at Law
Post Office Box 2387
Raleigh, North Carolina 27602

RE: North Carolina Chapter, National Committee for a
Two-Party System, Inc. - Federal Election Campaign
Act Report

Dear John:

Enclosed please find copy of letter which I received today from
the Federal Election Commission regarding the above named matter.

Would you be kind enough to call me on Monday, November 24, 1975,
so that we can take care of this matter. We have ten days from
receipt of this letter (Friday, November 21) in which to reply.

With very kind regards, I am

Very truly yours,

Floyd B. McKissick
F. B. McKissick

Enclosure

cc: Dr. Larnie G. Horton

**FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL**

77040011927



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

2/4
11
10

November 18, 1975

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Floyd B. McKissick, Treasurer
North Carolina Chapter, National Committee
for a Two Party System
P. O. Box 188
Soul City, North Carolina 27553

Dear Mr. McKissick:

The Federal Election Commission was established, by Congress, to administer the Federal Election Campaign Act of 1971, as amended. The Commission is empowered to conduct audits and investigations to determine whether any violations of the Act have occurred and to take the necessary steps to correct same (2 U.S.C. 437(d) and (g)).

It has come to the attention of the Commission that in 1974 the North Carolina Chapter of the National Committee for a Two Party System made an in-kind contribution in the amount of \$1,420 to the Stevens for Senate Committee. In addition, we have received information indicating that the Chapter made a \$1,000 cash contribution to the Stevens for Senate Committee.

Section 433 of Title 2 of the United States Code prescribes in part that "Each political committee which anticipates receiving contributions or making expenditures during the calendar year in an aggregate amount exceeding \$1,000 shall file with the Commission a statement of organization, within ten days after its organization or, if later, ten days after the date on which it has information which causes the Committee to anticipate it will receive contributions or make expenditures in excess of \$1,000. Each such committee in existence at the date of enactment of this act shall file a statement of organization with the Commission at such time as it prescribes." In addition, Section 434 prescribes in part that "... each treasurer of a political committee supporting a candidate or candidates for election to Federal office, and each candidate for election to such office, shall file with the Commission reports of receipts and expenditures on forms to be prescribed or approved by it."

77046011928



THIS DOCUMENT IS A COPY
OFFICE OF FEDERAL REGISTER

2/5

Mr. Floyd B. McKissick
Page 2

November 18, 1975

Enclosed please find for your reference a copy of a booklet entitled "Federal Election Campaign Laws" compiled by the Secretary of the United States Senate.

In the spirit of promoting full and timely disclosure, you are urged to fulfill the registration and reporting requirements of 2 U.S.C. 433 and 434. Furthermore, the Commission invites you to submit any information which would clarify or explain the apparent delay in registering and filing. Such information should be received by the Commission not later than ten business days after receipt of this letter. Absent a response which explains the suggestion of a law violation in this matter, the Commission must necessarily proceed to investigate further.

This letter of notification and the subject matter shall remain confidential, except for any reports and statements or amendments thereto which you submit for the public record, unless or until you decide to release it and so confirm to the Commission in writing.

If further guidance or assistance is required, please do not hesitate to contact Mr. Michael Hershman by mail or telephone (202/382-6023).

Ext 5/11/79

Sincerely,

Gordon Andrew McKay
Assistant Staff Director for
Disclosure and Compliance

GAM/std

Enclosure

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77045011929

77041030

LAW OFFICES

BROUGHTON, BROUGHTON, MCCONNELL & BOXLEY, P.A.

SUITE 900, RALEIGH BUILDING

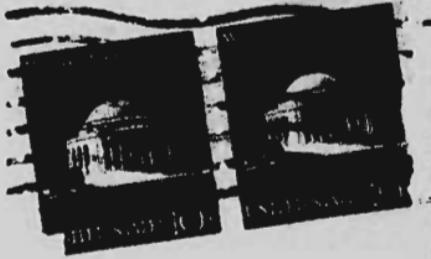
POST OFFICE BOX 2387

RALEIGH, NORTH CAROLINA 27602

FEDERAL ELECTION COMMISSION

76 JAN 19 9:56

Mr. Michael Hershman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463



FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
U.S. GOVERNMENT PRINTING OFFICE

MGMWSHU HSC
2-041772E016002 01/19/76
ICS IPMHTZZ CSP
1 2023825376 MGM TDMT WASHINGTON DC 01-16 0524P EST

western union Mailgram

RECEIVED
FEDERAL ELECTION
COMMISSION

76 JAN 19 9:24
A 0375
2/1

THE FEDERAL ELECTION COMMISSION VIRGINIA
FOUNTAIN
1325 K ST NORTHWEST
WASHINGTON DC 20463

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

2023825376 MGM TDMT WASHINGTON DC 100 01-16 0524P EST
ZIP

JOHN D MCCONNELL JR
SUITE 900 RALEIGH BLDG
RALEIGH NC 27602

THIS IS IN FURTHER REFERENCE TO YOUR CONVERSATION WITH MR MICHAEL
HERSHMAN OF THE FEDERAL ELECTION COMMISSION CONCERNING YOUR CLIENT MR
FLOYD MCKISSICK AND THE NATIONAL COMMITTEE FOR A TWO PARTY SYSTEM. WE
HAVE BEEN UNABLE TO CONTACT YOU DIRECTLY TO ADVISE YOU THAT
REPRESENTATIVES OF THE COMMISSION WILL BE IN RALEIGH DURING THE WEEK OF
JANUARY 19 1976. ACCORDINGLY WE WOULD ADVISE YOU NOW THAT MR CRAIG
CROOKS AND/OR MR RAYMOND LISI OF THIS OFFICE WILL CONTACT YOU MONDAY TO
ARRANGE AN APPROPRIATE TIME TO DISCUSS THIS MATTER.

