RC #228
MUR 050

RECEIVED
FEDERAL ELECTION COMMISSION

JUNE 15, 1976.

THE FEDERAL ELECTION COMMISSION

WASHINGTON, D. C. 76 JUN 17 A11:08

DEAR MR. THOMAS - CHAIRMAN AND MR. HARRIS VICE CHAIRMAN,

A GREAT MANY PEOPLE IN THE 7 TH. DISTRICT ARE REAL MAD BECAUSE THE F. E. C. DROPPED THE CASE ON CHARLES ROSE. SO MANY OF OUR PEOPLE KNOW THAT HE IS GUILTY.

THEY ARE TALKING ABOUT REQUESTING THE F. B. I. INVESTING THE F. E. C.

THE PEOPLE KNOW THE FACTS AND KNOW THE F.E. C. DID NOTHING.

PERSONALLY WE REGRET THIS BECAUSE WE HAVE ALWAYS THOUGHT A LOT OF YOUR ORGANIZATION.

YOURS TRULY,

JOHN T. MC NEILL AND

TOM N. MCNEILL.

NORTH CAROLINA'S 7 TH. DISTRICT

CHARLES G. ROSE IS THE CONGRESSMAN.

FEC CORRESPONDENCE
CONTROL # 76-587

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OFFICE OF GENERAL COUNSEL

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16 JUN
1976

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MR. VERNON W. THOMSON CHAIRMANAND MR.
NR. THOMAS E. HARRIS VICE CHAIRMAN
THE FEDERAL ELECTION COMMISSION
1325 K. STREET N. W.
WASHINGTON, D. C. 20463

FEDERAL ELECTION COMMISSION
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OFFICE OF GENERAL COUNSEL

June 9, 1976. !

Dear Mr. Murphy,

MUR 050

A great many of us here in eastern N.C., who know of Mr. Charles Rose's dishonesty, were very disappointed to read the statement in the "Fayetteville Observer" by Charles G. Rose III that the investigation into the 1972-74 election campaign was dismissed.

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So many of us felt that the F.E.C. would come down here and look into this matter thoroughly, but according to Rose, ~~right~~ stated you as saying that you appreciated the cooperation and assistance extendered by him (Rose) and his staff. Of course his staff were cooperative. They covered up and sweet talked

in every possible way.

We hope the F.E.C. has not let Mr. Wayne Hayes & the House Administration Committee of which Mr. Rose is a member, hush up this investigation.

The hushing up of Mr. Rose's dishonest conduct is a good example of why the American people are losing faith in their government. Here is another crook or "con" man getting away with his "dirty tricks" as Mr. Rose calls them.

Please have the courage and plain old "guts" not to let him sweet talk you into stopping this investigation. If you can't continue this

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investigation please turn it over to some group that can and will look into this matter.

The newspapers similate that Mr. Wampler Long (head of the Administration Committee) hushed up this investigation.

The man Mr. Rose is guilty, as many down here know. Mr. Rose is not the "Big Nigger" that he would like you to believe. We feel that the F.E.C. is helping to get itself a bad name by not investigating this dishonesty. We are also sure he has pulled every deal in the book to keep this investigation from going through, which proves his guilt.

Please, for the

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of your good reputation, keep 4
this open - Have the
courage and guts to stand
up to Mr. Hays & Mr. Rose.
We here in N.C. will
help you - The people
have come to relize that
Mr Rose's "sweet talk" is
just that - "sweet talk".

Mr. Hays is through and,
mark our words, Mr. Rose
soon will be - He has
many of Mr. Hays's traits.

Our people will be
more than glad to help
you display Mr. Rose's de-
ceitfulness. Sincerely,

Virginia McCall Godwin
Bridge County
North Carolina

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RECEIVED
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FAYETTEVILLE, NC 28
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76 JUN 10 A11:25

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

Personal
///

7 4 0 0 1 2 1 5 2

4 JUN 1976

Honorable Charles Rose
U. S. House of Representatives
Washington, D. C. 20515

Re: MUR 950 (75)

Dear Mr. Rose:

This letter is to notify you that the Federal Election Commission has voted 6 - 0 to terminate its investigation and close its file on the anonymous complaint about which your committee was originally notified on December 4, 1975.

I apologize for our delay in concluding this matter. As I am certain you were aware, prior to reconstitution, the Commission was not empowered to take action on any pending compliance matters. The staff report which formed the basis for the Commission's determination herein was actually completed several weeks ago. The Commission has concluded, following its investigation of this matter, that the allegations of the complaint do not get South Carolina to believe that you have committed any violation of the Federal Election Campaign Act of 1971, as amended.

I am appreciative of the cooperation and assistance extended by yourself and your aides at all times during our investigation of the matter.

Sincerely yours,

Signed: John G. Murphy, Jr.

John G. Murphy, Jr.
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 050 (75)
Committee for Congressman	)	
Charles Rose	)	

COMMISSION ACTION

The Federal Election Commission has reviewed the complaint in this matter and has concluded that there is no reason to believe any violation of the Federal Election Campaign Act of 1971, as amended, has been committed. 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: JUN 03 1976

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 050 (75)
Committee for Congressman	)	
Charles Rose	)	

GENERAL COUNSEL's REPORT AFTER INVESTIGATION

I. Allegations

An anonymous complaint received October 20, 1975, alleged various reporting violations and attempts to purchase votes and endorsements in connection with the 1974 election campaign of Congressman Charles Rose. These violations are detailed in the Office of Disclosure and Compliance's Final Investigative Report.

In addition, an audit conducted pursuant to the investigation in this matter revealed possible violations of 18 U.S.C. §610.

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II. Evidence

The evidence pertinent to the complaint is summarized in the AID Report. In addition, it should be noted that the audit of Congressman Rose independently revealed that a series of corporate checks totalling $1,340.00 were accepted and reported by the Rose Committee.

III. Analysis

With respect to the allegations on which this investigation was initiated the staff accepts and adopts the factual

finding contained in the April 1, 1976 report prepared by AID. These findings establish no violation of the Federal Election Campaign Act of 1971, as amended, and no basis for further investigation.

As for the possible §610 violation noted in the AID Report, a letter will be sent to Congressman Rose seeking an explanation.

IV. Recommendation

Since the AID investigation indicates that the allegations in the anonymous complaint are without merit, we recommend that the file in this matter be closed. The §610 issue should be handled separately by AID.

John G. Murphy, Jr.
General Counsel

DATE: JUN 03 1976

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BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of

MUR 050-75

Committee for Congressman Charlie Rose

FINAL INVESTIGATION REPORT
OFFICE OF DISCLOSURE AND COMPLIANCE

7704001257

I. Background

This report encompasses an investigation undertaken by the Audit and Investigation Division under the provisions of Section 437(g) of the Federal Election Campaign Act of 1974 (the Act), as amended, initiated as a result of a letter received by the Federal Election Commission (the Commission) signed "Group from North Carolina's 7th District Counties." This letter alleges that Congressman Rose failed to report all expenditures and receipts on reports filed with the appropriate supervisory officer for the years 1972 and 1974, and that he also made certain expenditures designed to influence an election in an illegal manner during the same period.

The Committee for Congressman Charlie Rose (the Committee) was formed, according to the committee's registration statement, to support and promote the candidacy of Congressman Charles G. Rose, III, for nomination and election to the Office of Representative for the State of North Carolina, and was his only election campaign committee. The 1974 officers of this committee, which had its headquarters in Fayetteville, N. C., were George Purvis Jr., Chairman, and Anthony E. Rand, Treasurer.