GORDON A MCKAY
THE FEDERAL ELECTION COMMISSION
1325 K ST NORTHWEST
WASHINGTON DC 20463

17124 EST

MGMWSHU HSC

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL



MAILGRAM SERVICE CENTER
MIDDLETOWN, VA. 22645



Mailgram



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

73 01110
RECEIVED
FEDERAL ELECTION
COMMISSION

MAR 19 9 2

THIS MAILGRAM WAS TRANSMITTED ELECTRONICALLY BY WESTERN UNION TO A POST OFFICE NEAR YOU FOR DELIVERY

RECEIVED
FEDERAL ELECTION
COMMISSION



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 15, 1976

MEMORANDUM

To: Drew McKay
Jack Murphy

Through: Michael Hershman *MH*
Peter Roman *R*

From: Craig Crooks *CC*

Subject: Intended Investigations, CA-043-75 and CA-050-75

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

It is intended that on January 19, 1976, an investigation of Compliance Action numbers 043 and 050 be initiated. Four AID staff members, Craig Crooks, Tom Haselhorst, Ray Lisi, and Kim Rosenfield, will be going to North Carolina to conduct the investigation.

The procedures to be used and the proposed schedule are as follows:

- I. Monday, January 19, 1976 (Crooks, Haselhorst, Lisi, Rosenfield)
Raleigh, North Carolina

Interviews with U.S. Attorney, North Carolina State Board of Elections, and State Bureau of Investigation

- II. Tuesday, January 20, 1976

- A. (Lisi, Haselhorst) Lenoir, North Carolina
Audit of Stevens Committee

- B. (Crooks, Rosenfield)

- 1. Raleigh, N.C. - Interview with Attorney for N.C. Chapter of National Committee for a Two Party System

- 2. Fayetteville, N.C. - Audit of Rose Committee

77040011933



January 15, 1976

III. Wednesday, January 21, 1976 (Crooks, Haselhorst, Lisl, Rosenfield)

Continue Audits.

IV. Thursday, January 22, 1976

All regroup in Fayetteville for coordination and planning of interviews.

V. Friday, January 23, 1976 (Continuing as long as necessary)

Interviews with concerned parties and completion of investigations.

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011934

For Senator Stevens

CA-043-75

1/27

RECEIVED
FEDERAL ELECTION
COMMISSION
December 2, 1975

75 DEC 5 AM 11:54

CHAIRMAN

Charles R. Jones
Lincolnton

ADVISORY COMMITTEE

Genza Baldwin
Pegah Forest

Ronald Barbee
Greensboro

Ed D. Beach
Lenior

Charlie Frank Benbow
Winston-Salem

Rep. Marilyn Bissell
Charlotte

Hugh Chatham
Ekin

Rep. Larry Cobb
Charlotte

Orville Coward
Sylva

Bill Dougherty, Jr.
Charlotte

Lem Doss
Wilmington

John H. Hall, M.D.
Greensboro

Rep. Tommy Harrelson
Southport

Rex Harris
Fayetteville

Edward W. Hedgepeth
Raleigh

A. W. (Billy) Houtz
Elizabeth City

Grady Hunter
Booneville

Paul Ingle
High Point

Ned Jarrett
Conover

Henry Mitchell, Jr.
Raleigh

E. A. Morris
Greensboro

Avery Nye, Jr.
Fairmont

Bill Osteen
Greensboro

Billy Joe Patton
Morganton

Jim Peden
Raleigh

Donald Pollock
Kinston

Leonard Rawls
Rocky Mount

Sen. George Rountree
Wilmington

W. J. Smith
Raleigh

Asa T. Spaulding, Jr.
Durham

Sen. Charles Taylor
Brevard

Rep. Fran Tomlin
Concord

Jack Veach
Asheville

Mr. Gordon Andrew McKay
Assistant Staff Director for
Disclosure and Compliance
Federal Election Commission
1325 K Street N. W.
Washington, D. C. 20463

Dear Mr. Young:

In reply to your letter of November 18 regarding your contention that the North Carolina Chapter of the National Committee for a Two Party System contributed \$1000 to the Stevens for Senate Campaign, our records show no evidence of having received that amount, or any amount, from that organization.

Yours very truly,

Clara B. Main

(Mrs.) Clara B. Main, Treasurer

cm

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

11/11/75 10:51 AM

P. O. BOX 495 - LENOIR, N. C. 28645

10 5 11:53



Mr. Gordon Andrew McKay
Assistant Staff Director for
Disclosure and Compliance
Federal Election Commission
1325 K Street N. W.
Washington, D. C. 20463

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

1/26



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

December 4, 1975

MEMORANDUM

To: File

Through: Drew McKay/Peter Roman

From: Michael Hershman

Subject: CA-043-75

On December 4, 1975 at 11:05 a.m., I telephoned and spoke with Clara B. Main (704/758-3111), Treasurer, Stevens for Senate Committee. Ms. Main informed me that her response to our November 18, 1975 letter (received by Main on November 21, 1975) was mailed on December 2, 1975.

77040011937

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL



1/25

RECEIVED
COMMUNICATIONS SECTION
U.S. DEPARTMENT OF JUSTICE
WASHINGTON, D.C.

RALPH W. HARRIS, JR.
Raleigh, North Carolina 27601

275 NOV 28 AM 11:21
COMMUNICATIONS SECTION

TELEPHONE
ROOM 4000
AREA CODE 202

J. MELVILLE BRANTON, JR.
ROBERT E. BROWNE
JOHN G. MCCONNELL, JR.
J. RAY BULLY
CHARLES F. WILSON
T. THOMAS MCGHEE
WILLIAM B. ROSS, JR.
GREGORY S. BRANTON

November 25, 1975

77040011939

Mr. Michael Hershman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

Dear Mr. Hershman:

I was glad to confer with you by telephone today regarding the North Carolina Chapter of the National Committee for a Two Party System. As indicated to you, our client is certainly willing and happy to cooperate in furnishing the information requested in your letter to Mr. McKissick of November 18, and we do agree that within several days of receipt of your booklet entitled "Federal Election Campaign Laws" by me that I shall have the appropriate information prepared and returned to your office.