The audit of the Committee for Congressman Charlie Rose covered the period of January 1, 1974 through December 31, 1975. The Committee reported receipts of $49,229.29 and expenditures of $45,316.05 for 1974. In 1975,the Committee had receipts of $3,061.22 and expenditures of $2,279.77.

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II. Caveat

This complaint refers to activities which occurred in 1972 and 1974. However, as the statute of limitations has expired for any violations of the Act which might have occurred in 1972, the investigation was limited to those items in the complaint which were said to have happened in 1974. While the complaint did not make reference to any 1975 activities of the committee, an audit of the 1975 records was conducted as a matter of course, and is not addressed in this report. Since all of the allegations investigated occurred before the 1974 amendments to the Campaign Act came into effect, the investigation was conducted under the authority of the Federal Election Campaign Act of 1971 (Public Law 92-225).

III. Allegations and Findings

According to Section 304(b)(9) of the Federal Election Campaign Act of 1971, a political committee must report the full name and mailing address of each person to whom expenditures of over $100 in aggregate have been made by a political committee or on behalf of a committee or candidate within the calendar year. Section 301(f)(1) of the 1971 Act defines expenditures as a "purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made for the purpose of influencing the nomination for election, or election, of any person to Federal office...". In addition, 18 U.S.C. 597 states that no person shall make or offer to make "an expenditure to any person either to vote or to withhold his vote, or to vote for or against any candidate."

The letter of complaint contains allegations that Congressman Rose failed to report certain funds that were expended to influence voting in an illegal manner and that contributions were falsely included in the reports filed for 1974. However, the audit conducted of the Committee for Congressman Rose accounted for all expenditures contained therein. Further, interviews conducted with representatives of the North Carolina State Attorney General's Office, State Bureau of Investigations and State Board of Elections could provide no evidence of such activity. Specific allegations and findings appear below.

Allegation: A Cadillac automobile was given to Mr. Ward Clark of Maxton, N. C. as payment for soliciting votes for Congressman Rose.

Findings: Committee reports and other records reviewed during the Audit did not reveal any record of any money either transferred to, or expended on behalf of Ward Clark, or any automobile dealer.

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Mr. Clark was interviewed on January 23, 1976. He stated that he had not received any payment for any political work in 1974, and he had never heard of anyone receiving a car as payment from any candidate. He also stated that he did not have time to campaign for any candidate in 1974, as he was running for county commissioner. He added he had supported Congressman Rose's Democratic opponent, Hector McGeachy, in the primary in 1974, and not Congressman Rose.

Copies of the titles to Mr. Clark's Cadillac were obtained from the North Carolina Department of Motor Vehicles. These records indicate that the Cadillac was purchased at Bryan Pontiac in Fayetteville, not from the Cadillac dealer in Lumberton (Jones Buick & Cadillac) as the complaint letter indicated. The lien on the Cadillac was held by Town and Country Bank, Lumberton, N. C.

<u>Allegation:</u> Unreported money was given to Mr. Marion B. Person to pay him for soliciting votes for Congressman Rose.

<u>Findings:</u> Committee records and reports do not contain any mention of Mr. Person. He was interviewed on January 23, 1976, and denied ever having received payments from any candidate. He stated that he had supported Congressman Rose in his 1974 campaign, and had provided the Congressman with a list of influential people to contact for assistance in the campaign. However, Mr. Person stated that since he was running for Cumberland County sheriff, he had little time to campaign for any candidate.

<u>Allegation:</u> Unreported expenditures were made to Mr. Joy J. Johnson to pay him for soliciting votes.

<u>Findings:</u> Committee records and reports do not contain any mention of Mr. Johnson. He was interviewed by FEC investigators on January 23, 1976. Mr. Johnson stated that he had run for the N. C. state legislature in 1974, and won. He did not endorse or campaign on behalf of any Democratic congressional candidates, and received no payment from any candidate or committee, except for financial assistance for his own campaign, received from the local Democratic committee during the general election. He claimed that it would have been political suicide to work for any particular candidate, as his supporters had worked for both of the major Democratic candidates in the primary.

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Allegation: Unreported expenditures were made to Mr. John L. Ward for information on opposition candidates.

Findings: Committee records and reports show no expenditures to Mr. John L. Ward of Whiteville, N. C.. This matter was not investigated further due to time and geographic constraints and because no other allegations in this category were able to be substantiated.

Allegation: Salaries were allegedly paid to Mr. John Willy Oxendine which were not reported.

Findings: The Committee reports and records show only a $10 contribution made by Mr. Oxendine when he attended a fund-raising dinner on April 27, 1974. Mr Oxendine was interviewed on January 24, 1976. He noted that he had campaigned actively for Congressman Rose, and made a contribution to the campaign. However, he denied ever having been paid a salary by Congressman Rose or his campaign committee.

Allegation: Mrs. Florence Cain was paid a salary by Congressman Rose that was not reported.

Findings: The Committee reports show payments to Mrs. Florence Cain for her services on May 10, 1974 ($300), and on September 26, 1974 ($150.00). Mrs. Cain was interviewed on January 26, 1976. She said she received $450 in 1974 from the campaign committee. Also, she explained that in 1975 she worked part-time on the Congressman's staff, until he told her that he could no longer afford to reimburse her for her services. She stated that the work she did in 1975 for the Congressman was unrelated to his campaign. She showed FEC investigators a W-2 statement for $670 for work performed for Congressman Rose's congressional office in Fayetteville in 1975.

Allegation: Unreported expenditures were made to Mr. Fred Bacco, Parkton, N. C..

Findings: The name, Fred Bacco, does not appear on any of the committee records or reports. Furthermore, there is no Fred Bacco listed in the Parkton phone directory. Congressman Rose, in his letter of December 18, 1975 to the Commission, makes reference to Mr. Fred Bacote who lives in his district. Investigators were able to locate Mr. Fred Bacote in the Parkton phone directory, but attempts to contact him by telephone or at two possible places of employment were not successful.

Allegation: Certain unnamed persons were listed on the Committee's reports as contributors who did not actually contribute to the campaign.

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Findings: During the audit of the Committee's records, with the exception of money collected at appreciation dinners for Congressman Rose, auditors were able to visually examine copies of contributors' checks, and compare them to the Committee's reports. With this exception, there were very few contributions listed on the report for which there was no supporting documentation. No further investigation of this matter was undertaken.

Allegation: Funds were distributed to the Black and Indian Coalition for the purpose of illegally influencing voting.

Findings: The investigators, through several interviews, were able to establish that there was an attempt to organize a coalition of Blacks and Indians in Robeson County. The coalition, evidently, was never formalized and had little, if any, effect on the 1974 elections.

Allegation: Funds were distributed to unnamed persons as payment for "dirty tricks" carried out inside the polling places.

Findings: The basis for this allegation was apparently a letter to the editor of a local Robeson County newspaper, The Robesonian, which states that two sisters, Nancy and Marti Todd, saw a man passing out sample ballots, and possibly money, to voters at a polling place in the 1974 election. Ms. Marti Todd, one of the girls who wrote the letter, was interviewed on January 27, 1976. She said that she and her sister were observing at the polls with a candidate for county commissioner, for whom they were working. They saw a man wearing a Rose for Congress button, distributing something to voters as they were brought to the polling place by other campaign workers. She said that there was a lot of talk about vote-buying, but that she did not actually see money changing hands.

IV. Apparent Violation Discovered During the Investigation

Title 18, United States Code, Section 610 (18 U.S.C. 610) declares that contributions from a corporation to a political committee for the purpose of influencing a Federal election is unlawful. The audit of the Committee for Congressman Charlie Rose uncovered certain contributions that appear to be drawn on corporate accounts. All checks drawn on company or business accounts were checked with the appropriate state official to determine if the business was incorporated.

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The names of the following businesses which contributed to the campaign were compared with the list of corporations maintained by the North Carolina Secretary of State and were found to have been incorporated:

Name	Date of Incorporation	Amount	Date of Contribution
Wonder Shop Wilmington,N.C.	9/17/54	50.00	4/5/74
Fairmont Board of Trade, Inc.,Fairmont, N.C.	8/23/29	500.00	4/17/74
Piedmont Van & Storage Co. Fayetteville, N.C.	10/3/68	500.00	4/29/74
All States Moving & Storage, Fayetteville, N.C.	1/7/63	100.00	4/29/74
Corbett Lumber Corporation, Wilmington, N.C.	7/9/53	25.00	5/8/74
Webster's Pharmacy, Inc. Fairmont, N.C.	10/7/69	10.00	4/29/74
Vemco Music Co., Inc. Fayetteville, N.C.	7/11/58	30.00	4/10/74
Weathers Bros. Transfers Co. of North Carolina Fayetteville, N.C.	7/20/55	50.00	4/29/74
Pioneer Real Estate Corp. Fayetteville, N.C.	7/22/64	25.00	4/19/74
Brown Oil Company of Wilmington, Inc., Wilmington, N.C.	2/24/36	50.00	5/6/74
	Total	$1,340.00	

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One other business, the Cape Fear Moving and Storage, Inc. of Fayetteville, N. C., used the term Incorporated after its name; however, it is not on the Secretary of State's list of corporations. The amount contributed on May 2, 1974 was $100. The Audit and Investigation Division has not contacted the respondent or contributors for further information on these contributions.

V. Recommendation

In our opinion, no further action should be taken in regard to the allegations made in the anonymous complaint. The recommendation is predicated upon the result of:

1. the audit conducted of the Committee for Congressman Rose;

2. interviews conducted of fifteen persons closely connected with or knowledgeable of Congressman Rose's 1974 primary campaign;

3. interviews with various North Carolina state officials; and

4. other information collected during the course of the investigation.

Any further action undertaken, as a result of the finding stated in Item IV above, will require a policy decision by the Commission.

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Gordon Andrew McKay
Assistant Staff Director for
Disclosure and Compliance

Peter Roman
Deputy Assistant Staff Director
for Disclosure and Compliance

*

Michael Hershman
Chief, Investigation Division

Craig Crooks
Lead Investigator

April 1, 1976
Date

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7704001264

* per my memo of December 19, 1975 I have withdrawn from all involvement in this case MJH

June 1, 1976

MEMORANDUM TO: Gordan Andrew McKay

THROUGH: William Oldaker

FROM: David Spiegel

RE: MUR 050 (75)

The Commission has determined on the basis of the allegations in the complaint in this matter that there is no reason to believe any further investigation is warranted.

I note that in your investigative report herein you refer to an additional matter which was not alleged in the complaint: you state that Congressman Rose may have received $1,340 in corporate contributions, thereby violating 18 U.S.C. §610 (as amended, 2 U.S.C. §441b). I would appreciate it if you would treat this matter according to the procedures outlined in Section IV of the Memorandum of Understanding on Reporting Violations. In this regard, please also refer to the draft letters cited in conjunction with that section.

7704001265

FEDERAL ELECTION COMMISSION
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Memo to file
Re: MUR 50
From: D.R. Spiegel

On May 25, 1975 two reporters were brought up tom y office from the Audit and Investigation Division. The reporters were Stacy Newkirk and Jesse Bellamy from radio station WVOE in North Carolina, and they were making an inquiry as to whether the Rose investigation was still open. They also claimed to have certain information relevant to the investigation.

Bill Oldaker and I both indicated that we could not divulge any information about the matter because of the confidentiality statute. We also indicated that the matter was still open. As for the additional information, we indicated that this could be received ~~in~~ if it were in complaint form

Present at the meeting were myself, Bill, Tom Hazelhorst, and the two reporters.

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PHONE 654-3991 PHONE 654-5326

WVOE Radio

P. O. BOX 328
CHADBOURN, NORTH CAROLINA 28431

Stacy Newkirk
PRESIDENT - MANAGER

PHONE 654-3991 PHONE 654-5326

WVOE Radio

P. O. BOX 328
CHADBOURN, NORTH CAROLINA 28431

JESSE BELLAMY
Salesman-Announcer
Res. 357-3181

March 4, 1976.

RECEIVED
FEDERAL ELECTION COMMISSION

Mr. Thomas Curtis CC#174
F.E.C.
Washington, D.C.

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OFFICE OF GENERAL COUNSEL

Dear Mr. Curtis

We urge you to continue the investigation of Charles G. Rose III, Congressman for North Carolina's 7th District at once.

We here in Chadbourn in Columbus County have suffered long and hard from the repercussions of this man's dishonest patitics. Some of us have lost our jobs and are in right bad straits financially. Many people around here would be more than glad to

help your men expose what he has done in our County.

We will be forever indebted to you if you will help us immediately so we will be able to get some honest representation in Congress. Rose talks sweet but he stabs you in the back.

We are desperate.

Sincerely yours,

John C Wright.

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1976

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Mr. Thomas B. Curtis
Chairman of Federal Election
Committee
1325 Street, N.W.
Washington, D.C. 20463.

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MUR 050

April 29, 1976

PRESS MEMO: TO DAVID SPIEGEL

FROM DAVID FISKE

SUBJ: ROSE INVESTIGATION

I received a somewhat strange call from a tv station re: Charley Rose case, that I think needs some action by legal.

Station WVOE-TV, in Chadbourn, N.C. (phone 919-654-5326), is involved in opposing a radio station application with the FEC by a new station that apparently is connected with Rose.

The News Director of the tv station, Frank Suggs, called to inquire about the status of the Rose investigation by the FEC. It came to me as a routine press inquiry. After checking with Oldaker, I told him that it had not been resolved, but cautioned that we were not in a position to resolve any case since the Supreme Court order went into effect, and said that we could not give any more information.

Suggs then volunteered that they had information they wanted to add to the case. It was not clear to me whether he just wanted to be able to use the fact of our case as a factor the FCC should use in questioning the suitability of Rose and friends to hold a license, or whether the radio station license was in some way involved in the merits of the complaint at the FEC.

At this point, I said that I was not familiar enough with the facts, the status, or our normal procedure, to talk with him, and said I would have someone from our legal staff handling this case call him.

Suggs indicated that either he, or the station manager Stacey Newkirk, could talk to our legal person. (I would recommend the manager, not the news director.)

I think we owe them at least a call-back from someone familiar with the case to see just what it is they want. However, since it is a news station, the person making the call would in any event not make any comments without getting something from the station in writing.

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7704001170

April 27, 1976

MEMORANDUM TO: Jack Murphy

FROM: Brad Litchfield

SUBJECT: Status of Congressman Rose's Compliance Action

On April 22 and April 23, I spoke with Mr. Merrit of Congressman Rose's office who inquired as to the status of the compliance matter on Congressman Rose. After checking with Charlie Steele and receiving a general summary of the status I spoke with Mr. Merrit again and told him there had been no change since he last spoke with you. Charlie advised this course of action after indicating that the investigation turned up other matters, such as possible corporate contributions, that are still under review. Mr. Merrit asked that I inform you of his call.