With appreciation for your cooperation, and with best wishes, I am

Sincerely,


JOHN G. MCCONNELL, JR.

JDMcjr/jst

cc: Mr. Floyd McKissick
Mr. Larnie G. Horton

FEDERAL ELECTION COMMISSION
OFFICIAL COPY
NOV 28 1975

LAW OFFICES

BROUGHTON, BROUGHTON, MCCONNELL & BOXLEY, P.A.

SUITE 900, RALEIGH BUILDING

POST OFFICE BOX 2387

RALEIGH, NORTH CAROLINA 27602



Mr. Michael Hershman
Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

7
0
4
0
0
1
1
0
3
9

RALEIGH

NOV 10 11:25

NOV 10 11:40

CA 043-75

1/23



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 25, 1975

MEMORANDUM

To: Drew McKay
Through: Peter Roman
From: Michael Hershman *[signature]*
Subject: CA-043-75

On November 25, 1975, I received a telephone call from John D. McConnell, Jr., P. O. Box 2387, Raleigh, North Carolina. Mr. McConnell stated that he has recently been retained as counsel for the North Carolina Chapter of the National Committee for a Two Party System.

Mr. McConnell is working on a response to our November 18 letter and would like a copy of the Federal Election Campaign Act (we did send a copy to the Committee Treasurer). McConnell stated a full response to our letter would be forthcoming within three days after his receiving the requested material.

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011940



1/24



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 25, 1975

Mr. John D. McConnell, Jr.
P. O. Box 2387
Raleigh, North Carolina 27602

Dear Mr. McConnell:

Pursuant to our telephone conversation of November 25, 1975, I am enclosing a copy of a booklet entitled "Federal Election Campaign Laws". If further assistance is required, please do not hesitate to contact me.

Sincerely,

Michael J. Hershman
Michael J. Hershman
Assistant Chief, Audit and
Investigation Division

FEDERAL ELECTION COMMISSION
OFFICE OF THE ASSISTANT CHIEF
AUDIT AND INVESTIGATION DIVISION

77040011941





FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 18, 1975

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Floyd B. McKissick, Treasurer
North Carolina Chapter, National Committee
for a Two Party System
P. O. Box 188
Soul City, North Carolina 27553

Dear Mr. McKissick:

The Federal Election Commission was established, by Congress, to administer the Federal Election Campaign Act of 1971, as amended. The Commission is empowered to conduct audits and investigations to determine whether any violations of the Act have occurred and to take the necessary steps to correct same (2 U.S.C. 437(d) and (g)).

It has come to the attention of the Commission that in 1974 the North Carolina Chapter of the National Committee for a Two Party System made an in-kind contribution in the amount of \$1,420 to the Stevens for Senate Committee. In addition, we have received information indicating that the Chapter made a \$1,000 cash contribution to the Stevens for Senate Committee.

Section 433 of Title 2 of the United States Code prescribes in part that "Each political committee which anticipates receiving contributions or making expenditures during the calendar year in an aggregate amount exceeding \$1,000 shall file with the Commission a statement of organization, within ten days after its organization or, if later, ten days after the date on which it has information which causes the Committee to anticipate it will receive contributions or make expenditures in excess of \$1,000. Each such committee in existence at the date of enactment of this act shall file a statement of organization with the Commission at such time as it prescribes." In addition, Section 434 prescribes in part that "... each treasurer of a political committee supporting a candidate or candidates for election to Federal office, and each candidate for election to such office, shall file with the Commission reports of receipts and expenditures on forms to be prescribed or approved by it."

770407011942



FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

1/22

Mr. Floyd B. McKissick
Page 2

November 18, 1975

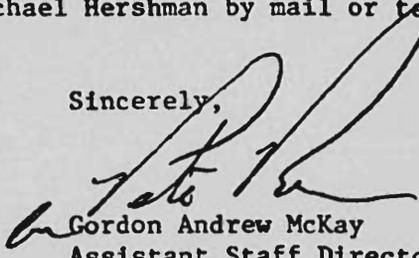
Enclosed please find for your reference a copy of a booklet entitled "Federal Election Campaign Laws" compiled by the Secretary of the United States Senate.

In the spirit of promoting full and timely disclosure, you are urged to fulfill the registration and reporting requirements of 2 U.S.C. 433 and 434. Furthermore, the Commission invites you to submit any information which would clarify or explain the apparent delay in registering and filing. Such information should be received by the Commission not later than ten business days after receipt of this letter. Absent a response which explains the suggestion of a law violation in this matter, the Commission must necessarily proceed to investigate further.

This letter of notification and the subject matter shall remain confidential, except for any reports and statements or amendments thereto which you submit for the public record, unless or until you decide to release it and so confirm to the Commission in writing.

If further guidance or assistance is required, please do not hesitate to contact Mr. Michael Hershman by mail or telephone (202/382-6023).

Sincerely,



Gordon Andrew McKay
Assistant Staff Director for
Disclosure and Compliance

GAM/std

Enclosure

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF LEGAL COUNSEL

77040011943

77040011944

DELIVER TO ADDRESSEE and date of delivery
 DELIVER ONLY TO ADDRESSEE and date of delivery
 DELIVER ONLY TO ADDRESSEE and date of delivery

2. ARTICLE DESCRIBED BY: *Floyd B. McKeen*

3. ZIP CODE: *43083*

I have received the article described above.

4. NAME OF DELIVERY: *Mr. F. B. McKeen*

5. ADDRESS: *PO Box 128*
43083

6. DATE OF DELIVERY: *NOV 21 1975 P.M.*

RECEIVED
 NOV 21 1975
 P.M.

CA-043-75

1/19



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 18, 1975

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. Clara B. Main, Treasurer
Stevens for Senate Committee
P. O. Box 495
Lenoir, North Carolina 28645

Dear Ms. Main:

The Federal Election Commission was established, by Congress, to administer the Federal Election Campaign Act of 1971, as amended. The Commission is empowered to conduct audits and investigations to determine whether any violations of the Act have occurred and to take the necessary steps to correct same (2 U.S.C. 437(d) and 437(g)).

It has come to the attention of the Commission that in 1974, the North Carolina Chapter of the National Committee for a Two Party System contributed \$1,000 in cash to the Stevens for Senate Committee, and that this contribution was not reported.

Section 434(b)(4) prescribes that each report disclose "the name and address of each political committee or candidate from which the reporting committee or the candidate received, or to which that committee or candidate made, any transfer of funds, together with the amounts and dates of all transfers." Enclosed please find for your reference a copy of a booklet entitled "Federal Election Campaign Laws" compiled by the Secretary of the United States Senate.

The Commission invites you to submit any information which would clarify, explain or correct the matter referred to above. Such information should be received by the Commission not later than ten business days after receipt of this letter. Absent a response which explains the suggestion of a law violation in this matter, the Commission must necessarily proceed to investigate further.

77040011945



FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

1/20

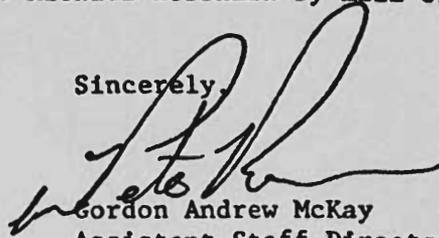
Ms. Clara B. Main
Page 2

November 18, 1975

This letter of notification, and the subject matter shall remain confidential, except for any reports and statements or amendments thereto which you submit for the public record, unless and until you decide to release it and so confirm to the Commission in writing.

If further guidance or assistance is required, please do not hesitate to contact Mr. Michael Hershman by mail or telephone (202/382-6023).

Sincerely,



Gordon Andrew McKay
Assistant Staff Director for
Disclosure and Compliance

GAM/std

Enclosure

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011946

77040011947

1. THE ADDRESSEE OF THIS MAILING (check one)

Name is UNKNOWN

Name is known (state name of addressee)

DELIVER ONLY TO ADDRESSEES who are to whom mail has been delivered

DELIVER TO ALL ADDRESSES on this list, last, and address of delivery

2. ARTICLE ADDRESSED TO:

3. ARTICLE DESCRIPTION:

REGISTERED NO. 438091 ISSUED NO. _____

4. I have received the article described above.

[Signature]

NOV 21 1975

FEDERAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE
OFFICE OF GENERAL INVESTIGATION

5. ARTICLE TO BE DELIVERED TO:

6. (DO NOT WRITE IN THESE SPACES)

FEDERAL BUREAU OF INVESTIGATION
U.S. DEPARTMENT OF JUSTICE
OFFICE OF GENERAL INVESTIGATION
SERIAL BUNSEL

CA-043-7
1/18



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 13, 1975

Honorable Thomas P. McNamara
United States Attorney
Eastern District of North Carolina
P.O. Box 26897
Raleigh, North Carolina 27611

Dear Mr. McNamara:

This is to acknowledge receipt of your letter of September 26, 1975, which advises the Federal Election Commission of certain alleged campaign violations by the North Carolina Chapter of the National Committee for a Two Party System and the Stevens for Senate Committee. This matter is currently under review by the Commission. Thank you for calling this matter to our attention.

Sincerely,

Gordon Andrew McKay
Assistant Staff Director for
Disclosure and Compliance

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011948



1/16

FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

October 23, 1975

MEMORANDUM: MICHAEL HERSHMAN
FROM: JOHN M. BRONISH *John M. Bronish*
SUBJECT: NORTH CAROLINA CHAPTER, NATIONAL COMMITTEE
FOR A TWO PARTY SYSTEM

After reviewing the Federal Election Commission Disclosure files, and discussing this matter with the State Director of Elections, I recommend the following additional steps to resolve the allegations:

1. Transmit a letter to the Chapter requesting that it register as required by the Act if they have made expenditures on behalf of a Federal candidate, since such information must be reported. Additionally, in the correspondence, we should point out to the Chapter that it must register if it has or intends to, make contributions in excess of \$1,000 for Federal candidates, and that such registration is required either of the state chapter, national organization, or both. (Note: possibly we should elicit from the chapter complete information concerning the "National Committee" to include identity of the directors, location, organizational structure, membership, etc.). We should request that any response from the chapter be notarized.
2. Review the North Carolina investigation of the Chapter to determine what applicable Federal Statutes may or may not have been violated. Such a review should include analysis of the statements made by MCKISSICK.

77040011949

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

1/17

3. Interview STEVENS FOR SENATE COMMITTEE Officials (treasurer, etc.) to determine:
 - a. if DARNELL and/or TRICE were employees of the Committee, employees or members of the Chapter, or both.
 - b. the nature of the \$1420 transfer-out to the Chapter to include its purpose, to whom paid, what records of the transaction are retained, etc.
 - c. whether or not they received or the Chapter or its officers, made a \$1,000 contribution to the committee.
4. If necessary, interview HORTON and MCKISSICK to verify the \$1420 transfer to the Chapter, and if a \$1,000 contribution was made to the Committee.

77040011950

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

1/14

FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

October 22, 1975

MEMORANDUM FOR THE FILES:

(CA-043-75)

FROM:

JOHN BRONISH

John M. Beniel

SUBJECT:

NORTH CAROLINA CHAPTER,
NATIONAL COMMITTEE FOR A TWO PARTY
SYSTEM

77040011951

On October 21, 1975, I attempted to determine if a state or national committee with a name as the subject had a telephone listing or address in the following cities:

- Richmond, Virginia (Chapter or National)
- New York, New York (Chapter or National)
- Atlanta, Georgia (Chapter or National)
- Washington, D.C. (Chapter or National)
- Raleigh, North Carolina (Chapter or National)

The telephone operators in each of these cities advised that there were no such listings.