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April 26, 1976

Memorandum for the Record

From: Craig Crooks

Subject: MUR - 050 - 75
~~Telephone Conversation~~ with John Meritt

Date and Time: April 26, 1976, 03:00 pm

I spoke with Congressman Rose's AA, John Meritt, this afternoon concerning the receipt by Congressman Rose's campaign committee of apparent corporate checks totaling over $1000.00 during the year 1974. I relayed to Mr. Meritt, the name of the corporation on which the checks were drawn and the amount of each contribution over the phone. Also, I suggested that the committee may wish to notify each of the contributors and ask each of them for an explanation as to the source of the funds.

Mr. Meritt requested that we put our request in writing to Congressman Rose. I agreed to the request and also said we would include a photocopy of all checks related to this request for their convenience and reference.

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April 23, 1976

MEMORANDUM TO: Michael Hershman

THRU: William Oldaker

FROM: David R. Spiegel

RE: MUR 050 (75)

In the Rose matter (MUR 050), there is still one outstanding issue: the apparent corporate contributions set forth in the Congressman's Report. It is suggested that you recontact Rose and determine if we can get an explanation.

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April 21, 1976

MEMORANDUM TO: Peter Roman

THRU: William C. Oldaker

FROM: David R. Spiegel

RE: MUR 050 (75)

In the Rose matter (MUR 050 (75)), there is still one outstanding issue: the apparent corporate contributions set forth in the Congressman's report. Jack suggests that Craig Crooks recontact Rose's Administrative Assistant and see if we can get an explanation, or, in lieu of that, return of the monies. If this is accomplished, the whole file can be closed.

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7704001-2174

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

March 8, 1976
11:00 a.m.

MEMORANDUM

To: File
From: Craig Crooks
Subject: CA-050-75

I spoke with Congressman Rose on the telephone this morning. Congressman Rose stated that they had pretty much gathered all of the information we requested and wanted to know if we would like to meet with their accountant either today or sometime this week. I told Congressman Rose that it may not be necessary for us to meet with his accountant, at least, until after we saw the records. I said we would be glad to come up to his office on Tuesday afternoon, March 9, 1976, to review the information. Congressman Rose stated that we could contact John Merit, his E.A., to set up a precise time and he would have Mr. Merit and the accountant go over each point before our arrival. I thanked him for the information and told him I would contact John Merit Tuesday morning.

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AMERICAN REVOLUTION BICENTENNIAL 1776-1976

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

February 23, 1976
1:45 p.m.

MEMORANDUM

To: File

From: Craig Crooks

Re: CA-050-75

I spoke with John Merit, of Congressman Rose's office, today regarding the response we need to our letter of 2/6/76. Mr. Merit indicated they were working on their answer and expect to have it to us in a week or two.

7704001176

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OFFICE OF GENERAL COUNSEL

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

CA-050-75

FEDERAL ELECTION COMMISSION

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

February 23, 1976
9:10 a.m.

MEMORANDUM

To: File

From: Craig Crooks

I spoke with Mr. Joe Poe of the Attorney General's office for North Carolina concerning some information his office had promised to send concerning ownership of an automobile. Mr. Pose said he would see what happened to it and send it on up when he located it.

7704001177

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LA-050-75

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

February 6, 1976

Mr. Anthony E. Rand, Treasurer
Committee for Congressman Charlie Rose
P. O. Box 1891
Fayetteville, North Carolina 28302

Dear Mr. Rand:

This is to advise you that the Federal Election Commission has partially completed an audit of the records of the Committee for Congressman Charlie Rose. As was discussed in detail during our conference on January 26, 1976, there are some remaining questions to be resolved. Attached is a list of items which require some additional information.

In order that we may conclude our audit expeditiously, we would appreciate your clarifying these items as soon as possible. If further guidance or assistance is required, please do not hesitate to contact Mr. Craig Crooks by mail or by telephone (202/382-6023).

Sincerely,

Gordon Andrew McKay
Assistant Staff Director for
Disclosure and Compliance

Attachments as stated.

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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1. Receipts totaling $6368.90 were disclosed in the reports* of the committee, that were not deposited into account #131-200-6, Cape Fear Bank.

2. Receipts totaling $2698.48 were deposited into account #131-200-6, Cape Fear Bank, that were not disclosed in reports of the committee.

3. Expenditures totaling $2915.93 were disclosed on the reports of the committee, that were not expended from checking account #131-200-6, Cape Fear Bank.

4. A total of $7107.42 more was reported as receipts by the committee than was recorded in the bank statement as receipts.

5. A total of $6807.23 more was reported as expenditures by the committee, than was expended from the checking account of the committee.

6. In several cases, money was apparently reported in a different form than it was received.

   (a) In the 15 Day Preceding the Primary Election Report, contributions totaling $450 from eight employees of the Waccamaw Bank and Trust Co. are reported. There are no deposits recorded from these eight individuals.

   (b) In the June 10 Report, contributions totaling $499.98 from 5 warehouses and 1 owner of a warehouse are reported. There are no deposits recorded from these 6 individuals.

7. Written records of Mr. Eugene Merritt in Wilmington indicate that money was spent on behalf of Congressman Rose's campaign which was not reported and which was not handled through bank account #131-200-6 of the Cape Fear Bank.

8. Receipted bills paid by the Committee for Congressman Charlie Rose indicate that expenditures were made which were not reported, and which were not paid through checking account #131-200-6 of the Cape Fear Bank.

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* The reports mentioned throughout this attachment refer to the 1974 reports only.

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9. Following are a number of reporting errors which may have to be amended:

(a) The summary pages of all the reports filed after March 10, 1974, are incorrectly computed, and do not accurately reflect the information reported on the schedules.

(b) Transfers from political committees are incorrectly reported on Part 1, whereas they should be reported on part 5, "Transfers In".

(c) The loan of April, 1974, is incorrectly reported on the June 10 Report, and all succeeding reports as $13,000, rather than as the $12,714 actually received. Also, a $3,000 payment on the note was not reported as an expenditure on the 15th Day Report Preceding the General Election. Repayment of the loan must be reported as expenditures on the Summary Sheet and itemized on the appropriate schedule of each report.

(d) The 4/27/74 Appreciation Dinner is not clearly noted in the June 10 Report.

(e) A check to Linwood Edge, which was apparently reimbursement for an expenditure made on behalf of the Committee, is unaccounted for, and is not found on the bank statement of the Committee.

(f) A letter amending the 15th Day Report Preceding the Primary Election attributed a $1,000 contribution to Mr. Dan Cameron which had previously been reported as a contribution from Mr. Eugene W. Merritt. Further information is required to clarify this amendment.

10. A letter attached to the Committee's October 10, 1975 Report indicated that the Committee is not required to file reports, as long as it collects and expends under $1,000. However, the Committee must continue to file year-end reports with the Federal Election Commission under Title 2, section 434(b) 12, of the Federal Election Campaign Act as amended until all debts and obligations are extinguished. The Committee must also report the circumstances and conditions under which any such debt or obligation is extinguished.

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 28, 1976

MEMORANDUM

To: Orlando B. Potter

From: Gordon Andrew McKay

Subject: Recommended Change in January 28, 1976 Letter to Congressman Wayne L. Hays

It is suggested that following the first paragraph, the letter should read:

Before I begin, I would like to point out that 2 U.S.C. 437g(a)(1)(A) provides that any person who believes a violation of the Act has occurred may file a complaint with the Commission. In addition, §437g mandates that the Commission, upon receiving any complaint shall-

"(A) report such apparent violation to the Attorney General; or

(B) make an investigation of such apparent violation."

determining that any person has come on
[illegible] violent

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AMERICAN REVOLUTION BICENTENNIAL 1776-1976

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THE NEWS AND OBSERVER - Raleigh, N.C.
JANUARY 28, 1976

7704201182

FEC Apologizes for Probe Of Rose Campaign Fund

Charles G. Rose III

WASHINGTON — An improper Federal Elections Commission investigation into the 1974 campaign finances of Rep. Charles Rose III, D-N. C., has drawn a sharp attack in the House and an apology from the FEC.