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

11/12

October 22, 1975

MEMORANDUM FOR THE FILES: (CA-043-75)
FROM: JOHN BRONISH *John M. Bronish*
SUBJECT: NORTH CAROLINA CHAPTER, NATIONAL COMMITTEE
FOR A TWO PARTY SYSTEM

On October 21, 1975, I reviewed the Federal Election Commission's Disclosure files and found no registration statement or other reports filed by either the subject organization, a national organization having such a name, or variations of the name at both national and state levels.

In addition, I reviewed the reports filed by the STEVENS FOR SENATE COMMITTEE filed during 1974 and 1975. In a report filed by the committee on January 31, 1975, a transfer-out of \$1420 to the "North Carolina Chapter of the National Committee of the Two Party System", was reported (~~see Attachment 1.~~ ^E). On several other reports filed by the committee during this period, several payments to or debts owed by the committee to RICK R. DARNELL were reported (see Attachment 2-7). The total amount of payments reported are \$810.58. From these reports, it appeared that DARNELL was employed by the committee, and such payments were separate from the \$1420 transferred to the Chapter. Similar payments to a FRANK PRIGE were not reported.

77040011952
OFFICE OF GENERAL COUNSEL

1/13

The review of all reports filed by the committee to date disclosed no contribution or transfer-in of \$1,000 or any itemized amount by the Chapter, a national organization by that name, HORTON, or MCKISSICK. In addition, a review of separate reports filed by WILLIAM E. STEVENS, the candidate, disclosed no contributions received by him from the Chapter, a national organization by that name, HORTON, or MCKISSICK.

77040011953

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

1/9

FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

October 22, 1975

MEMORANDUM FOR THE FILES: (CA-043-75)
FROM: JOHN BRONISH *John M. Bronish*
SUBJECT: NORTH CAROLINA CHAPTER, NATIONAL COMMITTEE
FOR A TWO PARTY SYSTEM

77040011954

On October 21, 1975, I telephonically interviewed Mr. Alex Brock, State Director of Elections, and Mrs. Rosemary Stowe, State Campaign Reporting Office concerning the reported state investigation of undisclosed contributions by the North Carolina Chapter, National Committee for a Two Party System (Chapter for short). Mr. Brock confirmed that his office had investigated the reported violations of state law, and advised that the report had been transmitted to the District Attorney for possible prosecution. Mr. Brock advised that the investigation only covered violations of North Carolina law; however, he did provide the following information of possible interest to the Federal Election Commission.

The Chapter had failed to register with the Board of Elections as a political committee despite the fact, that its Executive Director, Dr. Larnie Horton, and its Treasurer, Floyd B. McKissick, knew or had reason to know that such registration was required.

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

1/10

77040011955

Subsequent to the first newspaper article, where the allegations first appeared, the Chapter did register, and indicated that the organization's purpose was to "organize support for Democratic and Republican candidates". Aside from this statement, and the identity of Horton and McKissick as officials of the organization, little was disclosed concerning the structure of the group, the national membership or purpose, or to what extent the organization provides support to Federal candidates. There were indications that the organization might not be organized nationally; however, this was not pursued in the investigation. The Chapter received the majority of its funds; approximately \$13,000, from a dinner held several years ago, and it was from this fund that operating expenses were paid and contributions made. The Chapter has no known physical facilities. In a late report to the Board, the Chapter disclosed making contributions to several state and local candidates in 1974. In addition, during an interview with McKissick, he claimed that the Chapter had made a \$1000 contribution to the STEVENS FOR SENATE COMMITTEE in approximately October, 1974. McKissick also advised that the STEVENS FOR SENATE COMMITTEE had made an in-kind expenditure to the Chapter of \$1420 for salaries of Rick Darnell (\$1040), and Frank Trice (\$380) for services they provided the committee.

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
 OFFICE OF GENERAL COUNSEL

1/11

Mr. Brock finally advised that his report to the District Attorney included a recommendation that the matter be presented to a grand jury in order to secure an eight count indictment of Mr. McKissick for violations of State Election Laws. He did not know yet if the District Attorney intends to pursue his recommendations. Mrs. Stowe confirmed much of the information provided by Mr. Brock, but could provide no additional information. Both Mr. Brock and Mrs. Stowe advised they would cooperate with the Federal Election Commission in any investigation we might undertake. I expressed appreciation for the information and the offer of assistance.

77040011956

FEDERAL ELECTION COMMISSION
 OFFICIAL FILE COPY
 OFFICE OF GENERAL COUNSEL

1/5

press memo: COMPLIANCE:

From: david fiske
to: DREW (cc Peter)

- the Durham N.C. Morning Herald has been nosing into the North Carolina chapter of the "National Committee for the Two-Party System," apparently a black republican organization, that recruits blacks into the Republican party.

- The Committee's national chairman, Floyd Mckissick, is treasurer of the separate North Carolina chapter. a Dr. Carmie Horton is chairman of the n.c. chapter.

- the newspaper has determined that the '74 north carolina senate candidate, william stevens (republican running against Senator Morgan) showed in his reports a transfer out of \$1,000 to the North Carolina chapter, without any federal registration or report by the committee.

- they had apparently discovered that the committee had failed to file state-required reports in local state and local elections, and discovered the federal matters when the committee, in response to the news accounts, filed a partial report, that included a \$1,000 contribution to Stevens. (apparently it was not a federal report, only a state one)

- ACCORDING TO THE PAPER, REPORIER MARTIN DONSKY, (919-834-2850), HE HAS RAISED THE MATTER WITH EASTERN DISTRICT OF NORTH CAROLINA U.S. ATTORNEY TOM McNAMARA, AND McNAMARA IS GOING TO REFER THE MATTER TO THE FEC.

- I explained all the necessary procedures, policies etc. to Donsky, including our information release policy (only acknowledge) - he understands all that.