"If you don't fire the employes involved," Rep. Wayne Hays, D-Ohio, told FEC Chairman Thomas Curtis on Tuesday, "I'll cut the guts out of your budget." Hays, chairman of the House Administration Committee that wrote the legislation setting up the FEC, tends to be outspoken.

"You've got some bums down there you've either got to fire or you'll be out of business. . . If you can't control this staff you've got, and obviously you can't, we'll do it for you," Hays told Curtis.

The investigation was launched last weekend after the FEC received an unsigned letter complaining that Rose gave one [illegible] Cadillac and another $175,000 before the 1974 election to influence voters, and that "certain Indians and blacks" were stationed inside polling booths "to do dirty work."

Rose said the five FEC investigators were "courteous, professional and thorough." He said they found nothing to sustantiate the allegations.

The FEC is about to adopt a regulation specifically requiring that all complaints be signed and notarized and include the complainant's address and telephone number.

Chairman Curtis did not agree to fire anyone, but he conceded that the staff members "did not follow proper procedures. He promised that unsigned letters never again would be the basis for FEC action.

"One cannot undo the damage that has been done to Mr. Rose," he said.

—SHIRLEY FLDER

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THE WASHINGTON POST - WEDNESDAY, JAN. 27, 1976

Hays Mounts New Attack On Election Commission

By Stephen Isaacs
Washington Post Staff Writer

Rep. Wayne L. Hays (D-Ohio) angrily attacked the Federal Election Commission yesterday, threatening at one point to "cut the guts out" of its appropriation.

Hays also threatened to subpoena the commission chairman, former Rep. Thomas B. Curtis, a favorite target of Hays, if Curtis continues to refuse to yield names of some commission staff members Hays feels have overstepped their bounds.

By the end of the House hearing, Hays had Curtis in effect pleading for mercy.

Hays, chairman of the House committee that has jurisdiction over the new commission, grew increasingly upset as FEC commissioners appeared at a hearing on proposed regulations for financial disclosure by candidates. Hays' committee has what amounts to a right of disapproval of all FEC regulations.

Hays began his attack slowly but, as the morning progressed, began bellowing at Curtis, a one-time Missouri congressman.

At one point, Hays yelled at Curtis that, if Curtis did not improve his control over the commission's staff, "we're gonna cut the guts out of your appropriation. Take it from me, it's going to happen."

At another point he told Curtis that, if the commission ever tries auditing his campaigns as they have other members of Congress, "I'll take you to court so damned fast you won't be able to pronounce your name."

Hays has consistently opposed the strictures of the campaign law amendments Congress passed in 1974 in the wake of Watergate.

As Curtis [illegible] waiting to take the witness stand yesterday, Hays said [illegible] seen Curtis' face in the newspapers in connection with Curtis' challenge to Rogers C.B. Morton's new role on the White House staff as President Ford's political adviser. At the time, about two weeks ago, Curtis said the commission might have to take a look at the whole area of legislators' using taxpayer-paid staffers to help them win re-election.

"In my personal opinion," Hays intoned, Curtis "isn't going to do a damned thing about it."

Hays added that he didn't care what the FEC said about it, his staff was going to help him campaign "on their own time," and then added, "It doesn't matter what time of day it is, it's still voluntarily on their own time."

Later, as he questioned Curtis about the legal basis for Curtis' claim that the FEC has a right to involve itself in how legislators use staff, Hays suddenly challenged Curtis on how the FEC staff could have audited a congressman on the basis of an unsigned letter of complaint.

Hays identified the congressman as Charles Rose (D-N.C.), a member of the Administration Committee.

Rose later said that one of the allegations in the unsigned letter was that, in seeking support in North Carolina, he had given a man a Cadillac.

Hays demanded of Curtis, and of other individual commissioners present at the hearing, whether they approved of auditing on the basis of anonymous complaints like that against Rose.

Those asked said they did not, and Curtis added that the decision to audit on the basis of the letter went against established commission procedures.

With Curtis [illegible], Hays demanded to [illegible] names of the FEC staffers who had done the audit. Hays said he wanted to meet with them and then write their names into law so that they could no longer be paid.

"You have got some turns down there," Hays told Curtis, "that you're either going to fire or you're going to be out of business."

"I think you're [illegible] a little too far," [illegible], who appeared [illegible] and angered himself during the exchange.

Again and again Hays demanded the names of one point saying, "If you can't control this staff you've got — and you obviously can't — then we'll do it for you."

At another point when Hays demanded their identities, Curtis said, "Let me plead with you" to let the FEC handle its own administrative problems. A new agency like his, Curtis said, is going to make some mistakes at the outset, and to be independent needs to work them out itself.

"What I think you'll do," Hays snorted, "is call in these people and say 'You were naughty and don't be naughty again.'"

The committee made no decision yesterday on the new regulations the commission sought to get approved and apparently will defer deliberating until next week, when the Supreme Court is expected to rule on challenges to the 1974 election law amendments. If the court disapproves some parts of the law, many of the proposed regulations would become moot.

Toward the end of yesterday's hearing, Hays explained to FEC Commissioner Joan Aikens why he was so "hostile" toward the FEC.

"I'd be hostile to any commission in town if we knew what these commissions were doing," he said. "You see, we knew what you're doing, because you're doing it to us."

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77040012183

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 23, 1976

MEMORANDUM TO THE FILE

From: Michael J. Hershman

Subject: CA-050-75

Received a telephone call on the above date from Craig Crooks, lead investigator on CA-050-75. Crooks indicated that a number of witnesses interviewed in relation to the subject stated that they had previously been interviewed on similar matters by the F.B.I. I told Crooks that I would check with Justice Department to find out if they had indeed conducted an investigation.

After the call from Crooks, I spoke with Stephen Schachman and reminded him that he was supposed to talk with Bob Hickey concerning CA-050-75 before our investigators left. Schachman indicated he had, and that Hickey could find no relevant information.

Schachman called Hickey and related to him what Crooks had found. Hickey stated he would again check his records and call me back.

Hickey called me at approximately 4:15 p.m. and stated that he had found no information that would relate to CA-050 He was obviously confused because standard procedure would mandate that the F.B.I. notify him of any such investigation. He assured me that any information he did find, relevant to the case, would be made available to us.

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I later spoke with Tom Hazelhorst, FEC investigator in North Carolina. He stated that three witnesses had indicated that the F.B.I. interviewed them in 1974.

I relayed the information to Hickey and was assured that he would continue to check. Hickey asked for the names of the three witnesses so that he might be aided in finding pertinent data. I agreed to supply him with the names.

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AMERICAN REVOLUTION BICENTENNIAL 1776-1976

I spoke with Hazelhorst at 5:30 p.m. and obtained the names of the witnesses. At this time, I learned from Hazelhorst that the Bureau interviewed these individuals concerning a pamphlet which made derogatory comments against Congressman Rose.

January 26, 1976

At 11:15 a.m., I telephoned Bob Hickey and provided him with the names of the three witnesses interviewed in North Carolina who had previously been interviewed by the F.B.I. They are as follows:

1. Florence Cain
2. Herb Stiles
3. Jean Melvin

I also informed Hickey that the complainant and subject of the F.B.I.'s investigation was not clear to us. Congressman Rose, the respondent in CA-050 may have been the complainant in the F.B.I.'s investigation. In line with this, I provided Hickey with the name of Hector McGeachy, Rose's opponent in 1974.

Hickey indicated that he would process the new information and call back.

Received telephone call from Bob Hickey at approximately 11:45 a.m. As I was not available, I returned his call at 12:05 p.m. Hickey related that he had found the case which was the subject of our earlier conversations.

In April, 1974, Peter Rutlidge Davis, a candidate for office in the 7th District of North Carolina filed a complaint with the Department of Justice. Mr. Davis alleged that a pamphlet accusing Charles Rose of illegal and immoral activities was distributed at a forum. The forum was held on February 28, 1974 in Reed Ross High School, Fayetteville, N. C., and featured Congressman Charles Rose and Tip O'Neill as speakers.

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The pamphlet, entitled "Questions to Ask Your Congressman" made reference to an affair allegedly being conducted between Congressman Rose and a Fayetteville woman.

The Justice Department initiated an investigation to determine if there was a 612 violation. The F.B.I. interviewed 12 witnesses in an attempt to determine who was responsible for the pamphlet. One witness, Helen Hudson, stated that she had observed Ray Hughes (a former member of Rose's staff who was fired prior to the '74 campaign and subsequently worked for Rose's opponent, Hector McGeachy) distribute the pamphlet.

The case was closed in November 1974 without success in identifying those responsible for the pamphlet. Upon my request, Hickey agreed to obtain the F.B.I. reports and allow my review of them in his office.

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FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 23, 1976

MEMORANDUM

To: Drew McKay

Through: Peter Roman

From: Michael Hershman

Subject: CA-050-75

On January 21, 1976, I received a call from John Merit, Administrative Assistant to Congressman Charles Rose, III. I was not available at the time and I returned his call at 5 p.m.

Merit indicated that Congressman Rose is worried about the current investigation of his campaign activities. Rose believes the investigation will provide his opponent with ammunition against him. I replied that the investigation was standard operating procedure and it was in the Congressman's best interest that it be conducted.

I further explained to Merit that if there was any indication that the allegations were spurred on by Congressman Rose's opponent, we would investigate him as required by the law. Merit indicated that there is no declared opponent as of this time. I also mentioned that this complaint could very likely be filed with other agencies, and if we did nothing with it, it would appear that we avoided an investigation because Congressman Rose serves on the House Administration Committee.

I assured Merit that the investigation would be conducted with fairness and impartiality, and if the allegations were not substantiated, it would be made public at his request.

The telephone call was conducted in the presence of Susan Donaldson of AID.

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Michael Hershman
Assistant Chief, AID

Susan Donaldson
Administrative Assistant

7704001187

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 15, 1976

MEMORANDUM

To: Drew McKay

Through: Peter Roman

From: Michael Hershman

Subject: CA-050-75

On January 15, 1976, I received a telephone call from John Merit, Administrative Assistant to Congressman Charles Rose, III. I was not available at the time, and returned his call at 10:30 a.m..

Merit stated that he just learned that we are sending investigators to North Carolina to audit the campaign records of Congressman Rose. He asked if this was normal operating procedure. I replied that it is a routine audit conducted as a result of a complaint, and is being carried out in the best interests of all concerned.

Merit seemed satisfied with this response.

The telephone call was conducted in the presence of Craig Crooks of AID.

Michael Hershman
Assistant Chief, AID

Craig Crooks
Auditor/Investigator

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AMERICAN REVOLUTION BICENTENNIAL 1776-1976

7704001218

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

December 19, 1975

MEMORANDUM

To: Drew McKay

Through: Peter Roman

From: Michael Hershman

Subject: CA-050-75

FEDERAL ELECTION COMMISSION
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OFFICE OF GENERAL COUNSEL

Recently I learned that John Merit, an acquaintance, is Administrative Assistant to Congressman Charles Rose, III. Mr. Merit has been assisting the Congressman in matters relating to CA-050-75.

While my relationship with Mr. Merit is not particularly close, we have known one another for a number of years. Therefore, I believe it would be in the best interests of the Commission if I withdrew from any activities pertaining to this compliance action.

This request should not be interpreted as an indication that I could not pursue the matter with an unbiased view. My concern is for the integrity of the case. We must strive to maintain an attitude, as well as an appearance, of strict impartiality.

FIRST ENDORSEMENT

I agree with Mike. In order to avoid the slightest appearance of partiality, Mike is correct in disqualifying himself on this one. Since I don't know any of the parties in the case, I'll take the lead responsibility.

Peter

Concur Hart
12/19/75

7704001215 9

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

December 18, 1975

MEMORANDUM

To: Drew McKay

Through: Peter Roman

From: Michael J. Hershman

Subject: CA-050-75

On December 18, 1975, I received a telephone call from John Merit, Administrative Assistant to Congressman Charles Rose, III. Merit indicated that the response to our letter of notification will be delivered this afternoon (12/18/75) or tomorrow.

During the conversation, Merit stated that he believed the complainant to be Sam Dial of Pembroke, North Carolina, a "political hanger-on", who has not received from the Congressman all he has hoped for.

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AMERICAN REVOLUTION BICENTENNIAL 1776-1976

CA-050-75

CHARLIE ROSE
7TH DISTRICT, NORTH CAROLINA

218 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
PHONE: AREA CODE 202, 225-4731

DISTRICT OFFICES:
202 POST OFFICE BUILDING
WILMINGTON, NORTH CAROLINA 28401
PHONE: AREA CODE 919, 763-5570

101 FEDERAL BUILDING
FAYETTEVILLE, NORTH CAROLINA 28301
PHONE: AREA CODE 919, 323-4939

COMMITTEE ON AGRICULTURE
SUBCOMMITTEES:
CHAIRMAN, FAMILY FARMS AND RURAL DEVELOPMENT
DAIRIES AND POULTRY
TOBACCO

COMMITTEE ON HOUSE ADMINISTRATION
SUBCOMMITTEES:
CHAIRMAN, AD HOC SUBCOMMITTEE ON COMPUTERS

Congress of the United States
House of Representatives
Washington, D.C. 20515

December 18, 1975

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
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OFFICE OF GENERAL COUNSEL

7704001219 1

Dear Mr. McKay:

I would like to respond to charges filed against me with the Federal Election Commission. These charges were communicated both to Mr. Anthony E. Rand, Treasurer of the Committee for Congressman Charles Rose, and personally communicated to me.

I will, of course, be happy to provide you with any additional information that you may desire and will cooperate with you fully in providing you with all of the information that you may desire.

It is alleged that in 1972 I received labor union contributions that were not reported. This is not true and I believe that both the records of my campaign committee and the records of labor union organizations will bear this out.

It is alleged that in 1972 and 1974 I listed as contributors to my campaign people who did not actually contribute to my campaign. This is absolutely false and I am confident that this can be verified by communications with my listed contributors.

It is alleged that in 1974 my personal contributions to the campaign exceeded allowable limits. This is also untrue and can be verified from the expenditures and receipts of my committee.

It is alleged that I gave Mr. Ward Clark a new Cadillac in the Spring of 1974 for influencing votes. This is absolutely untrue and the only Ward Clark that I know is a gentleman in Robeson County who to my best knowledge has never supported me in any campaign.

It is alleged that in some campaign I distributed $175,000 before the May primary to influence votes. This, again, is absolutely false and an examination of my personal financial records would certainly bear this out.