- no further press action or follow-up. mately wanted to call this to your attention, and alert you to possible contact from McNamara

9/29/75

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

77040011957

1/3

United States Department of Justice
FEDERAL ELECTION COMMISSION

UNITED STATES ATTORNEY
EASTERN DISTRICT OF NORTH CAROLINA

P. O. BOX 26897
RALEIGH, N. C. 27611

SEP 29 AM 10:52

IN REPLY PLEASE REFER TO

DIV.

O/D NO.

September 26, 1975

Federal Elections Commission
1325 K Street, Northwest
Washington, D. C.

Dear Mr. Chairman:

Mr. Martin Donsky of the Durham Morning Herald has brought to the attention of this office possible violations of the Federal Elections Campaign Act. We have enclosed several newspaper articles which explain the basis for the complaint.

We are referring this matter to you for whatever action you deem appropriate. If the Commission has any questions concerning this matter Mr. Donsky advised that he would be happy to cooperate in any way possible. He may be contacted at 204 North Person Street, Raleigh, North Carolina, telephone number 919/834-2850.

We would appreciate your conclusions and recommendations after you have considered this matter.

With best wishes, I remain

Sincerely yours,

Thomas P. McNamara

THOMAS P. McNAMARA
United States Attorney

Enclosures

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
RECORDS MANAGEMENT DIVISION

77040011958



1/15

DRAFT

CA - 043-75

date

GAM

Honorable Thomas P. McNamara
United States Attorney
Eastern District of North Carolina
P. O. Box 26897
Raleigh, N. C. 27611

DEAR MR. McNAMARA:

ONLY
ONE
PARAGRAPH

This is to acknowledge receipt

of your letter of September 26, 1975 which
~~ADVISES~~
~~contains~~ the Federal Election Commission of ~~CERTAIN~~
alleged ^{campaigns} violations ^{by} ~~involving~~ the North Carolina
Chapter of the National Committee for a Two Party
System and the Stevens for Senate Committee.

← This matter is currently under review
by the Commission, and you will be informed of our

~~findings~~ ^{CALLING THIS MATTER TO OUR ATTENTION.}
(Thank you for your assistance in this matter)
Sincerely,

GAM.

FEDERAL ELECTION COMMISSION
OFFICIAL MAIL MAIL
OFFICE OF GENERAL COUNSEL

77040011959

To: Bob

From: Rich

CA-43 - North Carolina Chapter of the National
Committee for a Two-Party System.

A review of the filings of the Supervisory Offices &
FEC showed the following:

(a) Governor's Invitational 6/14/75 N-P 4/10
Box 10125
Raleigh, NC 27605

transferred \$15,000.00 to Stevens for Senate NC.
Not registered as political committee
F.O. - 15,000.00 = amt of Stevens (candidate) loan to
his committee which was repaid on 6/14/74.

(b) N.C. Chapter of the Natl Comm of the Two Party System
Box C
Raleigh NC 25716

Stevens for Senate NC transferred \$1420.00 to above
on 10-28-74.

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

(c) Holshouser - Edwards Reception
Raleigh, N.C.

Stevens for Senate reported receipts of transfers from
above as follows

4-2-75	\$2,000.00
4-10-75	1,000.00
Gov. Holshouser of N.C.	6-19-75 200.00
	3,200.00

Not a registered political committee

SEE Page 3 for complete review of Stevens for Senate NC

News Articles

CA43 Art #1 - NCC - NC 2 PS - formed circa 5/73. Closely
related to Gov-r - his top pol. strategist is one of the key people
Gene Anderson, along with a Mr. Horton who is Gov-r's special assistant
for minority affairs. Comm supports primarily
Rep's + leans toward blacks. Article contained reference
to a contribution to William E. Stevens, unsuccessful
Rep. candidate for US Senate in 74 election.
State election oriented citing apparent violations of NC election
law but ties in to Federal per this article.

77040011960

1/7 2 3

CA-43 Act #2 9/24/75

State election reports filed by committee showed \$1,000.00 in cash contributed to Stevens. My review of Stevens for Senate reports filed with Secy of Senate did not turn up the receipt in Comm's name, ~~at least~~ however Stevens' comm did transfer \$1,420.00 to 2 party comm on 10/28/74. According to article 2, they didn't find receipt either & Stevens' was most ~~convenient~~ responsible for comment. Comm officially registered with State of NC 9/23/75. Report filed did not disclose contributors (7/1/74 - 12/31/74), however the 2 party comm had receipts in 1975 & when that report is filed, contributors will be listed according to a Mr. McConnell, a Raleigh lawyer, who is preparing the reports.

CA-43 Act #3 9/25/75 - Mr. Larnie G. Horton - custodian of books & seems to be very unavailable for comment according to act #3. Informed estimates ^{by comm} raised over 30,000.00 since May 73. "20,000.00 collected earlier this year according to a source.

Auditor's Opinion - Articles Only.

According to articles, the only expenditures made on behalf of federal candidates was the \$1,000.00 to Stevens thereby obviating the need to register with Secy of Senate, however copies of the actual state reports filed may disclose additional amts thereby bringing comm under reporting requirement of 92-225 + 93-443. A better judgment may be made after reviewing the state reports filed by 2 party comm. Can we get them easily without causing undue waves?

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

77040011961

1/8 3/73

Review of Fidelity's Statement for Senate - NC S-1497
Secretary of the Senate resolution to July 20, 1972 report.

The review turned up the following questions

1/ Apparent immediate family contributions of 28,700.00
see WP 1/1

2/ Apparent failure to adequately report debts & obligations
\$35,643.83 see WP 1/1

3/ Heavy involvement by Bryghill Industries. Stevens is
Exec VP with firm. Clara Main, ~~part~~ sec'y for
Bryghill Ind worked in campaign +
became campaign treasurer 1/8/75. Contributions
for Bryghill family & expenditures \approx 30,000.00 est.