It is alleged that John L. Ward was paid to obtain information on political opponents in 1974. This, again, is false. Mr. John L. Ward was listed as an employee of my 1974 opponent, Mr. Hector McGeachy of Fayetteville, North Carolina.

It is alleged that I gave money to Mr. Marion Person for his support in 1974. This is not true. Mr. Marion Person is a former Clerk of the Superior Court for Cumberland County and in 1974 he was a candidate for the office of Sheriff of Cumberland County. He was not involved in my campaign in any way that I know.

It is alleged that I gave J. Johnson a large sum of money to gain his support. This is not true, also. The only J. Johnson that I know is Reverend Joy Johnson, a black minister in Fairmont, North Carolina. Reverend Johnson is also a Member of the North Carolina House of Representatives.

It is alleged that I gave certain Indians and Blacks money to do "dirty work" within polling places. This is absolutely untrue.

It is alleged that Flo Cain, Fred Bacote, and John Willy Oxendine were on my campaign payroll year-round and not reported as expenditures in 1974. This, again, is absolutely untrue and an examination of my campaign and personal checking accounts would show this. Flo Cain is a long-time friend and campaign worker who has always been a volunteer for me. I am not sure that I know who Fred Bacote is. Mr. John Willy Oxendine is a highly respected businessman in Robeson County and I am sure that he would tell you the same thing if he were asked.

I appreciate the opportunity to answer these charges and I will be available to you or any member of your staff at any time you desire further information from me about these charges.

With best wishes.

Sincerely,

Charlie Rose

Charlie Rose

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U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

PUBLIC DOCUMENT

OFFICIAL BUSINESS

FEDERAL ELECTION COMMISSION
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OFFICE OF GENERAL COUNSEL

Charlie Rose
M.C.

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

File Copy
CA-050-75

December 10, 1975

MEMORANDUM TO: The File

FROM: Stephen Schachman

SUBJECT: CA 050-75

John Merit, Administrative Assistant to Congressman Rose, called in the morning of December 8, 1975, and requested further details to the allegations contained in our letter of December 4, 1975. Drew McKay and I, in lieu of discussing the allegations over the telephone, arranged to meet with Mr. Merit in the Congressman's office. The meeting was held at 1:00 that afternoon. The persons attending the meeting were John Merit, Administrative Assistant to Congressman John Rose, Neal Gregory, a member of the Congressman's staff, Drew McKay and myself. We explained count by count the specific allegations as contained on the attached sheet. Mr. Merit responded to the allegations in the following general fashion with the numbering referring to the allegations listed per the attachment:

(1) The Congressman received two union contributions; one of which was from the Garment Workers, the other Mr. Merit could not recall the source; both were returned. There is some confusion as a result of the Common Cause report that the Congressman had received the contributions but that matter was straightened out. Due to the fact that the Congressman returned the contributions they were not reported.

(2) The Congressman has photostats of all checks in the 1974 election and will be more than happy to make those available to the Commission.

(3) The Congressman's entire campaign cost $30,000 and the Congressman did not exceed the personal contribution limits.

(4) The allegation in ludicrous.

(5) See response to No. 3.

(6) Mr. Ward was a paid employee of one of the opponents and the Congressman did not pay any monies to John Ward.

(7) The Congressman knew Marian B. Person and would give a detailed response.

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(8) Jay Johnson is the only black legislator in the North Carolina State Legislature and is also a Baptist Preacher -- the Congressman never paid any money to Mr. Johnson.

(9) The State regulations as to poll watchers would make this practically impossible.

(10) The Congressman appeared to know all three of the persons named and would respond with some specificity especially with respect to Oxendine and Cane.

Congressman Rose came in late to the meeting and made several comments, we discussed the procedures that we were following and I explained the position of the Commission in receiving such a complaint and that our options were to send an investigator down to North Carolina to verify some of the material and then notify the Congressman of an apparent violation or to follow the approach that we were doing at this time.

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1. Labor union contributions were not listed in 1972 report.

2. 1972 and 1974 reports contributions listed for persons who did not actually contribute.

3. The Congressman exceeded personal contribution limits to campaign.

4. Spring of 1974 the Congressman gave Ward Clark a new cadillac.

5. 1974 - distribution of $175,000 in bag money in the last few days prior to the May primary.

6. In 1974 paid money to John L. Ward to gain information on the opposition.

7. The Congressman gave Marian B. Person money to gain support - not reported.

8. The Congressman gave J. Johnson, a black leader, a large sum of money.

9. Paid Indians and blacks to do dirty work inside voting places.

10. The Congressman keeps various people on payroll year-round. Money is not reported.

    (a) John William Oxendine - Pay master for the blacks and Indians.

    (b) Fred Bacco

    (c) Flow Cain

FEDERAL ELECTION COMMISSION
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OFFICE OF GENERAL COUNSEL

7704021196

CA-050-75

FEDERAL ELECTION COMMISSION

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

December 4, 1975

Mr. Anthony E. Rand, Treasurer
Committee for Congressman Charles Rose
Rose, Thorpe and Rand
Mason Street
Fayetteville, North Carolina 28301

FEDERAL ELECTION COMMISSION
OFFICIAL FILE COPY
OFFICE OF GENERAL COUNSEL

7704001197

Dear Mr. Rand:

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 them (2 U.S.C. 437(d) and (g)).

The Commission has received information charging that several contributions and expenditures on behalf of your Congressional campaign in 1974 were not reported in any Reports of Receipts and Expenditures filed with the Clerk of the House. Also, it was alleged that your 1974 Reports of Receipts and Expenditures identified contributors who did not actually make contributions on behalf of your Congressional campaign. It was further stated that you made expenditures in the 1974 election campaign for the purpose of influencing voting.

Under Title 2, United States Code, Section 434, each report from a candidate or political committee supporting a candidate is required to disclose the full name and mailing address of each person who has made one or more contributions to or for such committee or candidate (including such things as the purchase of tickets for events) in an aggregate amount in excess of $100. The reports also are required to disclose the identification of each person to whom expenditures in an aggregate amount in excess of $100 (including payments for personal services) have been made by a candidate or his authorized committee.

Further, under Title 18, United States Code, Section 597, it is forbidden to make or offer an expenditure to any person, either to vote or withhold his vote, or to vote for or against any candidate.

The Commission invites you to submit any information which would clarify, explain or correct the matters 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 that 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 unless and until you decide to release it and so state to the Commission in writing. For your information, enclosed please find a copy of a booklet entitled "Federal Election Campaign Laws". If further guidance or assistance is required, please do not hesitate to contact Mr. Michael Hershman by mail or by telephone at (202/382-6023).

Sincerely,

Gordon Andrew McKay
Assistant Staff Director
for Disclosure and Compliance

Enclosure

CERTIFIED MAIL: Return receipt requested

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7th Congressional District
North Carolina.

Federal Election Commission
Washington, D. C.

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OFFICE OF GENERAL COUNSEL

Dear Mr. Curtis,

We represent a large group of North Carolina citizens who are greatly concerned about our representative in Congress, Charles Rose, III. The 7th Congressional District is suffering badly because of our dishonest representative. Please help us straighten this out - our people are being fooled and misrepresented. Here are the facts: Charles Rose, III has run three times: 1970 (he lost), 1972 and 1974.

1. In the 1972 financial campaign report the Labor Union contributions were not listed at all. The "First Citizens Bank of Fayetteville handled some of these checks. J. L. Dawkins, who worked there at the time, handled some of these checks.