4/ Governor's Invitational see note on page 1 +
non-registered pol comm

FEDERAL BUREAU OF INVESTIGATION
OFFICE OF THE ATTORNEY GENERAL
OFFICE OF THE CLERK OF THE HOUSE OF REPRESENTATIVES

5/ Involvement of NC State officers via endorsements
of 29,303.75 in loan received by Stevens' comm
from Northwestern Bank 9/17 + 9/30

6/ Exped Transfer from Stevens' Comm to 2 party comm
on 10/25/74. see WP 1/1 + news article p# 2. Stevens'
comm did not report receipt of 1000.00 cash from 2 party comm.

7/ Holshouser-Edwards Receipt - see note page 1 + WP 1/1

Recommendations:

(a) Await further info via articles & especially State
Report concerning 2 party + Stevens' Comm

(b) Notify Governor's Invitational of the requirement
to register.

(c) Notify Holshouser-Edwards Receipt of the requirement
to register - Check Edwards reports to ensure that
it wasn't reported as a fundraiser by him.

W. J. ...

77040011962

7 7 0 4 0 0 1 1 9 6 3

Law Violations Seen By N.C. GCP Group

By MARTIN DONSKY
Herald Staff Writer

RALEIGH — In an apparent violation of state law, a political committee aimed at getting more blacks in the Republican party failed to report several thousand dollars in campaign contributions it made to candidates for the North Carolina General Assembly last year.

The organization, the North Carolina chapter of the National Committee for a Two-Party System, did not register as a political committee with the state Board of Elections, another apparent violation of the state's campaign finance reporting law. The board has written to the organization's chief spokesman, Dr. Larnie Horton, Gov. James E. Holshouser's special assistant for minority affairs, for an explanation of why the committee did not register or file reports. Horton has been asked to reply by Friday.

Alex Brock, the executive secretary of the elections board, had the letter sent after the Herald turned up contributions by the committee to four candidates, including a business partner of Horton's.

The candidates had reported the contributions.

State law requires all political committees to register with the state Board of Elections by filing an organizational report within 10 days after being formed. During the campaign the committees like individual candidates must file periodic financial reports, detailing all contributions and expenditures. Violation of the law can result in a \$5,000 fine or a one-year prison term.

The law includes under the definition of "political committee" any organization "which accepts contributions or makes expenditures for the purpose of influencing or attempting to influence the nomination of any candidate at any election."

The North Carolina chapter of the National Committee for a Two-Party System had held at least two fund-raising dinners since its formation more than two years ago. At the first dinner, according to a source familiar with the committee's operation, about \$20,000 was collected. After expenses, according to the source, about \$12,000 was left. The source said he did not know how much had been raised at the second dinner which was held last winter.

Because the committee did not file lists of whom it received money from or whom it gave money to, there is no way to accurately determine the total amount of money it received or

gave to candidates. The only way to determine who received money from the committee is to search through reports filed by candidates.

Under the law, money received by the committee would be considered as contributions while money given by the committee to candidates would be considered as expenditures made by the committee.

A search through campaign reports filed with the state Board of Elections has turned up \$3,050 in contributions made by the committee since the campaign finance-reporting law took effect on July 1, 1974. It could not be learned how much the committee contributed in the 1974 primaries, as there was no requirement that political committees publicly disclose their finances before the campaign-reporting law went into effect.

Horton could not be reached for comment Monday. During the last two weeks the Herald has tried repeatedly to interview the gubernatorial aide. Horton's secretary said during one telephone conversation that she had relayed the Herald's request for an interview to her boss, but on several occasions when the Herald called back after that, she said Horton had not had a chance to

See CANDIDATES LIST On 2A

U.S. Halts Shipment Of Grain To Poland

DANGER
NO LIFE GUARD ON DUTY

1/4

FEDERAL ELECTION COMMISSION
OFFICIAL

7 7 0 4 0 0 1 9 6 4

ing Office: 1974 - 95 5628

1/2

Cloudy
High, Mid 70s
Low, Around 60
More Data On 2A

Durham Morning Herald

On The Inside

Ann Landers 2A Markets ... 12.10
Classified 21-23C Sports ... 1-4
Comics ... 20C Television ... 17
Deaths ... 24A Theaters ... 17
Editorials ... 4A Women ... 6-8

THIRTY-FIRST YEAR

FINAL EDITION

DURHAM, N. C., THURSDAY, SEPTEMBER 25, 1974

84 PAGES

PRICES DAILY 15c SUNDAY 35c

GOP Committees' Financial Reports Fail To Agree

Editorial on 4A
By MARTIN DONSKY
Herald Staff Writer

HIGH — The campaign committee of U.S. Senate candidate Bill Stevens and a political organization headed by gubernatorial aide Larnie G. Horton have both reported contributions to each other last year.
But neither committee reported receiving funds from the other, and campaign reports that were studied Wednesday shed no light on what happened to the contributions.
The North Carolina chapter of the National Committee for a Two-Party System listed a \$1,000 cash contribution to

Stevens in a partial spending report filed Tuesday with the state Board of Elections. Stevens, a Republican, was defeated by Democrat Robert Morgan in the Senate race.
Stevens' committee did not show a \$1,000 contribution from the two-party chapter, which is headed by Horton, Gov. Jim Holshouser's special assistant for minority affairs.
But Stevens' committee did report giving Horton's organization \$1,420 on Oct. 23, 1974, four days after Horton's committee reported giving the \$1,000 to Stevens' committee.
The two-party committee's spending report indicated that no money was

received from anyone from July 1, 1974, until Dec. 31, 1974.
Tuesday, John McConnell of Raleigh, a lawyer who filed the report for the committee, said he was told that the committee did not receive any money during the reporting period.
Efforts Wednesday to clear up the discrepancies in the reports were unsuccessful. Stevens, a high-ranking official with Broyhill Industries in Lenoir, was reported by his office to be in Europe and could not be reached for comment.
McConnell was out of town Wednesday and could not be reached for comment.
Floyd McKissick, the former civil rights activist who was treasurer of the state two-

party committee, was reached by telephone at his office in Soul City.
"I don't have the records with me now," he said. "I'd suggest you call Dr. Horton. He can give you the answer."
Although McKissick is listed as treasurer on the committee's organizational report, Horton is listed in the report as having charge of the committee's books and accounts.
McKissick is chairman of the National Committee for a Two-Party System.
Horton, former president of Kirtrell College, which closed this fall, could not be reached Wednesday for the third straight day. An aide to Horton said his boss had received a telephone call from McKissick,

and directed the Herald to McConnell be contacted.
The aide was told McConnell was out of town. Horton never returned a call.
The two-party committee, which is aimed at getting more blacks in the Republican party, filed its partial spending report a day after the Herald reported that the committee contributed over \$3,000 to legislative candidates without reporting any of it, an apparent violation of state law.
The committee had also failed to register with the board, another apparent violation.
Federal law, which governs campaigns for the U.S. Senate and House, requires a detailed accounting of contributions and expenditures.

The two-party committee is expected to file a spending report for the current year with a few days. Alex Brock, executive secretary of the state Board of Elections, has said that he will wait until the committee files the rest of its report before making any recommendation on whether the committee should be prosecuted for failing to register or failing to file spending reports on time.
Informed estimates suggest that the committee has raised over \$30,000 since formation in May of 1973. A fund-raising dinner that year took in about \$30,000, according to a source. Earlier this year about 200 people attended a \$50-a-plate fund-raising dinner.

GOP-Packed Unit Files Partial Donation List

By MARTIN DONSKY
Herald Staff Writer

RALEIGH — A black-oriented, Republican-controlled political committee filed a partial accounting of its finances Tuesday, a day after the Durham Herald reported that the organization appeared to be violating election laws.

An attorney for the organization, the North Carolina chapter of the National Committee for a Two-Party System, said a full accounting should be filed within a week.

The chapter is headed by Dr. Larnie G. Horton, Gov. James E. Holshouser's special assistant for minority affairs. Horton continued to be unavailable for comment Tuesday.

The papers filed Tuesday listed six candidates to whom the organization made donations before last fall's elections.

One contribution listed was \$1,000 in cash to defeated Republican U.S. Senate candidate William Stevens. A search of Stevens' campaign record Tuesday failed to show the contribution, and efforts to reach Stevens were unsuccessful.

The committee also officially registered with the elections board Tuesday by filing an organizational report.

The spending report was signed by Floyd B. McKissick, treasurer of the committee and developer of Soul City. The report listed a total of \$5,050 in contributions.

Meanwhile, Alex Brock, executive secretary of the elections board, said that, partly because of recent stories in the Herald, he has instructed his campaign reporting office to begin an audit of all spending reports to see if any oth-

political committees gave contributions to candidates but failed to register or file reports as required by law.

The Herald, searching through spending reports filed with the state Board of Elections by candidates, turned up records of four candidates who received money from the committee for a two-party system. Three of the candidates received \$1,000 each. The fourth received \$50. A subsequent check Tuesday of campaign reports filed by every candidate for the N.C. Senate and House last year turned up a fifth candidate who received money from the committee, A. J. Turner of Raleigh, who received \$1,000.

Thus except for the \$1,000 contribution the committee said it gave to Stevens' campaign, the committee's report and the records filed by candidates correspond.

The committee did not receive any money from anyone, according to its report, which covers the period from July 1, 1974, until Dec. 31, 1974. John McConnell, a Raleigh lawyer who prepared and filed the report, said he was told that the committee did not receive any money during the reporting period.

In late 1973 the committee held a fund-raising dinner in Raleigh, but the campaign law did not take effect until July 1, 1974 and candidates and political committees that filed under the new law had to report contributions and expenses back to May 17, 1974.

McConnell said the committee received money this year and said the 1975 report would reflect that. McConnell, who was pressed into service Monday afternoon, said the 1975

See ELECTIONS On 2A

Elections Board To Audit Reports

Continued From 1A

report would be filed "within a week." The committee also held a fund-raising dinner in 1973.

In 1973, according to a source, the committee collected about \$20,000 at a fund-raising dinner. After expenses, according to the source, about \$12,000 was left.

McConnell met with Brock briefly Tuesday afternoon to ask what reports the elections board would like the committee to file. Brock requested reports covering the calendar years 1974 and 1975.

McConnell declined to comment when asked if the filing was an acknowledgement that the committee had violated the state's campaign finance reporting law. But the Raleigh lawyer added, "There is no question it was a very, very late filing." It should have been filed last year.

Horton's secretary said he has taken a couple of days off this week because he had worked overtime last week organizing a minority business seminar that was held Thursday and Friday. Attempts to reach Horton at his home in Raleigh were also unsuccessful. A man identifying himself as Horton's brother said the gubernatorial aide was out of town.

Horton has been aware since at least last June of the reporting law. He was quoted by a newspaper then as saying he was unsure whether the committee had filed any reports with the state elections board. Horton was also quoted as saying that if the committee had failed to file, it was not

intentional and he added the committee would file as soon as possible.

McConnell, asked about the lateness of the filing, replied, "McKissick is treasurer. . . . All I know is that they said they thought that since the committee is a bi-partisan organization it did not have to file."

State law requires that any political committee that contributes to candidates covered under the law must register and file periodic spending reports. The law makes no distinction between partisan and bipartisan committees.

The committee, which was organized in North Carolina in May 1973 has several goals, including increasing black support for Republican candidates and recruiting blacks into the Republican party. Horton has said, however, that the committee will support both Democrats and Republicans. The candidates who received money from the committee are all Republicans.

Brock said in an interview Tuesday that he would wait until the committee files the rest of its reports before making any recommendation on whether the committee should be prosecuted for failing to register or file spending reports on time.

The audit of the 1974 campaign reports is expected to take several weeks. Officials in the campaign reporting office began reviewing reports by House and Senate candidates Monday. Brock said . . . will also include reports filed by candidates covered under federal law — the U.S. Senate and House.

FEDERAL ELECTION COMMISSION

77040011965