2. In the 1972 + 1974 financial reports names of many contributors

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were put down when these people did not actually contribute. These reports were falsified. This can be confirmed by checking the list of people who donated money and contacting them. We know because our names were used.

3. The candidate (Charles Cox III) and family contributed much more money than they were permitted. This can be confirmed by Banks that loaned them money (The North Carolina National Bank). Large sums of money were received and spent that were not reported.

4. In the spring of 1974 he gave Ward Clark of Maxton, N.C. a new Cadillac which was bought from the Cadillac dealer in Lumberton, N.C. Lumberton is a small town just a short distance from Maxton. About 20 to 30 miles. These towns are both in Robeson County. He gave Ward Clark this car to run and turn rates. This money was not reported.

5. In 1974 it's ridiculous the small amount of money he reported as having been received

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and spent when he gave out more than $175,000 in bag money in precincts in Robeson County, Columbus County, and New Hanover County in the last few days of the campaign before the May primary. He gave this money to the Black and Indian Coalition at the "Old Foundry Restrutrant" in Lumberton, N.C. This large sum of money was never reported. Lumberton is in Robeson County.

6. In 1974, he paid a large sum of money to John L. Ward (Route # 3, Whiteville, N.C.) Rose paid Ward this money to bribe him to give information on the opposition. This money was not reported. Mr. Ward's home telephone number is 652-2542. He lives in Whiteville, which is not far from Tabor City, N.C. You may have to reach his telephone number thru the Tabor City exchange.

7. In 1974, Charles Rose gave Marion B. Person, 16606 Gilmore St.;

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Fayetteville, N.C. money to get his support. This was a large sum of money (around $25,000 or $30,000) This money was not reported. Marion B. Parsons telephone no. is 483-6526, Fayetteville, N.C. This is his home number.

8. He gave Joy J. Johnson; 121 N. Main Street (P.O Box 455) Fairmont, N.C. (a black leader in Robeson County) and his workers a large sum of money which was not reported. This was in the 1944 election - before the May primary.

9 Rose paid blacks and Indians of Robeson and Columbus Counties to do dirty work inside the voting places. The State Bureau of Investigation investigated Columbus and Robeson Counties. This money was not reported

10. Rose keeps on his year around political payroll these people and many more. This money he says

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them has never been reported.

1. John Willie Offenline, an Indian leader in Robeson County in the Saddletree township. This Indian is Paymaster for the blacks and Indians of Robeson County. All of this money has not reported.

2. Fred Bacco, Parkton, N.C. Black.

3. Mrs. (Flo) Florence Cain, Fayetteville, N.C (white)

11. We enclose copies of articles from "The Robesonian" (newspaper of Robeson County) published in Lumberton, N.C.

The above are just a few of the illegal dirty tricks that Rose used to get elected. He spend huge sums of money (more than any Congressman ever seen reported) most of which was not reported. He has taken great care to hide this —

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This information comes directly and accurately from the inside of Rose's operation.

As our jobs could be endangered by disclosing these facts, we think it best not to give our full names and return addresses. We have worried about this for a good while.

Thank you, and we have confidence that you will find and disclose the truth so we can return to now honest government.

Sincerely,
Group from North Carolina's 7th District.
Counties (Columbus, Cumberland, Brunswick, Robeson, New Hanover, and Hoke)

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Mr. Thomas Curtis,
Chairman of Federal Election Commission
Federal Election Commission
Washington, D. C.
20463

Personal

2

Elections Board 'Upset' Over Alleged Vote-Buying

The Robeson County Board of Elections is reported to be "very disturbed and upset" about election irregularities alleged in the Public Forum of The Robesonian on Wednesday.

A letter to the editor, written by Nancy and Marti Todd of Lumberton, stated that the two girls saw votes being bought during the May 7 primary. The two were campaign workers for an unnamed candidate.

Elections Board Chairman Ray Revels said this morning that he talked to the girls' father Wednesday night and learned that they did not wish to pursue the matter any further.

"We can't do anything unless people who see things will follow through and go to court if necessary," Revels said. "But I talked to the board last night, and we are very disturbed and upset about the reports. We will try to watch closely in the June runoffs, and see if we can come up with anything."

Revels said earlier that he "had heard that some irregularities went on in Maxton and when I asked the people if they would go to court and back up what they say they saw, they said no."

He said the board will investigate any complaint that is brought to it, providing the complainant is willing to back up his statements.

In Maxton, Revels said, someone claimed to see people passing ballots.

"Sample ballots are legal now and you can take them or a list into the voting booth with you," he said. "Someone said people were giving out lists. This is legal if it is done more than 50 feet from the polls."

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Public Forum

Says A Buyer Decided How Hundreds Voted

To the Editor:

On this past election day, May 7, 1974, I was given the opportunity to observe election process at several polling places in the county. While I campaigned for a candidate I saw corruption at work in Robeson County.

I am a relatively new voter, so my candidate thought that it would be a good part of my education to see election process. This is what I saw.

Just as I arrived I noticed that there were two men in particular that confronted every black person that came to the poll. After chatting a few minutes I saw him pass a yellow sample ballot to that person to use as a guide in marking his own ballot. In a little while that person would come out and perhaps receive a free drink. Later on that afternoon I became more interested in what was going on so I watched things more closely. Soon I noticed that some people were not receiving a sample ballot and a free drink only. Money was being given to help insure that the "right" people were voted for.

Needless to say, I was astonished. As soon as I could recover from the shock I went up to the man who had been handing out sample ballots and money and asked him if he thought what he was doing was right. He replied affirmatively and proceeded to say that the people (members of a type of black coalition) had put their trust in him to seek out the "best" candidate. ("Best" meaning the person who would promise money or some other wanted item.)

The fact is that this one man decided how hundreds of people voted on May 7. The people were duped. They sold their right to vote for a couple of dollars or a free drink. It sickens me to see that at a time when there is so much corruption being uncovered in government that people will sell their right to help straighten things out. This is like selling one's integrity: it is easier to sell than to buy back. I think that what went on at several precincts in Robeson County was morally wrong. But I was even more put out that so many intelligent human beings allowed themselves to be duped.

I hope that in the future this process will stop. But I realize that it can never stop until the people make the decision to quit selling their democratic priviledge. My plea to the people of this county is that they think for themselves, seek out the best candidates on their own, and then vote for them.

NANCY TODD
MARTI TODD

207 W. 33rd St.
Lumberton

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It is open talk on the streets in the towns of Robeson County that in many cases persons are registered in more than one precinct using different versions of their names to cover up the fact that they are voting more than one time in the same election. Do the Robeson County Board of Elections or the County Commissioners have any plans to have the registration books examined any time in the near future? — M.B.M.

Joyce Locklear, speaking for the Board of Elections, said, "Every registration we receive from the precinct registrars is checked against our master file to make certain we don't have any duplications." Therefore, since such a check is made at that time, individually, no plans for an examination of the books has been made.

County Manager Paul Graham replied to the qeustion by saying, "I cannot answer for the Board of Elections. I am not aware of any plans for the Board of Commissioners have to examine the voter registration books."

FEDERAL ELECTION COMMISSION

OLDAKS'R TO MURPHY - May 25, 1976

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

____	(1) Classified Information	____	(6) Personal privacy
____	(2) Internal rules and practices	____	(7) Investigatory files
____	(3) Exempted by other statute	____	(8) Banking Information
____	(4) Trade secrets and commercial or financial information	____	(9) Well Information (geographic or geophysical)
✓	(5) Internal Documents		

Signed _____

date _____

FEC 9-21-77

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